

**IN THE CIRCUIT COURT OF THE EIGHTEENTH JUDICIAL CIRCUIT
SEMINOLE COUNTY, FLORIDA
CIVIL ACTION**

STATE OF FLORIDA
OFFICE OF THE ATTORNEY GENERAL,
DEPARTMENT OF LEGAL AFFAIRS,

Plaintiff,

CASE NO:

v.

THREE ANGELS COMMUNITY
ACTION NETWORK, INC., d/b/a 3ACN,
a Florida Not-for-profit Corporation;
US LOSS MITIGATION SERVICES
OF FL, Inc., a Florida for-profit Corporation;
APPRAISAL TECHNOLOGY AND
VALUATION INC., a Florida for-profit
Corporation; 3ACN LOSS MITIGATION
SERVICES, INC., a Florida for-profit Corporation;

and

SHERRARD A. HAUGABROOKS, an Individual;

Defendants.

**COMPLAINT FOR INJUNCTIVE RELIEF, DAMAGES, AND OTHER STATUTORY
RELIEF**

Plaintiff, STATE OF FLORIDA, OFFICE OF THE ATTORNEY GENERAL,
DEPARTMENT OF LEGAL AFFAIRS, hereinafter referred to as “Plaintiff,” sues Defendants,
THREE ANGELS COMMUNITY ACTION NETWORK, INC. d/b/a 3ACN, a Florida not-for-
profit Corporation; US LOSS MITIGATION SERVICES OF FL, Inc., a Florida for-profit
Corporation; APPRAISAL TECHNOLOGY AND VALUATION INC., a Florida for-profit
Corporation; 3ACN LOSS MITIGATION SERVICES, INC., a Florida for-profit Corporation;

and SHERRARD A. HAUGABROOKS, as an individual, collectively referred to herein as “Defendants”.

JURISDICTION AND VENUE

1. This is an action for injunctive and other statutory relief, brought pursuant to the Florida Deceptive and Unfair Trade Practices Act, Chapter 501, Part II, Florida Statutes (2008).

2. This action is also brought pursuant to the following statutes and codes:

(a) §§501.1377, Florida Statutes, (2008), Violations Involving Homeowners during the Course of Residential Foreclosure Proceedings;

(b) §817.41(1), Florida Statutes, (2008), Misleading Advertising.

3. This court has subject matter jurisdiction pursuant to the provisions of Chapter 501, Part II, Florida Statutes (2008).

4. All actions material to the complaint have occurred within four (4) years of the filing of this Action.

5. The statutory violations alleged herein occur in or affect more than one judicial circuit in the State of Florida. Venue is proper in the Eighteenth Judicial Circuit as the principal place of business of the Defendants is in Seminole County, Florida.

PLAINTIFF

6. The Plaintiff is an “enforcing authority” of Chapter 501, Part II, Florida Statutes (2008), and is authorized to bring this action and seek injunctive relief and other statutory relief pursuant to that chapter.

7. Plaintiff has conducted an investigation of the matters alleged herein and Attorney General Bill McCollum has determined that this enforcement action serves the public interest, as required by §501.207(2), Florida Statutes (2008).

DEFENDANTS

8. Defendant THREE ANGELS COMMUNITY ACTION NETWORK, INC. d/b/a 3ACN, is an active Florida not-for-profit corporation with its principal address at 380 SR 434, Suite 1004-129, Altamonte Springs, Florida, 32714 (hereinafter “Three Angels Community Action Network”).

9. Defendant US LOSS MITIGATION SERVICES OF FL, Inc., is an active Florida for-profit corporation with its principal address at 452 Osceola Street, Suite 214, Altamonte Springs, Florida, 32701 (hereinafter “US Loss Mitigation”).

10. Defendant APPRAISAL TECHNOLOGY AND VALUATION, INC., is an active Florida for-profit corporation with its principal address at 1800 Pembroke Drive, Suite 300, Orlando, Florida, 32810 (hereinafter “Appraisal Technology”).

11. Defendant 3ACN LOSS MITIGATION SERVICES, INC., is an active Florida for-profit corporation with its principal address at 452 Osceola Street, Suite 214, Altamonte Springs, Florida, 32701 (hereinafter “3ACN Loss Mitigation Services”).

12. Defendant SHERRARD A. HAUGABROOKS is an adult over the age of twenty one and serves as the President and Registered Agent of THREE ANGELS COMMUNITY ACTION NETWORK, INC. d/b/a 3ACN, US LOSS MITIGATION SERVICES OF FL, INC., APPRAISALS TECHNOLOGY AND VALUATION, INC., and 3ACN LOSS MITIGATION SERVICES, INC. SHERRARD A. HAUGABROOKS resides at 125 West Street, Maitland, Florida, 32751.

13. At all times relevant to this action Defendant THREE ANGELS COMMUNITY ACTION NETWORK, INC. d/b/a 3ACN, marketed foreclosure-related rescue services to homeowners.

14. At all times material, Defendant SHERRARD A. HAUGABROOKS knew, participated in, controlled, or possessed the authority to control THREE ANGELS COMMUNITY ACTION NETWORK, INC. a/k/a 3ACN, US LOSS MITIGATION SERVICES OF FL, INC., APPRAISALS TECHNOLOGY AND VALUATION, INC., and 3ACN LOSS MITIGATION SERVICES, INC.'s acts and practices, and possesses actual or constructive knowledge of all material acts and practices complained of herein.

COMMERCE

15. At all times material Defendants engaged in trade or commerce, as defined by §501.203(8), Florida Statutes (2008), within the State of Florida.

INTRODUCTION

16. Currently, the state of Florida has the fourth highest foreclosure rate in the United States. Last month, approximately 119,220 foreclosures were filed in the state, which amounts to 1 filing for every 73 homes. As Florida homeowners desperately attempt to save their homes every day, many homeowners fall prey to the unfair dealings of some foreclosure-related rescue consultants.

17. To safeguard homeowners against deceit, in October 2008, the Florida Legislature passed Florida Statute §501.1377. This legislation requires that foreclosure-related rescue service contracts be expressed in writing, with mandatory disclosures. Further, §501.1377 provides that with only limited exception, no fee is to be assessed against a homeowner until ***after*** the contracted for services are complete.

18. All too often however, homeowners are unknowingly entering into unfair contracts with companies that are not prepared to provide the contracted for foreclosure-related rescue service. Contrary to §501.1377, Plaintiff has found that the Defendant's contracts do not

provide the statutorily required disclosures. Further, and most egregiously, some contracts require hefty up-front fees at times amounting to an entire monthly mortgage payment, thereby unfairly forcing the homeowner to choose between paying the bank and paying the company for a service that may never come into fruition.

**STATEMENT OF FACTS AND
DEFENDANTS' COURSE OF CONDUCT**

19. At all times material, Defendant Three Angels Community Action Network marketed foreclosure-related rescue services to homeowners in Florida and throughout the United States.

20. Three Angels Community Action Network is registered with the Florida Department of State as a nonprofit corporation thereby enticing consumers to believe that profit was not the company's primary motivation in providing mortgage foreclosure-related rescue assistance.

21. Homeowners believed Three Angels Community Action Network was a not-for-profit corporation. However, Defendant Haugabrooks used both his Defendant not-for-profit and for-profit company names interchangeably when contracting with homeowners for foreclosure-related rescue services.

22. Upon Plaintiff's information and belief, in order to utilize Defendants' foreclosure-related rescue services, homeowners were required to sign and return to Defendants one of at least three different draft contracts. (See client contracts attached hereto and incorporated herein as Exhibits "A," "B," and "C").

23. Common in each attached contract exhibit, Defendants require an up-front payment for foreclosure related services before the Defendants' have performed all services described in each respective Contract.

24. Upon Plaintiff's information and belief, the up-front fee charged by Defendants is loosely based on a Client's mortgage payment and can be as high as \$5,000 (Five Thousand Dollars).

25. Section 501.1377(3)(b), Florida Statutes (2008), prohibits a foreclosure-related rescue services company from imposing an up-front fee.

26. Defendants were aware of the required contract disclosures set forth in §501.1377(4) as early as November 2008 as evidence by Exhibit "B." This contract included the statutory disclosure requirement contained in Section 501.1377. *See Exhibit "B"* page 5.

27. Upon Plaintiff's information and belief however, the language was subsequently omitted in later dated contracts. *See Exhibit "C."*

28. As evidence by Exhibit "C," Defendants' contracts, subsequent to the enactment of Section 501.1377, do not inform the homeowner of any of the following as required by the Statute:

- (a) That Defendants are prohibited by law from accepting any money, property, or other form of payment until all promised services are complete;
- (b) That if for any reason the homeowner paid the Defendants before cancellation, the payment must be returned no later than 10 business days after Defendants receive the cancellation notice;
- (c) The date and time by which a signed notice of cancellation must be sent by the homeowner to effectively cancel the agreement; and
- (d) Any notification that a homeowner should contact his/her lender or mortgage servicer prior to signing the agreement.

29. Upon Plaintiff's information and belief, Defendants are not providing homeowners with the contracted-for services.

30. Defendants advertise and promote the foreclosure-related rescue services to homeowners through Three Angels Community Action Network website, <http://www.3acn.org>.

31. According to the website, Defendants claim to be, "The Most Trusted Name is Loss Mitigation."

32. The website states that Three Angels Community Action Network will use, "creative and often unconventional methods to stop the foreclosure process." Further, the website sets forth multiple programs that may be used to, "stop foreclosure fast." (See copy of Defendants' website attached hereto as Exhibit "D")

33. Defendants' website prompts homeowners to call Three Angels Community Action Network to inquire about Defendants' services.

34. The website and documents contained within the contracts contain the "US Loss Mitigation Services" logo and information.

35. This company name and logo is separate and apart from Defendant company US Loss Mitigation of FL Inc.

36. US Loss Mitigation Services is a Virginia based corporation that purportedly has 24 years of experience providing loss mitigation support to its member businesses.

37. Upon Plaintiff's information and belief, while Defendants may have at one time been affiliated with US Loss Mitigation Services, this relationship was terminated on or about August 26, 2008.

38. Defendants' claim of affiliation with the above-named company, through the use of the logo and direct links from the Three Angels Community Action Network website to US

Loss Mitigation Service's website after August of 2008, was designed to entice consumers to purchase Defendants' foreclosure-related rescue services based upon the reputation and services of the Virginia based US Loss Mitigation Services.

39. Defendant Three Angels Community Action Network's website presents foreclosure information for the residents of all 50 (fifty) states. Once the homeowner reaches the state specific information page, Defendants present a "testimonials" link that contains more than 25 (twenty five) testimonials. A reasonable consumer may believe these testimonials are in reference to Three Angels Community Action Network, instead, these testimonials are unconfirmed testimonials referring to the Virginia based US Loss Mitigation Services.

COUNT ONE

VIOLATIONS OF CHAPTER 501, PART II, FLORIDA STATUTES DECEPTIVE AND UNFAIR TRADE PRACTICES

40. Plaintiff repeats and realleges Paragraphs 1 through 39 with the same force and effect, as if fully sets forth above.

41. The Florida Deceptive and Unfair Trade Practices Act, §501.204(1), Florida Statutes (2008), provides that "unfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful."

42. Commencing on a date unknown, but at least within the past four years, the Defendants, by undertaking in the activities set forth in Paragraph 1 through 39 engaged in various deceptive and unfair trade practices in violation of the Florida Deceptive and Unfair Trade Practices Act, §501.201, Florida Statutes (2008), by engaging in unconscionable acts or practices in trade or commerce in the course of offering and/or marketing of foreclosure-related rescue services.

43. These above-described acts and practices of Defendants have injured and will likely continue to injure and prejudice the public.

44. Unless the Defendants are permanently enjoined from engaging further in the acts and practices complained of herein, the continued activities of the Defendants will result in irreparable injury to the public for which there is no adequate remedy at law.

COUNT TWO
VIOLATIONS OF §501.1377(3)(b), FLORIDA STATUTES
VIOLATIONS INVOLVING HOMEOWNERS DURING THE COURSE OF
RESIDENTIAL FORECLOSURE PROCEEDINGS
VIOLATIONS OF CHAPTER 501, PART II, FLORIDA STATUTES
DECEPTIVE AND UNFAIR TRADE PRACTICES

45. The Plaintiff repeats and realleges Paragraphs 1 through 39 with the same force and effect, as it fully sets forth above.

46. Section 501.1377(3)(b), Florida Statutes (2008), Violations Involving Homeowners during the Course of Residential Foreclosure Proceedings, provides that:

“In the course of offering or providing foreclosure-related rescue services, a foreclosure-rescue consultant may not:

- (a) Solicit, charge, receive, or attempt to collect or secure payment, directly or indirectly, for foreclosure-related rescue services before completing or performing all services contained in the agreement for foreclosure-related rescue services.”

47. Pursuant to §501.1377(7), Florida Statutes (2008), “A person who violates any provision of this section commits an unfair and deceptive trade practice as defined in part II (Chapter 501 Part II, Florida Statutes) of this chapter. Violators are subject to the penalties and

remedies provided in part II of this chapter, including a monetary penalty not to exceed \$15,000 per violation.”

48. As set forth in paragraphs 19 through 25 above, by charging an up-front fee, subsequent to the enactment of 501.1377, to homeowners seeking foreclosure-related rescue services, Defendants have violated §501.1377(3)(b) and thus have committed acts or practices in trade or commerce which offend established public policy and are unethical, unscrupulous or injurious to consumers in violation of §501.204(1), Florida Statutes, (2008).

49. These above-described acts and practices of Defendants have injured and will likely continue to injure and prejudice the public.

50. Unless the Defendants are permanently enjoined from engaging further in the acts and practices complained of herein, the continued activities of the Defendants will result in irreparable injury to the public for which there is no adequate remedy at law.

COUNT THREE
VIOLATIONS OF §501.1377(4)(c), FLORIDA STATUTES
VIOLATIONS INVOLVING HOMEOWNERS DURING THE COURSE OF
RESIDENTIAL FORECLOSURE PROCEEDINGS
VIOLATIONS OF CHAPTER 501, PART II, FLORIDA STATUTES
DECEPTIVE AND UNFAIR TRADE PRACTICES

51. The Plaintiff repeats and realleges Paragraphs 1 through 39 with the same force and effect, as if fully sets forth above.

52. Section 501.1377(4)(c), Florida Statutes (2008), Violations Involving Homeowners during the Course of Residential Foreclosure Proceedings, provides that:

a. “An agreement for foreclosure-related rescue services must contain, immediately above the signature line, a statement in at least 12-point uppercase type that substantially complies with the following:

HOMEOWNER'S RIGHT OF CANCELLATION

YOU MAY CANCEL THIS AGREEMENT FOR FORECLOSURE-RELATED RESCUE SERVICES WITHOUT ANY PENALTY OR OBLIGATION WITHIN 3 BUSINESS DAYS FOLLOWING THE DATE THIS AGREEMENT IS SIGNED BY YOU.

THE FORECLOSURE-RESCUE CONSULTANT IS PROHIBITED BY LAW FROM ACCEPTING ANY MONEY, PROPERTY, OR OTHER FORM OF PAYMENT FROM YOU UNTIL ALL PROMISED SERVICES ARE COMPLETE. IF FOR ANY REASON YOU HAVE PAID THE CONSULTANT BEFORE CANCELLATION, YOUR PAYMENT MUST BE RETURNED TO YOU NO LATER THAN 10 BUSINESS DAYS AFTER THE CONSULTANT RECEIVES YOUR CANCELLATION NOTICE.

TO CANCEL THIS AGREEMENT, A SIGNED AND DATED COPY OF A STATEMENT THAT YOU ARE CANCELING THE AGREEMENT SHOULD BE MAILED (POSTMARKED) OR DELIVERED TO (NAME) AT (ADDRESS) NO LATER THAN MIDNIGHT OF (DATE).

IMPORTANT: IT IS RECOMMENDED THAT YOU CONTACT YOUR LENDER OR MORTGAGE SERVICER BEFORE SIGNING THIS AGREEMENT. YOUR LENDER OR MORTGAGE SERVICER MAY BE WILLING TO NEGOTIATE A PAYMENT PLAN OR A RESTRUCTURING WITH YOU FREE OF CHARGE. ”

53. Pursuant to §501.1377(7), Florida Statutes (2008), “A person who violates any provision of this section commits an unfair and deceptive trade practice as defined in part II (Chapter 501 Part II, Florida Statutes) of this chapter. Violators are subject to the penalties and remedies provided in part II of this chapter, including a monetary penalty not to exceed \$15,000 per violation.”

54. As set forth in paragraphs 26 through 29 above, by failing to comply with the disclosure requirements in §501.1377(4)(c), Defendants have committed acts or practices in trade or commerce which offend established public policy and are unethical, unscrupulous or injurious to consumers in violation of §501.204(1), Florida Statutes, (2008).

55. These above-described acts and practices of Defendants have injured and will likely continue to injure and prejudice the public.

56. Unless the Defendants are permanently enjoined from engaging further in the acts and practices complained of herein, the continued activities of the Defendants will result in irreparable injury to the public for which there is no adequate remedy at law.

COUNT FOUR
VIOLATIONS OF §817.41(1), FLORIDA STATUTES,
MISLEADING ADVERTISING
VIOLATIONS OF FLORIDA STATUTES, CHAPTER 501, PART II,
DECEPTIVE AND UNFAIR TRADE PRACTICES

57. The Plaintiff repeats and realleges Paragraphs 1 through 39 with the same force and effect, as if fully sets forth below:

58. Section 817.41(1), Florida Statutes (2008), prohibiting misleading advertising, proscribes unfair, deceptive, and unconscionable acts and practices, provides:

“(1) It shall be unlawful for any person to make or disseminate or cause to be made or disseminated before the general public of the state, or any portion thereof, any misleading advertisement. Such making or dissemination of misleading advertising shall constitute and is hereby declared to be fraudulent and unlawful, designed and intended for obtaining money or property under false pretenses.”

59. Pursuant to §501.203(3)(c), Florida Statutes (2008), a violation of Florida Statutes, Chapter 501, Part II,(2008) may be based upon “[a]ny law, statute, rule, regulation, or ordinance which proscribes unfair methods of competition, or unfair, deceptive, or unconscionable acts or practices.”

60. As set forth in paragraphs 30 through 39 above, by advertising misleading and false information regarding consumer testimonials, business affiliations, and professional credentials on their website, Defendants have violated §817.41(1) and have thus committed acts

or practices in trade or commerce which offend established public policy and are unethical, unscrupulous or injurious to consumers in violation of §501.204(1), Florida Statutes, (2008).

61. These above-described acts and practices of Defendants have injured and will likely continue to injure and prejudice the public.

62. Unless the Defendants are permanently enjoined from engaging further in the acts and practices complained of herein, the continued activities of the Defendants will result in irreparable injury to the public for which there is no adequate remedy at law.

63. Unless the Defendants are permanently enjoined from engaging further in the acts and practices complained of herein, the continued activities of the Defendants will result in irreparable injury to the public for which there is no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, State of Florida, Office of the Attorney General, Department of Legal Affairs, respectfully requests that this Court grant:

A. Permanent injunctive relief against the Defendants for violations of Chapter 501, Part II, Florida Statutes (2008);

B. Permanent injunctive relief against the Defendants for violations of §§501.1377(3)-(4), Florida Statutes (2008), Violations Involving Homeowners during the Course of Residential Foreclosure Proceedings;

C. Permanent injunctive relief against the Defendants for violations of §817.41(1), Florida Statutes (2008), related to misleading advertising;

D. Assess civil penalties against Defendants, in the amount of \$10,000 for each violation of Chapter 501, Part II, Florida Statutes, pursuant to § 501.2075, Florida Statutes (2008);

E. Award the Plaintiff attorneys fees and costs pursuant to the provisions of Chapter 501, Part II, Florida Statutes, and as otherwise may be allowable by applicable statutes;

F. Require disgorgement of profits and award restitution and refunds to Florida consumers for each violation of Florida law; and

G. Award such other relief as the interests of justice shall require and that this Honorable Court may deem just and proper.

Respectfully Submitted,

BILL MCCOLLUM
ATTORNEY GENERAL

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