

**IN THE CIRCUIT COURT  
FOR BALTIMORE COUNTY**

**BRIAN MCPEAKE**  
234 Beck Farm Road  
Centreville, MD 21617

**ELMER AND NICHOLE ROMERO**  
555 Christel Springs Drive  
Clarksville, TN 37043

**GEORGE AND JUDY YOUNCE**  
8129 Xenia Lane  
Naples, FL 34114

*Plaintiffs,*

v.

**UNIVERSAL MORTGAGE AND  
FINANCE, INC.**

3158 Braverton Street  
Suite 204  
Edgewater, MD 21037  
Serve on: Incorp Services, Inc.  
1519 York Road  
Lutherville, MD 21093

*Defendant.*

Civil Action No.: C-03-CV-21-001935

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**CLASS ACTION COMPLAINT AND DEMAND FOR JURY TRIAL**

Plaintiffs Brian McPeake, Elmer and Nichole Romero, and George and Judy Younce, on behalf of themselves and the entire class of persons similarly situated, by and through their attorneys, Michael Paul Smith and Melissa L. English of Smith, Gildea & Schmidt, LLC and Timothy F. Maloney and Veronica Nannis of Joseph, Greenwald and Laake, P.A. file this Class Action Complaint, sue the defendants for cause, claim damages, and state as follows:

**INTRODUCTION**

1. Plaintiffs Brian McPeake, Elmer and Nichole Romero, and George and Judy Younce, and Class Members are borrowers who currently have or had a residential mortgage loan originated, brokered or otherwise obtained from Defendant Universal Mortgage and Finance, Inc. (“Universal Mortgage”).
2. Plaintiffs and the alleged Class Members are victims of an illegal kickback scheme between Universal Mortgage and the title and settlement service companies that provided title and settlement services on Universal Mortgage’s residential mortgage loans.
3. Beginning by at least 2011, Universal Mortgage adopted the pattern and practice of engaging in illegal kickback schemes with title and settlement service companies, encouraging its loan officers, employees, and agents to seek out kickback schemes and allowing illegal kickbacks to permeate its residential mortgage lending business.
4. By 2011 and continuing at least through 2108, Universal Mortgage established and engaged in illegal kickback schemes with now-defunct All Star Title, Inc. (“All Star”), Genuine Title, LLC (“Genuine Title”), and Competitive Title Agency, Inc., (together with related entities Competitive Title of Florida, Inc., Competitive Title of New Jersey, Inc., Competitive title of West Virginia, Inc., MBR Title Agency, LLC., and MBR Title Management, LLC, “Competitive Title”) (collectively, All Star, Genuine Title and Competitive Title are the “Title Companies”).
5. Under these schemes, Universal Mortgage, by and through its brokers, branch managers, loan officers, agents, and other employees, received and accepted kickbacks in exchange for the assignment and referral of residential mortgage loans, refinances, and reverse mortgages to the Title Companies for title and settlement services, in violation of the Real Estate Settlement Procedures Act (“RESPA”), 12 U.S.C. § 2607(a).

6. Universal Mortgage and the Title Companies agreed to charge Universal Mortgage borrowers fraudulent and unnecessarily increased charges for title and settlement services related to loans Universal Mortgage assigned and referred to the Title Companies in furtherance of the illegal kickback schemes, including amounts unassociated with any legitimate title and settlement service and to fund the illegal kickbacks.
7. Universal Mortgage and the Title Companies fraudulently concealed the kickbacks from Plaintiffs and the alleged Class Members by: (i) laundering kickbacks through third-party marketing companies and sham entities; (ii) creating sham invoices and payment records; (iii) falsely allocating title and settlement fees and manipulating the annual percentage rate (“APR”) associated with Universal Mortgage loans; and/or (iv) making fraudulent representations and omissions in Universal Mortgage borrowers’ loan documents, including the HUD-1 Settlement Statement, Good Faith Estimate, and Direct Endorsement.
8. Universal Mortgage and the Title Companies’ concealments prevented borrowers, regulators, and auditors from discovering the illegal kickbacks and the resulting injuries to Universal Mortgage borrowers thereby allowing the kickbacks and fraudulent charges to continue.

### **PARTIES**

9. Plaintiffs bring this action pursuant to Md. Rule 2-231 as a class action on their own behalf and on behalf of the entire class of people similarly situated.
10. Plaintiff Brian McPeake is a resident of Queen Anne’s County, Maryland.
11. Plaintiffs Elmer and Nichole Romero are residents of Montgomery County, Tennessee.
12. Plaintiffs George and Judy Younce are residents of Collier County, Florida.

13. Defendant Universal Mortgage and Finance, Inc. is a Maryland corporation with its principal place of business at 3158 Braverton Street, Suite 204, Edgewater, Maryland 21037. At all relevant times, Universal Mortgage was registered and authorized to conduct business in Maryland and other states.

#### **JURISDICTION AND VENUE**

14. This Court has subject matter jurisdiction over this action pursuant to Md. Code Ann., Cts. & Jud. Proc. § 4-402(d)(1)(ii).

15. This Court has personal jurisdiction over Defendant Universal Mortgage because, at all relevant times, Defendant Universal Mortgage was organized under the laws of Maryland and transacted business in Maryland. *See* Md. Code Ann., Cts. & Jud. Proc. §§ 6-102(a), 6-103.

16. Venue is proper in this Court pursuant to Md. Code Ann., Cts. & Jud. Proc. § 6-201(a) because Universal Mortgage regularly carries on business throughout the state of Maryland including Baltimore County.

#### **FACTUAL ALLEGATIONS FOR INDIVIDUAL AND CLASS RELIEF**

17. During the relevant time period, kickbacks schemes between residential mortgage lenders and title and settlement service companies proliferated, allowing residential mortgage lenders to create a pay-to-play environment with, in some markets, close to 90% of residential mortgage transactions tainted by illegal kickbacks. *See* Kenneth R. Harney, *Feds Target Real Estate Kickback Deals that Cost You Money*, CHI. TRIB., Oct. 21, 2015, <https://www.chicagotribune.com/real-estate/ct-mre-1025-harney-20151021-column.html>.

18. Title company owners testified in regulatory proceedings to this “pay-to-play” environment, with residential mortgage lenders requiring title company owners to pay

kickbacks to compete from business. Ex. 1, J. Zuckerberg April 24, 2014, Depo. at 27:1-28:1.

**I. The Universal Mortgage Kickback Schemes.**

19. Beginning by at least 2011, Universal Mortgage chooses pay-to-play and adopts the regular business practice of soliciting title and settlement service companies (collectively “Participating Title Companies”) to engage in illegal kickback schemes (“Kickback Schemes”) related to Universal Mortgage residential mortgage loans, refinances, and reverse mortgages.

**A. Universal Mortgage solicits title and settlement service companies to pay kickbacks in exchange for the assignment and referral of Universal Mortgage residential mortgage loans, refinances, and reverse mortgages for title and settlement services.**

20. The Kickback Schemes are predicated on agreements between Universal Mortgage and Participating Title Companies, in which Universal Mortgage and/or its branch managers, mortgage brokers and/or loan officers promise to assign and refer federally regulated mortgage loans to the Participating Title Company for title and settlement services, and in return, the Participating Title Company promises to pay a thing of value to Universal Mortgage and/or its branch managers, mortgage brokers and/or loan officers for each loan, refinance, or reverse mortgage assigned and referred by Universal Mortgage that in fact closes (“Kickback Agreements”).

21. A Universal Mortgage branch manager, loan officer, and/or other employee works with a Participating Title Company to establish a Kickback Agreement and then recruits other Universal Mortgage branches, branch managers, loan officers and/or other employees to participate in the Kickback Agreement.

22. Under the Kickback Agreements, the Participating Title Company pays, and Universal Mortgage receives and accepts, kickbacks in different forms and laundered by and through different channels.
23. In some instances, the Participating Title Companies choose to pay Universal Mortgage's branch managers, loan officers, employees and/or agents cash kickbacks ("Referring Cash") in exchange for the assignment and referral of Universal Mortgage loans for title and settlement services.
24. The Participating Title Company pays the Referring Cash kickback solely for the assignment and referral of Universal Mortgage loans under the Kickback Agreement. The Referring Cash kickbacks are not related to any legitimate good, facility, or service actually rendered by Universal Mortgage or any Universal Mortgage employee and/or agent.
25. In other instances, the Participating Title Companies pay kickbacks in the form of marketing credits applied to invoices for marketing services purchased by Universal Mortgage through third-party marketing companies.
26. The Participating Title Companies do not regularly use marketing companies for marketing services, nor do they directly solicit borrowers. In contrast, Universal Mortgage and/or its branch managers, loan officers, and other employees frequently use third party marketing companies (such as a direct mail, data and/or leads lists, telemarketing, or live transfer leads providers) to provide marketing services aimed at soliciting borrowers to obtain residential mortgage loans, refinances, and reverse mortgages from Universal Mortgage.

27. Under the Kickback Agreement, Universal Mortgage identifies a third-party marketing company that Universal Mortgage is using for its marketing services. Universal Mortgage and a Participating Title Company then cause the third-party marketing company to issue a sham invoice to the Participating Title Company making it appear as if the Participating Title Company is purchasing marketing services. In fact, the Participating Title Company does not receive or purchase any marketing services. The Participating Title Company's payment is a kickback, received and accepted by Universal Mortgage when the third-party marketing company applies the Participating Title Company's payment for the benefit of Universal Mortgage and for the services that Universal Mortgage is receiving.
28. In other instances, Universal Mortgage uses an invoice Universal Mortgage received from a third-party marketing company for marketing services received by Universal Mortgage. Universal Mortgage sends the invoice directly to the Participating Title Company who then submits payment to the third-party marketing company for Universal Mortgage's sole benefit.
29. The Participating Title Company's payment laundered through the third-party marketing company is an express payment for the benefit of Universal Mortgage for the assignment and referral of Universal Mortgage loans under the Kickback Agreement and not a payment to the third-party marketing company for legitimate marketing services; in fact, the Participating Title Company receives no marketing services from the third-party marketing company.

**B. Universal Mortgage and the Participating Title Companies use a web of concealments to hide the Kickbacks, Kickback Agreements, and Kickback Schemes from Borrowers, Regulators, Auditors, and Law Enforcement.**

30. Concealment from borrowers, regulators, auditors, and law enforcement is essential to the success of the Kickback Scheme, and the continuation of the illegal kickbacks and Kickback Agreements. Universal Mortgage and Participating Title Companies use a variety of tactics to conceal the illegal kickbacks, the Kickback Agreements, and the coordinated relationship between Universal Mortgage and the Participating Title Companies under the Kickback Schemes.
31. Universal Mortgage and the Participating Title Companies choose to launder the kickbacks through third-party marketing companies to conceal that the payments are kickbacks and to create the false impression that the Participating Title Company is making payments for legitimate marketing services. In fact, the Participating Title Company does not receive any legitimate marketing services from the third-party marketing companies laundering the kickbacks. To be clear, the Participating Title Company's payments laundered by the third-party marketing companies were always and solely for the benefit of Universal Mortgage and in exchange for Universal Mortgage's assignment and referral of loans under the Kickback Agreement, and not for the third-party marketing company's provision of any goods or services to the Participating Title Company.
32. Laundering the kickbacks through third-party marketing companies also allows Universal Mortgage and the Participating Title Companies to conceal the fact that any thing of value was exchanged between Universal Mortgage and the Participating Title Company, as well as the fact and amount of kickbacks.
33. To even further conceal the kickbacks, Universal Mortgage and the Participating Title Company cause the third-party marketing company to create sham invoices to create the



false impression that the Participating Title Company is paying for, and receiving, legitimate marketing services from the third-party marketing company. In fact, the Participating Title Company does not receive any legitimate marketing services from the marketing company and Participating Title Company's payment is applied solely for the benefit of Universal Mortgage and to induce it to send loan referrals pursuant to the Kickback Agreement.

34. In some instances, to conceal the kickbacks, the Participating Title Company pays Referring Cash kickbacks through sham limited liability companies ("LLC") created for and/or used by Universal Mortgage branch managers, loan officers and/or other employees at least in part to receive and conceal Referring Cash kickbacks. Universal Mortgage and the Participating Title Company choose to use these sham LLCs in an effort to conceal the kickbacks from and prevent detection by borrowers, regulators, auditors, and law enforcement.
35. To further conceal the kickbacks from borrowers, Universal Mortgage and the Participating Title Company make false and fraudulent representations and omissions in borrowers' loan documents, including the Truth In Lending Act ("TILA") Disclosure, the Good Faith Estimate, the HUD-1 Settlement Statement and the Direct Endorsement.
36. Universal Mortgage and the Participating Title Company agree to and do not identify the amounts associated with the illegal kickback on any loan documents, including government mandated disclosure forms such as the "Good Faith" Estimate and HUD-1 Settlement Statement.

**C. Universal Mortgage benefits from the Kickback Schemes established and performed by Universal Mortgage branch managers, loan officers, and other employees.**

37. At all relevant times, Universal Mortgage's branch managers, loan officers and other employees and/or agents are acting within the course, scope, and duties of their employment over which Universal Mortgage has control. Specifically, these branch managers, loan officers, and other employees seek to acquire new business for Universal Mortgage by selling, brokering, originating, and/or securing loans for residential mortgages for new and existing Universal Mortgage borrowers, and to fulfill Universal Mortgage's obligations under its loan brokering, warehouse, correspondent, and similar secondary market agreements. All activities, including Universal Mortgage employees and/or agents' interaction with the Participating Title Companies in furtherance of the Kickback Schemes, are for the benefit of, and do benefit, Universal Mortgage.
38. Universal Mortgage benefits from the Kickback Agreements because it charges and earns fees, interest and other compensation from the loans assigned and referred to the Participating Title Companies in furtherance of the Kickback Agreements. Universal Mortgage also earns fees and other compensation from its secondary market partners under loan brokering, correspondent, warehouse, and similar agreements and on the sale or other transfer of these loans in the secondary market.

**II. Beginning in 2011, Universal Mortgage Establishes a Kickback Scheme with All Star.**

39. At all relevant times, All Star Title, Inc. ("All Star") is a Maryland corporation and a title and settlement service provider, licensed in Maryland (and more than thirty other states), and regulated by the Maryland Insurance Administration.
40. By at least 2011, Universal Mortgage, by and through its branch managers, loan officers, and other employees, agrees to receive and accept kickbacks paid by All Star in exchange

for the assignment and referral of Universal Mortgage residential mortgage loans, refinances, and reverse mortgages to All Star for title and settlement services.

41. By 2011, Universal Mortgage operates a branch in Newark, Delaware (the “Universal Mortgage Newark Branch”) in which Universal Mortgage employs Michael Losten, Doug Phillips, Hiedi Garcia, Tom Mills and others.
42. All Star pays and Universal Mortgage receives and accepts kickbacks in at least two forms: (i) Referring Cash kickbacks laundered through a sham LLC ; and (ii) marketing credit kickbacks laundered through third-party marketing companies used by Universal Mortgage for marketing services.
43. In July 2010, Doug Phillips, a Senior Loan Officer employed by Universal Mortgage in the Universal Mortgage Newark Branch, approaches All Star marketing representative Alex Goloborodko, about an agreement to assign and refer Universal Mortgage residential mortgage loans, refinances, and reverse mortgages to All Star for title and settlement services.
44. A few months later, Phillips promises Goloborodko that he will recruit other loan officers at his branch to exclusively refer Universal Mortgage loans to All Star.
45. Phillips follows through on this promise and recruits Michael Losten, another loan officer employed by Universal Mortgage in the Universal Mortgage Newark Branch, cultivating a culture of referral agreements with All Star at the Newark Branch.
46. On or about May 2, 2011, Losten sets up a meeting with All Star representatives to discuss establishing a Kickback Agreement, and a few days later, Rob Selznick, another All Star marketing representative, tells Losten that All Star “can accommodate [his]

requests.” Ex. 2, May 5, 2011 email correspondence among M. Losten and R. Selznick;  
Ex. 3, May 2, 2011 email correspondence between M. Losten and R. Selznick.

47. In addition to agreeing that All Star will pay kickbacks in exchange for Losten’s assignment and referral of Universal Mortgage loans to All Star, Losten and Selznick agree to charge the borrowers on Universal Mortgage loans assigned and referred under the Kickback Agreement fraudulent charges for title and settlement services in the amount of “\$900 plus title”. Ex. 4, May 6, 2011 email correspondence between M. Losten and R. Selznick.
48. These charges are fraudulent because the charges are unnecessarily increased by the kickbacks, and higher than All Star would charge for the same services without the kickbacks. During the relevant time period, All Star charged borrowers from lenders who are not receiving kickbacks “\$1000 including title” for the same title and settlements services. Ex. 5, Sept. 15, 2010 email from R. Selznick.
49. These charges are also fraudulent because they include amounts that are not associated with any title or settlement service and charged for the sole purpose of funding the illegal kickbacks.
50. These charges are also fraudulent because they exceed what is reasonable and customary under regulations applicable to loans insured and/or guaranteed by the federal government.
51. Losten in fact assigns and refers loans to All Star pursuant to this Kickback Agreement and receives and accepts kickbacks in the form of cash payments paid through sham LLCs and laundered through third-party marketing companies.

52. In May 2011, Losten in fact assigns and refers four (4) Universal Mortgage loans to All Star under the Kickback Agreement.
53. On or about May 31, 2011, All Star pays Universal Mortgage a \$1,493.00 kickback laundered through, Payton's Place LLC, a sham LLC which identifies Losten as its registered agent and sole member. Ex. 6, Payton's Place LLC, Articles of Organization.
54. All Star chooses to record the payment of the kickback on All Star marketing representative Rob Selznick's expense report and chooses to fraudulently identify the payment as associated with "Payton's Place Invoice." Ex. 7, May 2011 Selznick Expense Report. This payment record is fraudulent and a sham because the payment is a kickback for Losten's assignment and referral of Universal Mortgage loans under the Kickback Agreement, and not for any goods, facility, or service provided by Payton's Place LLC.
55. In June 2011, Losten assigns and refers six (6) Universal Mortgage loans to All Star in furtherance of the Kickback Agreement.
56. In addition, Losten offers to recruit more Universal Mortgage loan officers to generate more referrals for All Star in furtherance of the Kickback Agreement: "I going to be bringing on a couple of more guys that do self gen, they don't do a[s] much as me, but hell it's more business." Ex. 8, June 1, 2011 email correspondence between M. Losten and R. Selznick.
57. On or about June 30, 2011, All Star pays Universal Mortgage a \$1,651 kickback laundered through Payton's Place LLC.
58. Losten invests the kickbacks to purchase leads to generate additional Universal Mortgage loans for the benefit of Universal Mortgage and to assign and refer in furtherance of the Kickback Agreement. Losten tells All Star: "I'm sending you an invoice for leads,

shipped to me billed to you.” Ex. 9, June 8, 2011 email correspondence between M. Losten and R. Selznick.

59. All Star again chooses to record the payment of the kickback on All Star marketing representative Rob Selznick’s expense report and chooses to fraudulently identify the payment as associated with “Payton’s Place Invoice.” Ex.10, June 2011 Selznick Expense Report. This identification is fraudulent because the payment is a kickback for Losten’s assignment and referral of Universal Mortgage loans under the Kickback Agreement, and not for any goods, facility, or service provided by Payton’s Place LLC.
60. In or about July 2011, All Star and Losten agree to launder the kickback payments through third-party marketing companies, including Influence Direct, a Murfreesboro, Tennessee-based marketing company which provides live transfers, lead generation, and direct mail services to Universal Mortgage.
61. All Star and Losten agree to raise the fraudulent charges to borrowers assigned and referred under the Kickback Agreement to fund All Star’s payment of a regular monthly kickback to Universal Mortgage. Ex. 11, July 12, 2011 email correspondence between M. Losten and R. Selznick.
62. On or about July 14, 2011, All Star pays Universal Mortgage a \$600 kickback laundered by and through Influence Direct.
63. In July 2011, Losten assigns and refers three (3) Universal mortgage loans in furtherance of the Kickback Agreement.
64. On or about August 11, 2011, All Star pays Universal Mortgage a \$300 kickback laundered by and through Influence Direct.

65. In August 2011, Losten assigns and refers ten (10) Universal Mortgage loans in furtherance of the Kickback Agreement.
66. On or about September 8, 2011, All Star pays Universal Mortgage a \$517.50 kickback laundered by and through Influence Direct.
67. In September 2011 Losten assigns and refers nine (9) Universal mortgage loans in furtherance of the Kickback Agreement.
68. On or about October 11, 2011, All Star pays Universal Mortgage a \$444.48 kickback laundered by and through Influence Direct.
69. In October 2011 Losten assigns and refers nine (9) Universal mortgage loans in furtherance of the Kickback Agreement.
70. On or about November 4, 2011, All Star pays Universal Mortgage a \$870.27 kickback, laundered by and through Influence Direct.
71. In November 2011 Losten assigns and refers five (5) Universal mortgage loans in furtherance of the Kickback Agreement.
72. In late 2011, Losten informed All Star that he was offered a better kickback deal by another title and settlement services company. Ex. 12, Oct. 28, 2011 email correspondence between M. Losten, R. Selznick, and All Star owner J. Horwitz.
73. Based on the continuing pattern of practice between Universal Mortgage and All Star, Plaintiffs believe, and therefor aver, that All Star pays and Universal Mortgage receives and accepts kickbacks in exchange for Universal Mortgage's assignment and referral of loans from additional known and unknown Universal Mortgage branches, branch managers, and loan officers in furtherance of the Kickback Agreement.

74. Based on the continuing pattern of practice between Universal Mortgage and All Star, Plaintiffs believe, and therefor aver, that All Star pays kickbacks to Universal Mortgage laundered by and through other third-party marketing companies in addition to those identified herein.
75. As a result of the Kickback Agreement, Universal Mortgage borrowers, including the Romero Plaintiffs and alleged All Star Sub-Class Members, are harmed because they are: (i) defrauded into being charged and paying higher prices for title and settlement services than they would have been charged and paid without the Kickback Agreement, (ii) defrauded into being charged and paying charges for title and settlement services that are unnecessarily increased by illegal kickbacks and include amounts that are not associated with any legitimate title and settlement service and solely to pay for illegal kickbacks; (iii) denied kickback free title and settlement services, and (iv) denied their choice of title and settlement service provider and other consumer benefits of a competitive marketplace.
76. No title services were provided by Universal Mortgage or any Universal Mortgage employee and/or agent associated with the receipt and acceptance of any kickback. The payment by All Star and the receipt and acceptance by Universal Mortgage of the kickbacks was made solely for the assignment and referral of Universal Mortgage borrowers to All Star.

**III. By 2012, Universal Mortgage establishes a Kickback Scheme with Genuine Title and Receives and Accepts more than \$67,000 in illegal kickbacks.**

77. At all relevant times, Genuine Title is a Maryland registered LLC with its principal place of business in Maryland and a title and settlement services company licensed under the



laws of more than 30 states, including Maryland, and is regulated by the Maryland Insurance Administration.

78. During the relevant time period, Ajay Bhan, Alisha Cooper, Ann-Marie Deysher, Bayard “Buzz” Wagenseller, Deepak Suri, Joel Stewart, Kahlil Salazar, Mario Glover, Michael Schies, Stephen Piccirilli, Vernon Garrett, Victoria Barksdale, Vincent Della Vella, Coretta Bradley, Daniel Honorowski, Emmanuel Tyner, Eric Erhardt, Erin McLaughlin, Gerald Lodge, Jonathan Mitchell, Kevin Ryan, Latroy Caesar, Mario Glover, Michael Bass, and Michael Boyd are branch managers, loan officers, employees, and/or agents employed by Universal Mortgage.

79. By early 2012, Universal Mortgage solicits Genuine Title and establishes a Kickback Agreement, by which Genuine Title agrees to pay Referring Cash kickbacks to Universal Mortgage in exchange for the assignment and referral of Universal Mortgage residential mortgage loans, refinances, and reverse mortgages loans to Genuine Title for title and settlement services. Ex. 13, May 14, 2021 Decl. of J. Zukerberg.

80. Genuine Title pays Universal Mortgage Referring Cash kickbacks under the Kickback Agreement, including:

- a. a \$3,210 kickback on February 8, 2012;
- b. a \$2,978 kickback on March 21, 2012;
- c. a \$5,904 kickback on July 10, 2012;
- d. a \$6,489 kickback on August 6, 2012;
- e. a \$6,483 kickback on September 13, 2012;
- f. a \$6483 kickback on October 10, 2012;
- g. a \$7,359 kickback on November 8, 2012;

- h. a \$8,911 kickback on December 7, 2012;
- i. a \$1,050 kickback on January 4, 2013;
- j. a \$8,601 kickback on February 6, 2013;
- k. a \$6,193 kickback on March 6, 2013; and
- l. a \$3,394 kickback on April 15, 2013.

*See* Ex. 13, ¶13 and Ex. 1.

- 81. Genuine Title paid the Referring Cash kickbacks through National Bond Marketing LLC, a sham LLC registered in Delaware. Ajay Bhan, a branch manager and loan officer employed by Universal Mortgage in the Universal Mortgage Newark Branch, is the registered agent and sole member of National Bond Marketing LLC. Ex. 14, A. Bhan Bankruptcy Petition Excerpt.
- 82. Genuine Title admits that the payments to Bhan's sham LLC National Bond Marketing LLC are Referring Cash kickbacks paid to Universal Mortgage under the Kickback Agreement. *See* Ex. 13, ¶¶ 5 – 7, 13 and Ex. 1.
- 83. Genuine Title admits that the kickbacks represent a portion or percentage of the charges received by Genuine Title related to loans assigned and referred by Universal Mortgage to Genuine Title under the Kickback Agreement. Ex. 13, ¶ 14.
- 84. Genuine Title's President, Jay Zukerberg has testified that he would have rather reduced the amount of title and settlement service charges to borrowers than pay kickbacks to lenders. Ex. 15, May 20, 2016, Decl. J. Zukerberg, ¶ 6.
- 85. Universal Mortgage in fact assigns and refers Universal Mortgage residential mortgage loans, refinances, and reverse mortgages to Genuine Title in furtherance of the Kickback Agreement including:

- a. nine (9) loans in May, 2012;
- b. fifteen (15) loans in June, 2012;
- c. seventeen (17) loans in July, 2012;
- d. nineteen (19) loans in August, 2012
- e. fifteen (15) loans in September, 2012;
- f. seventeen (17) loans in October, 2012;
- g. nineteen (19) loans in November, 2012;
- h. sixteen (16) loans in December, 2012;
- i. twenty (20) loans in January, 2013;
- j. fourteen (14) loans in February, 2013;
- k. ten (10) loans in March, 2013
- l. seventeen (17) loans in April, 2013;
- m. thirteen (13) loans in May, 2013;
- n. eleven (11) loans in June, 2013;
- o. six (6) loans in July, 2013;
- p. three (3) loans in August, 2013;
- q. two (2) loans in September, 2013;
- r. fifteen (15) loans in October, 2013;
- s. nine (9) loans in November, 2013
- t. eight (8) loans in December, 2013
- u. six (6) loans in January, 2014
- v. two (2) loans in February, 2014 and
- w. six (6) loans in March, 2014.

86. Based on the continuing pattern of practice between Universal Mortgage and Genuine Title, Plaintiffs believe, and therefor aver, that Genuine Title pays and Universal Mortgage receives and accepts kickbacks in exchange for Universal Mortgage's assignment and referral of loans from additional known and unknown Universal Mortgage branches, branch managers, and loan officers in furtherance of the Kickback Agreement.
87. Based on the continuing pattern of practice between Universal Mortgage and Genuine Title, Plaintiffs believe, and therefor aver, that Genuine Title pays kickbacks to Universal Mortgage in addition to those identified herein, in different forms than Referring Cash, and laundered through other sham LLCs in addition to those identified herein.
88. As a result of the Kickback Agreement, Universal Mortgage borrowers, including the Younce Plaintiffs and alleged Genuine Title Sub-Class Members, are harmed because they are: (i) defrauded into being charged and paying higher prices for title and settlement services than they would have been charged and paid without the Kickback Agreement, (ii) defrauded into being charged an paying charges for title and settlement services that are unnecessarily increased by illegal kickbacks and include amounts that are not associated with any legitimate title and settlement service and solely to fund illegal kickbacks; (iii) denied kickback free title and settlement services, and (iv) denied their choice of title and settlement service provider and other consumer benefits of a competitive marketplace.
89. No title services were provided by Universal Mortgage or any Universal Mortgage employee and/or agent associated with the receipt and acceptance of any kickback. The

payment by Genuine Title and the receipt and acceptance by Universal Mortgage of the kickbacks was made solely for the assignment and referral of Universal Mortgage borrowers to Genuine Title. Ex. 13, ¶ 8.

**IV. By 2014, Universal Mortgage establishes a Kickback Agreement with Competitive Title and receives and accepts more than \$100,000 in illegal kickbacks.**

90. At all relevant times, Competitive Title (including the related entities Competitive Title Agency, Inc., Competitive Title of Florida, Inc., Competitive Title of New Jersey, Inc., Competitive Title of West Virginia, Inc., MBR Title Agency, LLC., and MBR Title Management, LLC) is a registered business in Maryland and a licensed title and settlement service provider regulated by the Maryland Insurance Administration.

91. By at least 2014, Universal Mortgage solicits Competitive Title and establishes a Kickback Agreement by which Competitive Title agrees to pay kickbacks in exchange for the assignment and referral of Universal Mortgage residential mortgage loans, refinances and reverse mortgages to Competitive Title for title and settlement services.

92. During the relevant time period, Michael Losten, Robert “Beau” Cox, Jr., Daniel Hall, Ryan Bannahan, Donna Wynn, Ashlie Pruett, Josh Sweede, Casey Holland, Larissa Luck, Chris Short, Brian Fuerst, James Hollar, Keifton Manns, Tara Marsh, and Gary Taylor, are branch managers, loan officers, employees, and/or agents employed by Universal Mortgage.

93. Competitive Title pays, and Universal Mortgage receives and accepts, illegal kickbacks in two forms: (i) Referring Cash kickbacks laundered through sham LLCs; and (ii) marketing credits laundered through third-party marketing companies used by Universal Mortgage for marketing services.

94. From 2014 through 2015, Competitive Title pays and Universal Mortgage receives and accepts over \$30,510.00 kickbacks for the assignment and referral of Universal Mortgage loans from Universal Mortgage. These kickbacks were laundered by and through third party marketing companies and sham LLCs, including:

- m. a \$2,575.00 kickback on or about October 22, 2014, laundered by and through Iconic Results;
- n. a \$2,750.00 kickback on or about November 11, 2014, laundered by and through Iconic Results;
- o. a \$7,500.00 kickback on or about February 23, 2015, laundered by and through Iconic Results;
- p. a \$3,550 kickback on or about April 1, 2015, laundered by and through C&D Marketing LLC;
- q. a \$7,500.00 kickback on or about April 18, 2015, laundered by and through Iconic Results;
- r. a \$7,500.00 kickback on or about April 30, 2015, laundered by and through Iconic Results;
- s. a \$6,050 kickback on or about May, 1, 2015, laundered by and through C&D Marketing,
- t. a \$2,050 kickback on or about June 1, 2015, laundered by and through C&D Marketing;
- u. a \$1,300 kickback on or about June 30, 2015, laundered by and through C&D Marketing;

- v. a \$3,875 kickback on or about July 31, 2015, laundered by and through C& D Marketing;
- w. a \$425 kickback on or about August 1, 2015, laundered by and through C & D Marketing;
- x. a \$980.00 kickback on or about August 11, 2015, laundered by and through Iconic Results;
- y. a \$1,705.00 kickback on or about August 24, 2015, laundered by and through Iconic Results.
- z. a \$2,925 kickback on or about September 1, 2015, laundered by and through C & D Marketing;
- aa. a \$4.700 kickback on or about October 1, 2015, laundered by and through C & D Marketing;
- bb. a \$3,950 kickback on or about November 25, 2015, laundered by and through C & D Marketing;
- cc. a \$850 kickback on or about December 31, 2015, laundered by and through C & D Marketing;
- dd. a \$850 kickback on or about February 2, 2016, laundered by and through C & D Marketing;
- ee. a \$3,300 kickback on or about March 1, 2016, laundered by and through C & D Marketing;
- ff. a \$900 and \$500 kickbacks on or about April 2, 2016, laundered by and through C & D Marketing;

- gg. a \$1,550 kickback on or about May 3, 2016, laundered by and through C & D Marketing;
- hh. a \$1,900 and \$1,200 kickback on or about June 1, 2016, laundered by and through C & D Marketing;
- ii. a \$1,000 kickback on or about July 1, 2016, laundered by and through C & D Marketing;
- jj. a \$500 and \$3,100 kickbacks on or about August 1, 2016, laundered by and through C & D Marketing;
- kk. a \$1,500 kickback on or about January 1, 2017, laundered by and through C & D Marketing;
- ll. a \$1,100 kickback on or about February 1, 2017, laundered by and through C & D Marketing;
- mm. a \$2,250 kickback on or about April 3, 2017, laundered by and through C&D Marketing;
- nn. a \$1,075 kickback on or about May 1, 2017, laundered by and through C & D Marketing;
- oo. a \$2,200 kickback on or about June 1, 2017, laundered by and through C &D Marketing;
- pp. a \$5,050 kickback on or about July 5, 2017, laundered by and through C & D Marketing;
- qq. a \$875 kickback on or about July 27, 2017, laundered by and through C & D Marketing;



- rr. a \$2,125 kickback on or about September 4, 2017, laundered by and through C & D Marketing;
  - ss. a \$1,430 kickback on or about October 2, 2017, laundered by and through C & D Marketing;
  - tt. a \$4,650 kickback on or about November 1, 2017, laundered by and through C & D Marketing; and
  - uu. a \$4,200 kickback on or about December 4, 2017, laundered by and through C & D Marketing.
95. Iconic Results is a marketing company based in Dover, Delaware, and Phoenix, Arizona, which provides live transfers, lead generation, and direct mail services.
96. Beginning by at least October 2014 and continuing through August 2015, Iconic Results produces invoices for marketing services received by the Universal Mortgage Glen Burnie Branch managed by Daniel Hall. Hall causes these invoices to be provided to Competitive Title, and Competitive Title sends payment to Iconic Results that is applied for the sole benefit of Universal Mortgage. Ex. 16, Oct. 22, 2014, Iconic Results Invoice, Ex. 17, Oct. 27, 2014 email correspondence between D. Hall, Iconic results owner F. Wood, and Competitive Title owner S. Rosenstein; Ex. 18, Aug. 18, 2015 email between Universal Mortgage loan officer R. Bannahan, Iconic Results owner F. Wood, and Competitive Title owner, S. Rosenstein; Ex. 19, Aug. 20, 2015 email correspondence between Iconic Results owner F. Wood and Competitive Title owner S. Rosenstein.
97. Based on these facts, and Universal Mortgage and Competitive Title's continuing pattern of practice, Plaintiffs believe, and therefore allege, that the payments from Competitive Title to Iconic Results are kickbacks for the assignment and referral of Universal

Mortgage loans, refinances, and reverse mortgages from the Universal Mortgage Glen Burnie Branch.

98. C & D Marketing LLC is a Maryland limited liability company. Michael Losten, employed by Universal Mortgage as the co-branch manager of the Universal Mortgage Chesapeake City Branch, is the registered agent and a member of C&D Marketing. Ex. 20, C & D Marketing LLC, Articles of Org.

99. C & D Marketing has a registered business address of 2525 Augustine Herman Hwy, Suite E, Chesapeake City, MD 21915, which is the same address as the Universal Mortgage Chesapeake City Branch that Losten co-manages with Universal Mortgage loan officer Robert “Beau” Cox Jr. Ex. 20.

100. Based on these facts, and Universal Mortgage’s and Competitive Title’s continuing pattern of practice, Plaintiffs believe, and therefore aver, that the payments from Competitive Title to C & D Marketing are Referring Cash kickbacks for the assignment and referral of Universal Mortgage loans, refinances, and reverse mortgages from the Universal Mortgage Chesapeake City Branch in furtherance of the Kickback Agreement.

101. Universal Mortgage in fact assigns and refers at least 250 Universal Mortgage loans, refinances, and reverse mortgages to Competitive Title under the Kickback Agreement.

102. An examination of HUD-1 settlement statements for loans assigned and referred to by Universal Mortgage to Competitive Title under the Kickback Agreement reveals that borrowers are regularly charged a title exam fee of \$687.50 and a title abstract fee of \$687.50, for a total of \$1,375. Ex. 21, Collection of Universal Mortgage-Competitive Title HUD-1 Settlement Statements.

103. The total title and settlement services recorded on line 1101 of these HUDs is equal to these amounts plus the charge for title insurance. This same pattern appears on many HUD-1 settlement statements that involving different types of loans, with different loan amounts, different states, and related to loans assigned and referred from various Universal Mortgage branches. Ex. 21.
104. Based on these HUD-1s, Plaintiffs believe, and therefore allege, that Universal Mortgage and Competitive Title agree to charge borrowers on loans assigned and referred under the Kickback Agreement fraudulent charges for title and settlement services in the amount of “\$1375 plus title.” These charges are fraudulent because they are unnecessarily increased by Competitive Title’s payment of kickbacks under the Kickback Agreement and include amounts that are not associated with any title or settlement service and charged for the sole purpose of funding the illegal kickbacks.
105. These charges are also fraudulent because the amounts exceed what is “reasonable and customary” for the purpose of federal regulations applicable to loans insured and/or guaranteed by the federal government.
106. Based on the continuing pattern of practice between Universal Mortgage and Competitive Title, Plaintiffs believe, and therefor aver, that Competitive Title pays, and Universal Mortgage receives and accepts kickbacks in exchange for Universal Mortgage’s assignment and referral of loans from additional known and unknown Universal Mortgage branches, branch managers, and loan officers in furtherance of the Kickback Agreement.
107. Based on the continuing pattern of practice between Universal Mortgage and Competitive Title, Plaintiffs believe, and therefor aver, that Competitive Title pays

kickbacks to Universal Mortgage in addition to those identified herein and laundered through other sham LLCs and/or third-party company marketing companies in addition to those identified herein.

108. As a result of the Kickback Agreement, Universal Mortgage borrowers, including the Plaintiff McPeake and alleged Competitive Title Sub-Class Members, are harmed because they are: (i) defrauded into being charged and paying higher prices for title and settlement services than they would have been charged and paid without the Kickback Agreement, (ii) defrauded into being charged and paying charges for title and settlement services that are unnecessarily increased by illegal kickbacks and include amounts that are not associated with any legitimate title and settlement service and solely to fund illegal kickbacks; (iii) denied kickback free title and settlement services, and (iv) denied their choice of title and settlement service provider and other consumer benefits of a competitive marketplace.

109. No title services were provided by Universal Mortgage or any Universal Mortgage employee and/or agent associated with the receipt and acceptance of any kickback. The payment by Competitive Title and the receipt and acceptance by Universal Mortgage of the kickbacks was made solely for the assignment and referral of Universal Mortgage borrowers to Competitive Title.

**Factual Allegations Related to for Individual Class Representatives**

110. Plaintiffs' transaction and the course of events thereafter exemplify the working of the Universal Mortgage Kickback Scheme and are typical of all alleged Class Members' transactions.

**I. The Romero Refinance**

111. In or about August 2011, Elmer and Nichole Romero (“the Romeros”) obtained a residential refinance mortgage from Universal Mortgage through Michael Losten, a loan officer Universal Mortgage employed at the Universal Mortgage Newark Branch, in relation to the refinance of their residential property located at 555 Christel Springs Drive, Clarksville, TN 37043. Ex. 22, Romero HUD-1
112. The Romero refinance settles on or about August 3, 2011, with Universal Mortgage as the lender. Ex. 22.
113. Losten assigns and refers the Romero’s loan to All Star as quid pro quo for the kickbacks All Star paid Universal Mortgage in June and/or July, 2011, as described in ¶ 56-64 above, thereby performing the Kickback Agreement, depriving the Romeros of their choice of title company and settlement service provider and denying the Romeros kickback-free title and settlement services.
114. The Romeros are charged the fraudulent amounts Universal Mortgage and All Star agree to charge borrowers on loans assigned and referred under the Kickback Agreement, “\$900 plus title” - a total of \$1,373 on Line 1101 of the Romeros’ HUD-1. Ex. 22.
115. In addition, these charges are unnecessarily increased by the Kickback Agreement between Universal Mortgage and All Star, include amounts not associated with any legitimate title or settlement service, and exceed amounts that are reasonable and customary for the area in which the Romero home is located. The Romeros are charged \$500 for a title exam and \$400 for a title abstract. These amounts are close to four times the average and median amounts charged for similar transactions in Tennessee, and three times the 80<sup>th</sup> percentile for charges on all transactions in Tennessee. Ex. 23, State Averages Chart.

116. The Romeros pay these fraudulent and unnecessarily increased title and settlement service charges when Universal Mortgage disburses proceeds from the Romero's loan in payment of these title and settlement services.
117. Universal Mortgage benefitted, and continues to benefit, from the fraudulent title and settlement service charges related to the Romero refinance because Universal Mortgage financed the fraudulent title and settlement service fees into their Universal Mortgage loan and thereby earn interest on those fees. The Romeros, believe, and therefore allege, that Universal Mortgage also benefitted from the fraudulent title and settlement service charges related to their refinance because Universal Mortgage earned fees and other compensation on the sale of the Romero refinance in the secondary market.
118. As a direct and proximate result of the Kickback Agreement between Universal Mortgage and All Star, and Universal Mortgage's performance of the same, the Romeros are harmed because they are: (i) charged and pay unnecessarily increased and higher title and settlement service fees than they would have paid without the Kickback Agreement; (ii) are defrauded into being charged and paying higher prices for title and settlement service fees unnecessarily increased by amounts not associated with any legitimate title and settlement service and charged to fund illegal kickbacks; (iii) stripped of their choice of title and settlement service provided and their mortgage broker's impartial evaluation of All Star's service and quality; and (iv) deprived of kickback-free title and settlement services and the consumer benefit of fair competition among independent title and settlement services providers.

## **II. The Younce Refinance**

119. In or about May 2012, Plaintiffs George and Judy Younce (“the Younces”) obtained a residential refinance mortgage from Universal Mortgage through Ajay Bhan (“Bhan”), a loan officer Universal Mortgage employed at the Universal Mortgage, Newark Branch, in relation to the refinance of their residential property located at 8129 Xenia Lane, Naples, Florida.
120. The Younce’s loan settled on or about May 31, 2012, with Universal Mortgage as the lender.
121. Bhan assigns and refers the Younce’s loan to Genuine Title as quid pro quo for the kickbacks Genuine Title paid Universal Mortgage on July 10, 2012, as identified in ¶ 81 and 86 above, thereby performing the Kickback Agreement, depriving the Younces of their choice of title and settlement service provider and denying the Younces kickback-free title and settlement services.
122. Based on Universal Mortgage and Genuine Title’s continuing pattern of practice, the Younce’s believe, and therefore allege, that Universal Mortgage and Genuine Title perform the Kickback Agreement and Genuine Title splits and kickbacks to Universal Mortgage the amount of title and settlement service charges resulting from the method identified by Genuine Title owner Jay Zukerberg in ¶ 7 of Exhibit 13.
123. The Younces title and settlement service charges are unnecessarily increased by the Kickback Agreement between Universal Mortgage and Genuine Title, include amounts not associated with any legitimate title or settlement service, and exceed amounts that are reasonable and customary for the area in which the Younce’s home is located.

124. The YOUNCES pay these fraudulent and unnecessarily increased title and settlement service charges when Universal Mortgage disburses proceeds from the YOUNCE'S loan in payment of these title and settlement services.

125. The YOUNCES believe, and therefore aver, that Universal Mortgage benefitted, and continues to benefit, from the fraudulent title and settlement service charges related to the YOUNCE refinance because Universal Mortgage financed the fees into their Universal Mortgage loan and thereby earns interest on the fees. The YOUNCES, believe, and therefore allege, that Universal Mortgage also benefitted from the fraudulent title and settlement service charges related to their refinance because Universal Mortgage earned fees and other compensation on the sale of the YOUNCE refinance in the secondary market.

126. As a direct and proximate result of the Kickback Agreement between Universal Mortgage and Genuine Title, and Universal Mortgage's performance of the same, the YOUNCES are harmed because they are: (i) charged and pay unnecessarily increased and higher title and settlement service fees than they would have paid without the Kickback Agreement; (ii) are defrauded into being charged and paying higher prices for title and settlement service fees unnecessarily increased by amounts not associated with any legitimate title and settlement service and charged to fund illegal kickbacks; (iii) stripped of their choice of title and settlement service provided and their mortgage broker's impartial evaluation of Genuine Title's service and quality; and (iv) deprived of kickback-free title and settlement services and the consumer benefit of fair competition among independent title and settlement services providers.

### **III. The McPeake Refinance**



127. In or about June 2015, Plaintiff Brian McPeake (“McPeake”) obtained a residential refinance mortgage from Universal Mortgage through Ryan P. Bannahan (“Bannahan”), a loan officer employed by Universal Mortgage in the Universal Mortgage Glen Burnie Branch, in relation to the refinance of residential property located at 234 Beck Farm Road, Centreville, MD 21617.
128. Mr. McPeake’s loan settled on or about June 5, 2015, with Universal Mortgage as the lender. Ex. 24, McPeake HUD-1.
129. Bannahan assigns and refers the McPeake refinance to Competitive Title as a quid pro quo for the kickbacks Competitive Title paid Universal Mortgage on May and/or June 1, 2015, as described in ¶ 95, thereby performing the Kickback Agreement, depriving Mr. McPeake of his choice of title company and settlement service provider and denying Mr. McPeake kickback-free title and settlement services.
130. Line 1101 of McPeake’s HUD-1 shows Universal Mortgage and Competitive Title charge Mr. McPeake \$1,954.24 for title and settlement services.
131. These charges are unnecessarily increased by the Kickback Agreement between Universal Mortgage and Competitive Title, include amounts not associated with any legitimate title or settlement service, and exceed amounts that are reasonable and customary for the area in which the McPeake home is located. Mr. McPeake is charged \$687.50 for a title exam and \$687.50 for a title abstract. These amounts are more than four times the Maryland state average, more than five times the Maryland median, and more than two and one-half time the 80<sup>th</sup> percentile for charges on all transactions in Maryland. Ex. 23.

132. Mr. McPeake pays these charges when Universal Mortgage disburses the proceeds from the McPeake loan in payment of these title and settlement services.

133. Universal Mortgage benefitted, and continues to benefit, from the fraudulent title and settlement service charges related to the McPeake Loan because Universal Mortgage financed the fees into his Universal Mortgage loan and thereby earns interest on the fees. Mr. McPeake, believes, and therefore alleges, that Universal Mortgage also benefitted from the fraudulent title and settlement service charges related to his refinance because Universal Mortgage earned fees and other compensation on the sale of the McPeake refinance in the secondary market.

134. As a direct and proximate result of the Kickback Agreement between Universal Mortgage and Competitive Title, and Universal Mortgage's performance of the same, Mr. McPeake is harmed because he is: (i) charged and pays unnecessarily increased and higher title and settlement service fees than they would have paid without the illegal Kickback Agreement; (ii) is defrauded into being charged and paying higher prices for title and settlement service fees unnecessarily increased by amounts not associated with any legitimate title and settlement service and charged to fund illegal kickbacks; (iii) stripped of his choice of title and settlement service provided and their mortgage broker's impartial evaluation of Competitive Title's service and quality; and (iv) deprived of kickback-free title and settlement services and the consumer benefit of fair competition among independent title and settlement services providers.

**Factual Allegations Related to Limitations**

135. Universal Mortgage and the Title Companies undertake affirmative acts that fraudulently conceal the Kickback Agreements, the illegal kickbacks, and the injuries and damages to borrowers, including Plaintiffs and alleged Class Members.

**I. Universal Mortgage and the Title Companies Launder Kickbacks through Third-Party Marketing Companies and Sham LLCs to Conceal the Illegal Kickbacks.**

136. As described above in ¶¶ 26-30, 61-72 and 95-100, Universal Mortgage and the Title Companies choose to conceal the fact and payment of kickbacks by the Title Companies to Universal Mortgage by laundering kickbacks through third-party marketing companies.

137. As described above in ¶¶ 35, 52-58, 81-83 and 95, Universal Mortgage and the Title Companies launder kickbacks through sham LLCs, including Payton's Place, LLC, National Bond Marketing, LLC, and C&D Marketing, LLC.

138. Laundering the kickbacks through third-party marketing companies and sham LLCs conceals the fact that any thing of value is exchanged between the Title Company and Universal Mortgage related to the assignment and referral of a loan, including Plaintiffs' loans, and prevent borrowers, regulators, auditors, and law enforcement from discovering the kickbacks, the Kickback Agreements, and coordinated relationship between Universal Mortgage and each Title Company under the Kickback Schemes.

139. Universal Mortgage and the Title Companies use sham invoices and payment records to conceal the kickbacks as described above, e.g., in ¶¶ 59 and 97.

140. The use of sham invoices and payment records conceal the fact that any thing of value was exchanged between Universal Mortgage and the Title Company related to the assignment and referral of Universal Mortgage loans (including Plaintiffs' loans), the

actual payment, receipt, and acceptance of illegal kickbacks, and the coordinated business relationship between Universal Mortgage and the Title Companies.

141. These sham records conceal the kickbacks and the Universal Mortgage Kickback Scheme from any person who may examine the Title Companies' financial records including auditors, regulators, law enforcement or borrowers.

**II. Universal Mortgage and the Title Companies falsely allocate fees and manipulate the APR to conceal the overcharges resulting from the Kickback Agreements.**

142. The Truth in Lending Act ("TILA") mandates that lenders report to borrowers the Annual Percentage Rate, or "APR", associated with a loan, refinance, or reverse mortgage. While the interest rate of a loan is the cost to borrow the principal loan amount, the APR includes both the interest rate of the loan plus certain other lender fees, such as origination fees, discount points and some closing costs, including some title and settlement service fees. The APR is intended as a tool for borrowers to compare, among other things, closing and settlement costs across loans with similar interest rates and to easily identify when one loan has substantially higher fees than another loan at the same interest rate. Lenders are required to report to borrowers a calculation of the APR on various loan documents, including the TILA disclosure.

143. The title and settlement service fees that are excluded in the APR calculation are defined by TILA. 12 C.F.R. § 1026.4(c). Because some fees are excluded from the APR (and others are not), title and settlement service companies and lenders can manipulate – and falsely minimize – the APR by falsely allocating amounts charged for title and settlement services to those categories of fees that are excluded from the APR calculation.

144. As a regular and continuing business practice, Universal Mortgage and the Title Companies allocate the charges for title and settlement services associated with a borrower's loan only to those categories of title services not included in the APR, thereby falsely minimizing the APR reported on Universal Mortgage borrowers' loan documents and required federal disclosures.
145. For example, "fees for title examination, abstract of title, [and] title insurance" are excluded from the APR calculation – *see* 12 C.F.R. § 1026.4(c)(7)(i) – while a settlement or closing fee and an application signing fee are settlement service costs required to be included in the APR calculation. *See* 12 C.F.R. § 1026.4(a)(1)(i). By allocating the charges associated to conducting a settlement or closing with a borrower to the category of "title exam" or "abstract" the result would be a false, and falsely minimized, APR.
146. For example, despite conducting a settlement or closing with each Universal Mortgage borrower, Universal Mortgage chooses to not allocate any amount of the Title Companies' charges associated with a borrower's loan to "settlement or closing fee" because that charge is included in the APR. Instead, Universal Mortgage and the Title Companies allocate all charges, including that portion attributable to conducting a settlement or closing, to "Title Exam" or "Abstract", which are excluded from the APR. *See, e.g.,* Ex. 22, Romero HUD-1; Ex. 24, McPeake HUD-1.
147. Universal Mortgage's and the Title Companies' choice to falsely allocate fees results in the fraudulent reporting of false APR's and the false, and falsely minimized, representation of the cost of the loan to Universal Mortgage borrower.
148. Universal Mortgage's and the Title Companies' choice to falsely allocate fees and fraudulently report these false allocations in borrowers' loan documents concealed from

Universal Mortgage borrowers the artificially inflated prices of title and settlement services resulting from the Kickback Agreements and prevented borrowers from discovering the fraudulent and unnecessarily increased nature of the charges through comparison to Universal Mortgage's and the Title Companies' competitors.

149. Universal Mortgage's and the Title Companies' choice to falsely allocate fees and manipulate and falsely report APRs fraudulently concealed from Universal Mortgage borrowers the coordinated business relationships between the Title Companies and Universal Mortgage under the Kickback Agreements, the overcharges and fraudulent charges resulting from the Kickback Agreements, and affirmatively prevented Universal Mortgage borrowers from discovering their injuries resulting therefrom.

### **III. False Representations in Universal Mortgage Borrowers' Loan Documents Conceal the Illegal Kickbacks**

151. Universal Mortgage and the Title Companies choose to make false representations and omissions in Universal Mortgage borrowers' loan documents.

152. At all relevant times, federal law required Universal Mortgage, as lender, to provide a "Good Faith" Estimate to the borrower within three days of taking a loan application. 12 C.F.R. § 1024.7(a)-(b). "The required standardized GFE form must be prepared completely and accurately." 12 C.F.R. App'x C to Part 1024 – Instructions for Completing the Good Faith Estimate (GFE) Form.

153. Block 4 of the "Good Faith" Estimate is to state only the charges for "title services and lender's title insurance."

154. As a regular pattern of practice, Universal Mortgage falsely include in Block 4 charges that are not title services and lender's title insurance including the Universal Mortgage

Kickbacks, which are not associated with any legitimate title or settlement service and are charged for the sole purpose of funding the illegal kickbacks.

155. Universal Mortgage's choice to falsely include these charges in Block 4 of the "Good Faith" Estimate conceals from borrowers: (i) the illegal kickback; (ii) the fact and amount of the Universal Mortgage Kickbacks; and (iii) the coordinated business relationship between Universal Mortgage and the Title Companies under the Universal Mortgage Kickback Agreement.

156. In addition, the loan originator must state in Block 1 of the Good Faith Estimate:

[A]ll charges that loan originators involved in this transaction will receive, except for any charge for the specific interest rate chosen (points). A loan originator may not separately charge any additional fees for getting this loan, including for application, processing, or underwriting. The amount stated in Block 1 is subject to zero tolerance, *i.e.*, the amount may not increase at settlement.

12 C.F.R. App'x C to Part 1024 – Instructions for Completing the Good Faith Estimate (GFE) Form.

157. As a regular pattern of practice, Universal Mortgage chose to falsely omit reporting the Universal Mortgage Kickbacks in Block 1 of the Good Faith Estimate even though the kickbacks are charges Universal Mortgage would receive in the transaction.

158. Universal Mortgage's choice to falsely omit the kickbacks from Block 1 of the "Good Faith" Estimate conceals from borrowers: (i) the fact and amount of the kickbacks; and (ii) the coordinated business relationship between Universal Mortgage and the Title Companies under the Universal Mortgage Kickback Scheme.

159. In addition to the Good Faith Estimate, federal law, at all relevant times, requires each borrower to receive a HUD-1 Settlement Statement at the closing or settlement of a loan.

The settlement agent produces the HUD-1, but federal regulations require the loan originator to provide to the settlement agent all information appearing in the HUD-1 statement.

160. Section 1100 of the HUD-1 reports to the borrower the title and settlement services provided on the loan, along with the associated charges to the borrowers for those services.

161. As a continuing pattern and regular business practice, Universal Mortgage and the Title Companies choose and cause the false allocation of fees described in ¶¶ 151-160 to repeat and appear on Universal Mortgage borrowers' HUD-1 statements in Section 1100.

162. As a continuing pattern and regular business practice, Universal Mortgage chooses to omit and fails to describe anywhere on a borrower's HUD-1 statement the amount of the kickback received by Universal Mortgage related to the borrower's loan or the fact that the Title Company has paid a kickback to Universal Mortgage for the assignment and referral of the borrower's loan. Universal Mortgage is required to report the kickback on Line 808 of the HUD-1, and perhaps other lines.

163. As a continuing pattern of practice, Universal Mortgage chooses to omit and fails to describe anywhere on a borrower's HUD-1 statement that the borrower is being charged or the amount of any charge associated with the funding of the kickbacks under the Kickback Agreements. Universal Mortgage is required to itemize these amounts in the in Section 1100 or Section 1300 of the HUD-1. Instead, Universal Mortgage chooses to omit any description of the kickbacks from these sections and fraudulently lump the amount associated with the kickback into the amounts associated with legitimate title and settlement services, such as title examination and/or abstract. This is fraudulent because



the amounts are not associated with any legitimate title and settlement service and charged solely for the purpose of paying for illegal kickbacks.

164. Lenders authorized to underwrite government insured or guaranteed loans – such as VA or FHA loans - use charts they have provided to the Department of Housing and Urban Development (“HUD”) listing the Mean, Median, and 80<sup>th</sup> percentile of settlement services charges by state to measure a “reasonable and customary” settlement service fee per 24 C.F.R. § 203.27.

165. These authorized lenders require their mortgage broker correspondents and wholesalers, like Universal Mortgage, to follow these charts.

166. At least 50% of the Universal Mortgage loans assigned and referred by Universal Mortgage to the Title Companies during the time period of the Kickback Schemes are VA or FHA loans. Universal Mortgage is required to certify that the charges on these loans comply with these guidelines per 24 C.F.R. § 203.27 and 24 C.F.R. § 203.255. This certification is presented to borrowers on the “Direct Endorsement” form.

167. As a regular business practice, Universal Mortgage falsely certifies borrowers Direct Endorsement. These certifications are false because the fees charged borrowers do not comply with HUD regulations because the charges resulting from the Kickback Agreements are unnecessarily increased by the kickbacks, not reasonable and customary, and include amounts not associated with any legitimate title and settlement service.

168. These false representations and omissions, presented to Universal Mortgage borrowers by the Title Companies – as Universal Mortgage’s agent – at closing, fraudulently conceal: (i) the illegal kickbacks; (ii) the fact and amount of the kickbacks and the fact that borrowers are being charged an amount not associated with a legitimate title and

settlement service; and (iii) the coordinated business relationship between Universal Mortgage and the Title Companies under the Universal Mortgage Kickback Scheme.

**IV. Plaintiffs exercised reasonable diligence.**

**A. The Romeros' reasonable diligence.**

169. Based on the amounts reported on their HUD-1 settlement statement, the Romeros allege that their pre-closing loan documents include a "Good Faith" Estimate prepared by Universal Mortgage.

170. Universal Mortgage chooses to omit from the Romeros' "Good Faith" Estimate any description or statement of the coordinated business relationship between Universal Mortgage and All Star and to include the fraudulent representations and omissions described in ¶¶ 152-158. The Romeros believe and therefore allege that their "Good Faith" Estimate does not identify All Star as the provider of any title settlement service related to their refinance.

171. Universal Mortgage chooses to include in the Romeros' pre-closing documents Universal Mortgage and All Star's false allocation of fees and a false APR as described in ¶¶ 143-150. The Romeros' belief as to the allocation of fees reflected on the "Good Faith" Estimate is supported by the allocation of fees on the Romeros' HUD-1, which is consistent with All Star and Universal Mortgage's pattern of false allocation of fees and resulting false APR. *See* Ex. 22, Romero HUD-1.

172. As a result of the fraudulent concealments by Universal Mortgage and All Star, the Romeros had no actual notice before, at or after the closing of their Universal Mortgage loans of the illegal kickbacks, the exchange of any thing of value between Universal Mortgage and All Star related to their Universal Mortgage loan, their injuries resulting

from the same, or the coordinated business relationship of Universal Mortgage and All Star under the Kickback Scheme.

173. These fraudulent concealments were caused solely by the actions and conduct of Universal Mortgage and All Star and/or their agents and were outside the control of the Romeros.

174. The Romeros exercised reasonable diligence before, during and after the closing of their loan.

175. The Romeros' pre-closing documents did not include any description or statement of the coordinated business relationship between Universal Mortgage and All Star, or the fact that All Star would pay any thing of value for Universal Mortgage's assignment and referral of the Romeros refinance to All Star.

176. The Romeros acted diligently during the closing or settlement of their loan. The Romeros attended and fully participated in the required closing.

177. At the closing of their loan, the Romeros received from All Star, or its agent, all of the loan documents required by Universal Mortgage to close their loan, including their HUD-1.

178. The documents the Romeros received at closing did not contain a description or statement of the coordinated business relationship between All Star and Universal Mortgage.

179. Universal Mortgage and All Star chose to omit from the documents the Romeros received at closing, including their HUD-1, any description or statement of any payment, amount or thing of value that was paid by All Star to Universal Mortgage, or received by Universal Mortgage from All Star, related to the Romeros' loan.

180. The Romeros believe, and therefore aver, that Universal Mortgage and All Star choose to omit from the documents the Romeros received at closing, including their HUD-1, any description or statement of the coordinated business relationship between Universal Mortgage and All Star under the Universal Mortgage Kickback Scheme.
181. The Romeros believed these documents and the representations made therein. Plaintiffs had no reason to believe, and did not believe, that a coordinated business relationship existed between Universal Mortgage and All Star. The Romeros had no reason to believe, and did not believe, there would be any payment or exchange of a thing of value between All Star and Universal Mortgage related to the assignment and referral of the Romeros' refinance for title and settlement services.
182. The false statements in Plaintiffs' closing loan documents were made for the purpose of concealing, and did so conceal, All Star's and Universal Mortgage's coordinated business relationship, the Kickback Scheme and the illegal kickback related to the Romeros' refinance.
183. The Romeros acted diligently after their closing. On or about May 13, 2021, Plaintiffs received a letter from undersigned counsel describing the Universal Mortgage Kickback Scheme and setting forth facts supporting a conclusion that All Star paid, and Universal Mortgage received and accepted, kickbacks related to their refinance. Upon receiving a letter from undersigned counsel, which was Plaintiffs' first indication of any potential wrongful, illegal, and/or actionable conduct by anyone, the Romeros contacted and retained counsel within days of learning of the facts giving rise to the causes of action pled herein.

184. As a result of Universal Mortgage's fraudulent concealment of their coordinated business relationship, the payment, receipt, and acceptance of kickbacks related to Romeros' refinance, and the Romeros' reasonable diligence before, during and after the closing of their refinance, the statute of limitations was tolled beginning on the date of their loan closing and continuing until the Romeros' learning of facts giving rise to their causes of action, on or about May 13, 2021.

185. The fraudulent concealments described herein are an integral component of the Kickback Scheme between Universal Mortgage and All Star, and typical of all All Star Sub-Class Members' transactions such that all All Star Sub-Class Members are entitled to equitable tolling for the applicable limitations period.

**B. The Younces' reasonable diligence.**

186. The Younces believe, and therefore allege, that their pre-closing loan documents include a "Good Faith" Estimate prepared by Universal Mortgage.

187. Universal Mortgage chooses to omit from the Younces' "Good Faith" Estimate any description or statement of the coordinated business relationship between Universal Mortgage and Genuine Title and to include the fraudulent representations and omissions described in ¶¶ 152-158. The Younces believe and therefore allege that their "Good Faith" Estimate does not identify Genuine Title as the provider of any title settlement service related to their refinance.

188. Universal Mortgage choose to include in the Younces' pre-closing documents Universal Mortgage and Genuine Title's false allocation of fees and a false APR as described in ¶¶ 143-150.

189. As a result of the fraudulent concealments by Universal Mortgage and Genuine Title, the Younces have no actual notice before, at or after the closing of their Universal Mortgage loan of the illegal kickbacks, the exchange of any thing of value between Universal Mortgage and Genuine Title related to their Universal Mortgage loan, or the coordinated business relationship of Universal Mortgage and Genuine under the Kickback Scheme.
190. These fraudulent concealments were caused solely by the actions and conduct of Universal Mortgage and Genuine Title and/or their agents and were outside the control of the Younces.
191. The Younces exercised reasonable diligence before, during and after the closing of their loan.
192. The Younces' pre-closing documents did not include any description or statement of the coordinated business relationship between Universal Mortgage and Genuine Title, or the fact that Genuine Title would pay anything of value for Universal Mortgage's assignment and referral of the Younces' refinance to Genuine Title.
193. The Younces acted diligently during the closing or settlement of their loan. The Younces attended and fully participated in the required closing.
194. At the closing of their loan, the Younces received from Genuine Title, or its agent, all of the loan documents required by Universal Mortgage to close their loan, including a HUD-1.
195. The documents the Younces received at closing did not contain a description or statement of the coordinated business relationship between Genuine Title and Universal Mortgage.

196. Universal Mortgage and Genuine Title choose to omit from the documents the Younces received at closing, including their HUD-1, any description or statement of any payment, amount or thing of value that was paid by Genuine Title to Universal Mortgage, or received by Universal Mortgage from Genuine Title, related to the Younces' loan.
197. The Younces believe, and therefore aver, that Universal Mortgage and Genuine Title choose to omit from the documents the Younces received at closing, including their HUD-1, any description or statement of the coordinated business relationship between Universal Mortgage and Genuine Title under the Kickback Scheme.
198. The Younces believed these documents and the representations made therein. Plaintiffs had no reason to believe, and did not believe, that a coordinated business relationship existed between Universal Mortgage and Genuine Title. The Younces had no reason to believe, and did not believe, there would be any payment or exchange of a thing of value between Genuine Title and Universal Mortgage related to the assignment and referral of the Younces' refinance for title and settlement services.
199. The false statements in the Younces' closing loan documents are made for the purpose of concealing, and do so conceal, Genuine Title's and Universal Mortgage's coordinated business relationship, the Kickback Scheme and the illegal kickback related to the Younces' refinance.
200. The Younces act diligently after their closing. On or about May 12, 2021, the Younces received a letter from undersigned counsel describing the Kickback Scheme and setting forth facts supporting a conclusion that Genuine Title paid, and Universal Mortgage received and accepted, kickbacks related to their refinance. Upon receiving a letter from undersigned counsel, which was the Younces first indication of any potential wrongful,

illegal, and/or actionable conduct by anyone, the Younces contacted and retained counsel within days of learning of the facts giving rise to the causes of action pled herein.

201. As a result of Universal Mortgage's fraudulent concealment of their coordinated business relationship, the payment, receipt, and acceptance of kickbacks related to the Younces' refinance, and the Younces' reasonable diligence before, during and after the closing of their refinance, the statute of limitations was tolled beginning on the date of their loan closing and continuing until the Younces learning of facts giving rise to their causes of action, on or about May 12, 2021.

202. The Younces believe, and therefore aver, that the fraudulent concealments described herein were an integral component of the Kickback Scheme, and typical of all Genuine Title Sub-Class Members' transactions such that all Genuine Title Sub-Class Members are entitled to equitable tolling for the applicable limitations period.

**C. Mr. McPeake's reasonable diligence.**

203. Based on the amounts reported on their HUD-1 settlement statement, McPeake alleges that his pre-closing loan documents include a "Good Faith" Estimate prepared by Universal Mortgage.

204. Universal Mortgage chose to omit from McPeake's "Good Faith" Estimate any description or statement of the coordinated business relationship between Universal Mortgage and Competitive and to include the fraudulent representations and omissions described in ¶¶ 152-158. McPeake believes and therefore alleges that their "Good Faith" Estimate does not identify Competitive as the provider of any title settlement service related to his refinance.



205. Universal Mortgage chose to include in his pre-closing documents Universal Mortgage and Competitive's false allocation of fees and a false APR as described in ¶¶ 143-150. McPeake's belief as to the allocation of fees reflected on the "Good Faith" Estimate is supported by the allocation of fees on McPeake's HUD-1, which is consistent with Competitive and Universal Mortgage's pattern of false allocation of fees and resulting false APR. *See* Ex. 24, McPeake HUD-1.

206. As a result of the fraudulent concealments by Universal Mortgage and Competitive, Mr. McPeake had no actual notice before, at or after the closing of his Universal Mortgage loan of the illegal kickbacks, the exchange of any thing of value between Universal Mortgage and Competitive Title related to his Universal Mortgage loan, or the coordinated business relationship of Universal Mortgage and Competitive Title under the Kickback Scheme.

207. These fraudulent concealments were caused solely by the actions and conduct of Universal Mortgage and Competitive Title and/or their agents and were outside the control of Mr. McPeake.

208. Mr. McPeake exercised reasonable diligence before, during and after the closing of his loan.

209. Mr. McPeake's pre-closing documents did not include any description or statement of the coordinated business relationship between Universal Mortgage and Competitive Title, or the fact that Competitive Title would pay any thing of value for Universal Mortgage's assignment and referral of the Mr. McPeake's refinance to Competitive Title.

210. Mr. McPeake acted diligently during the closing or settlement of his loan. Mr. McPeake attended and fully participated in the required closing.

211. At the closing of his loan, Mr. McPeake received from Competitive Title, or its agent, all of the loan documents required by Universal Mortgage to close his loan, including his HUD-1.
212. The documents Mr. McPeake received at closing did not contain a description or statement of the coordinated business relationship between Competitive Title and Universal Mortgage.
213. Universal Mortgage and Competitive Title chose to omit from the documents Mr. McPeake received at closing, including his HUD-1, any description or statement of any payment, amount or thing of value that was paid by Competitive Title to Universal Mortgage, or received by Universal Mortgage from Competitive Title, related to Mr. McPeake's loan.
214. Mr. McPeake believes, and therefore avers, that Universal Mortgage and Competitive Title choose to omit from the documents Mr. McPeake received at closing, including his HUD-1, any description or statement of the coordinated business relationship between Universal Mortgage and Competitive Title under the Kickback Scheme.
215. Mr. McPeake believed these documents and the representations made therein. Mr. McPeake had no reason to believe, and did not believe, that a coordinated business relationship existed between Universal Mortgage and Competitive Title. Mr. McPeake had no reason to believe, and did not believe, there would be any payment or exchange of a thing of value between Competitive Title and Universal Mortgage related to the assignment and referral of Mr. McPeake's refinance for title and settlement services.
216. The false statements in Mr. McPeake's closing loan documents were made for the purposes of concealing, and did so conceal, Competitive Title's and Universal

Mortgage's coordinated business relationship, the Kickback Scheme and the illegal kickback related to Mr. McPeake's refinance.

217. Mr. McPeake acted diligently after his closing. On or about June 20, 2020, Mr. McPeake received a letter from undersigned counsel describing the Kickback Scheme and setting forth facts supporting a conclusion that Competitive Title paid, and Universal Mortgage broker Ryan Bannahan, received and accepted, kickbacks related to his refinance. Upon receiving a letter from undersigned counsel, which was Mr. McPeake's first indication of any potential wrongful, illegal, and/or actionable conduct by anyone, Mr. McPeake contacted and retained counsel within days of learning of the facts giving rise to the causes of action pled herein.

218. As a result of Universal Mortgage's fraudulent concealment of their coordinated business relationship, the payment, receipt, and acceptance of kickbacks related to Mr. McPeake's refinance, and Mr. McPeake's reasonable diligence before, during and after the closing of his refinance, the statute of limitations was tolled beginning on the date of his loan closing and continuing until Mr. McPeake's learning of facts giving rise to his causes of action, on or about June 20, 2020.

219. Mr. McPeake believes, and therefore avers, that the fraudulent concealments described herein were an integral component of the Kickback Scheme, and typical of all Competitive Title Sub-Class Members' transactions such that all Competitive Title Class Members are entitled to equitable tolling for the applicable limitations period.

#### **CLASS ACTION ALLEGATIONS**

220. The allegations in the above stated paragraphs are incorporated by reference as if fully restated herein.

221. Plaintiffs bring this action on half of themselves and all other similarly situated individuals pursuant to Md. Rule 2-231, and the alleged class (the “Class”) is defined as follows:

All individuals in the United States who were borrowers on a federally related mortgage loan (as defined under the Real Estate Settlement Procedures Act, 12 U.S.C. § 2602) brokered or originated by Universal Mortgage & Finance, Inc., between January 1, 2010, and June 30, 2018. Exempted from this class is any person who, during the period of January 1, 2010, and June 30, 2018, was an employee, officer, member and/or agent of Universal Mortgage & Finance Inc., and any judicial officer who handles this case, and the immediate family members of such judicial officer(s).

222. The Class is comprised of subclasses defined by the title and settlement service company that provided title and settlement services for the subject loan.

a. The All Star Subclass is defined as:

All individuals in the United States who were borrowers on a federally related mortgage loan (as defined under the Real Estate Settlement Procedures Act, 12 U.S.C. § 2602) brokered or originated by Universal Mortgage & Finance Inc. for which All Star Title, Inc., provided a settlement service, as identified in Section 1100 on the HUD-1, between January 1, 2010, and November 18, 2011. Exempted from this class is any person who, during the period of January 1, 2010, and November 18, 2011, was an employee, officer, member and/or agent of Universal Mortgage & Finance Inc., All Star Title, Inc., and any judicial officer who handles this case, and the immediate family members of such judicial officer(s).

b. The Genuine Title Subclass is defined as:

All individuals in the United States who were borrowers on a federally related mortgage loan (as defined under the Real Estate Settlement Procedures Act, 12 U.S.C. § 2602) brokered or originated by Universal Mortgage & Finance Inc. for which Genuine Title, LLC, provided a settlement service, as identified in Section 1100 on the HUD-1, between January 1, 2012, and May 30, 2014. Exempted from this class is any person who, during the period of January 1, 2012, and May 30, 2014, was an employee, officer, member and/or agent of Universal Mortgage & Finance Inc., Genuine Title LLC, Competitive Advantage Media Group LLC, Brandon Glickstein, Inc., and/or Dog Days Marketing, LLC, and any judicial officer who handles this case, and the immediate family members of such judicial officer(s).

- c. The Competitive Title Subclass is defined as

All individuals in the United States who were borrowers on a federally related mortgage loan (as defined under the Real Estate Settlement Procedures Act, 12 U.S.C. § 2602) brokered or originated by Universal Mortgage & Finance Inc. for which Competitive Title Agency, Inc., Competitive Title of Florida, Inc., Competitive Title of New Jersey, Inc., Competitive title of West Virginia, Inc., MBR Title Agency, LLC., and/or MBR Title Management, LLC provided a settlement service, as identified in Section 1100 on the HUD-1, between January 1, 2014, and June 30, 2018. Exempted from this class is any person who, during the period of between January 1, 2014 and June 30, 2018, was an employee, officer, member and/or agent of Universal Mortgage & Finance Inc., Competitive Title Agency, Inc., Competitive Title of Florida, Inc., Competitive Title of New Jersey, Inc., Competitive title of West Virginia, Inc., MBR Title Agency, LLC., and/or MBR Title Management, LLC and any judicial officer who handles this case, and the immediate family members of such judicial officer(s).

223. Additional subclasses may be similarly defined upon identification of other Title Companies.

224. There are questions of law and fact common to the claims of each and all members of the Class. These common questions include, but are not limited to:

- a. Whether the Title Companies paid illegal kickbacks and/or unearned fee splits to Universal Mortgage and its employees and/or agents in exchange for the assignment and referral of federally related residential mortgage loans, refinances, and reverse mortgages to the Title Companies for title and settlement services;
- b. Whether the repeated receipt and acceptance by Universal Mortgage and/or its employees of things of value from the Title Companies violated RESPA;
- c. Whether Plaintiffs and Class Members were forced to pay more for said title and settlement services because of the illegal kickbacks and unearned fee splits;
- d. Whether Plaintiffs and Class Members were deprived of kickback-free title and settlement services related to their residential mortgage loan, refinance, or reverse mortgage;

- e. Whether the Title Companies paid illegal kickbacks to Universal Mortgage and its employees and/or agents, instead of lowering prices for title and settlement services to consumers, including Plaintiffs and Class Members;
- f. Whether the Title Companies and Universal Mortgage and its employees and/or agents, used a system of false and fraudulent statements on loan documents and HUD-1s to fraudulently conceal the illegal kickbacks and/or unearned fee splits and Kickback Schemes from Plaintiffs and Class Members;
- g. Whether Plaintiffs and Class Members are entitled to treble damages and attorneys' fees and expenses under RESPA;
- h. Whether Universal Mortgage and the Title Companies failed to disclose and concealed from Plaintiffs and Class Members that Universal Mortgage and its employees and/or agents were participating in the Kickback Schemes and failed to disclose and concealed, among other things, their coordinated business relationship; and
- i. Whether despite exercising reasonable diligence, Plaintiffs and Class Members did not and could not have learned of the illegal kickbacks and Kickback Schemes until contacted by counsel; and
- j. Whether Plaintiff's and Class Members' statute of limitations is equitably tolled because of Universal Mortgage's fraudulent concealment of the illegal kickbacks and/or unearned fee splits and the Kickback Schemes.

225. These common issues of law and fact predominate over any question affecting only individual Class and/or Subclass Members.

226. The Romeros claims are typical of the claims or defenses of the Class and All Star Subclass Members and are subject to the same statutory measure of damages set forth in 12 U.S.C. § 2607(d)(2).

227. The Younces' claims are typical of the claims or defenses of the Class and Genuine Title Subclass Members and are subject to the same statutory measure of damages set forth in 12 U.S.C. § 2607(d)(2).

228. Mr. McPeake's claims are typical of the claims or defenses of the Class and Competitive Title Subclass Members and are subject to the same statutory measure of damages set forth in 12 U.S.C. § 2607(d)(2).

229. Plaintiffs will fairly and adequately protect the interests of the Class and each respective Subclass. The interests of the named Plaintiffs and all other members of the Class, and their respective Subclass, are identical.

230. Plaintiffs' counsel has substantial experience in complex litigation and class action proceedings and will adequately represent the Class's interest.

231. The Class consists of hundreds of borrowers, and thus are so numerous that joinder of all members is impracticable.

232. Separate actions by individual members of the Class or Subclass would create a risk of inconsistent or varying adjudications with respect to individual members of the Class that would establish incompatible standards of conduct for Universal Mortgage and the Title Companies.

233. The action entails question of law and fact common to Class and Subclass Members that predominate over any questions affecting only individual plaintiffs, and, therefore, a class

action is superior to other available methods of fair and efficient adjudication of this litigation.

234. Most members of the Class are unaware of their rights to prosecute a claim against Defendant.

235. No member of the Class or Subclass has a substantial interest in individually controlling the prosecution of a separate action, but if he or she does, he or she may exclude himself or herself from the class upon receipt of notice under Md. Rule 2-231(e).

**Count I**  
**Violation of the Real Estate Settlement Procedures Act (RESPA),**  
**12 U.S.C. § 2607(a)**

236. Plaintiffs incorporate the above stated paragraphs as if fully restated herein.

237. All transactions at issue in the instant Complaint are incident to or part of real estate settlement services involving federally related mortgage loans and thereby are subject to the provisions of RESPA, 12 U.S.C. § 2601, *et seq.*

238. As a lender and/or broker and/or servicer of federally related mortgage loans, Universal Mortgage is, and at all relevant times was, subject to the provisions of RESPA, 12 U.S.C. § 2601, *et seq.*

239. Universal Mortgage, by and through its brokers, loan officers, employees and/or agents received, and accepted things of value paid by All Star, Genuine Title and Competitive Title for the referral of business as part of real estate settlement services provided to Plaintiffs and Class Members, in violation of RESPA, U.S.C. § 2607(a).

240. All loans referred to All Star, Genuine Title, and Competitive as part of the Universal Mortgage Kickback Scheme were secured by first or subordinate liens on residential real property and were made in whole or in part by Universal Mortgage who is regulated by



an agency of the federal government and/or are loans insured and/or guaranteed by an officer of the federal government under or in connection with a housing or urban development program administered by an agency of the federal government.

241. The payment and/or arranging of payments of kickbacks to Universal Mortgage by All Star, Genuine Title, and Competitive Title and Universal Mortgage's receipt thereof constitute a violation of § 8(a) of RESPA, which prohibits the payment of referral fees or kickbacks pursuant to an agreement in connection with the origination or brokering of federally related mortgage loans.

242. As a direct and proximate result of Universal Mortgage's actions, Plaintiffs and Class Members were harmed and deprived of kickback free settlement services, impartial and fair competition among independent settlement service agents, and paid more for settlement services than they would have without Universal Mortgage's coordinated business relationship and the payment of illegal kickbacks.

243. As a direct and proximate result of Universal Mortgage's actions, Plaintiff and Class Members, were harmed by the Universal Mortgage Kickback Scheme because they paid title and settlement service charges unnecessarily inflated by the illegal kickbacks Universal Mortgage received and accepted in violation of 12 U.S.C. §2607(a), including amounts that were not associated with any legitimate title or settlement service and charged to borrowers, including Plaintiffs' and Class Members, to fund the illegal kickbacks.

244. The payments from All Star, Genuine Title, and Competitive Title to Universal Mortgage were not associated with any goods, facilities, or services actually provided by Universal Mortgage, or any of its agents and/or employees, to All Star, Genuine Title,

and/or Competitive Title. In addition or in the alternative, the value of any good, facility, or service claimed to be provided by Universal Mortgage to All Star, Genuine Title, or Competitive Title was not reasonably related to the payment from All Star, Genuine Title, or Competitive Title such that the payment is not “bona fide” or within the protection of 12 U.S.C. § 2607(c)(2).

**WHEREFORE**, Plaintiffs respectfully demand:

- a. This Court to certify this class action and the All Star, Genuine Title and Competitive Title Subclasses pursuant to Md. Rule 2-231(d) and set this matter for trial;
- b. Demand an award to Plaintiffs and Class Members against Universal Mortgage & Finance Inc., in an amount equal to three times the amount of any charge paid for title and/or settlement services, pursuant to 12 U.S.C. § 2607(d)(2);
- c. Reasonable attorneys’ fees, interest and costs pursuant to 12 U.S.C. § 2607(d)(5); and
- d. For such other and further relief as this Court deems proper.

[SIGNATURES ON FOLLOWING PAGE]

Respectfully submitted,

\_\_\_\_\_  
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**PRAYER FOR JURY TRIAL**

Plaintiffs and Class Members hereby request a trial by jury on the foregoing Class Action

Complaint.

\_\_\_\_\_  
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