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8 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
9 **IN AND FOR THE COUNTY OF MARICOPA**

10 STATE OF ARIZONA, ex rel., TERRY
11 GODDARD, Attorney General,

12 Plaintiff,

13 v.

14 HOPE FOR HOMEOWNERS NOW, LLC,
an Arizona limited liability company;
15 MATTHEW CASTANEDA and JANE DOE
CASTANEDA, husband and wife; and
16 MICHAEL WINDING and JANE DOE
WINDING, husband and wife,

17 Defendants.
18

Case No: _____

**COMPLAINT FOR
INJUNCTIVE AND OTHER RELIEF**

(Unclassified Civil)

19 For its complaint, Plaintiff, the State of Arizona upon the relation of Terry Goddard,
20 Attorney General (“the State”), alleges as follows:

21 **INTRODUCTION**

22 Hope for Homeowners Now, LLC (“Hope for Homeowners”) is located in Glendale,
23 Arizona and represents itself as providing mortgage loan modification services to
24 consumers. The State alleges that Defendants violated the Arizona Consumer Fraud Act,
25 Arizona Revised Statutes (“A.R.S.”) § 44-1521 et seq., by, among other things: implying
26

1 that Hope for Homeowners is more successful at obtaining mortgage loan modifications than
2 when a consumer represents herself or works with a non-profit to obtain a modification, and
3 without disclosing that Hope for Homeowner's success rate is no higher than that of its
4 clients who tried to obtain loan modifications on their own before paying Hope for
5 Homeowners' for its modification services; misrepresenting that Hope for Homeowners is
6 comprised of real estate experts and financial professionals with over twenty-five years of
7 experience; and misrepresenting that Hope for Homeowners is comprised of professional
8 mitigation attorneys who perform the negotiations on behalf of Hope for Homeowners'
9 clients.

10 The State also alleges that the Defendants violated the Arizona Credit Services Act,
11 A.R.S. § 44-1701 et seq., by, among other things: failing to provide consumers with required
12 Information Statements before the execution of contracts; using contracts that omitted
13 disclosures required by law; failing to provide consumers with a Notice of Cancellation; and
14 charging consumers before the completion of services without having first obtained a surety
15 bond.

16 **JURISDICTION AND VENUE**

17 1. This action is brought pursuant to the Arizona Consumer Fraud Act and the
18 Arizona Credit Services Act to obtain injunctive relief to prevent the unlawful acts and
19 practices alleged in this Complaint and other relief, including restitution, civil penalties, costs
20 of investigation and attorney's fees

21 2. This Court has jurisdiction to enter appropriate orders both prior to and
22 following a determination of liability pursuant to the Arizona Consumer Fraud Act and the
23 Arizona Credit Services Act.

24 3. Venue is appropriate in Maricopa County pursuant to A.R.S. § 12-401.
25
26

1 **PARTIES**

2 4. Plaintiff Terry Goddard is the Attorney General of Arizona.

3 5. Defendant Hope for Homeowners Now, LLC is an Arizona limited liability
4 company whose address is 17505 N. 79th Ave., #410, Glendale, Arizona, 85308.

5 6. Defendant Matthew Castaneda, an Arizona resident, is a member/manager of
6 Hope for Homeowners Now, LLC and is a partner in the business. Defendant Castaneda's
7 actions alleged herein were taken in furtherance of his and Defendant Jane Doe Castaneda's
8 marital community. As a member and manager of, and partner in, Hope for Homeowners,
9 LLC, Defendant Castaneda, with actual and/or constructive knowledge, approved, endorsed,
10 directed, ratified, controlled or otherwise participated in the illegal acts and practices alleged
11 herein.

12 7. Defendant Michael Winding, an Arizona resident, is a member/manager of
13 Hope for Homeowners, LLC and is a partner in the business. Defendant Winding's actions
14 alleged herein were taken in furtherance of his and Defendant Jane Doe Winding's marital
15 community. As a member and manager of, and partner in, Hope for Homeowners, LLC,
16 Defendant Winding, with actual and/or constructive knowledge, approved, endorsed,
17 directed, ratified, controlled or otherwise participated in the illegal acts and practices alleged
18 herein.

19 **FACTUAL BACKGROUND**

20 8. Hope for Homeowners advertises mortgage loan modification services on its
21 website, located on the World Wide Web at www.hope4homeownersnow.com, and has done
22 so since at least December 15, 2008.

23 9. At all times relevant hereto, Hope for Homeowners included the following
24 statements on its website:

25 "Over 80% of our customers have tried to deal with their lending institutions
26 on their own and failed."

1 “The worst thing you can do is approach a bank for loan modification yourself.
2 It’s not a great idea to do this.”

3 “Loan modifications have a very small success rate if you try to do it with a
4 non-profit organization or yourself.”

5 10. Hope for Homeowner’s success rate in obtaining loan modifications for its
6 clients is not significantly higher, if at all, than that of its customers who attempted to obtain
7 loan modifications on their own prior to hiring Hope for Homeowners for loan modification
8 services.

9 11. At all times relevant hereto, Hope for Homeowners published the following
10 statement on its website:

11 “Hope for Homeowners Now, is comprised of real estate experts and financial
12 professionals with over 25 years of experience in the mortgage industry.”

13 12. Upon information and belief, Hope for Homeowners Now is not comprised of
14 real estate experts or financial professionals with over 25 years of experience in the
15 mortgage industry.
16

17 13. At all times relevant hereto, Hope for Homeowners Now made the following
18 statement on its website:

19 “Hope for Homeowners Now is represented by professional mitigation
20 attorneys with over 25 years of experience whose sole job it is to negotiate
21 with the banks and to reach a solution that works for everyone.”

22 14. Upon information and belief, Hope for Homeowners Now is not comprised of
23 professional mitigation attorneys and attorneys do not negotiate with banks on behalf of
24 Hope for Homeowners’ clients.
25

26 15. Hope for Homeowners charges consumers three thousand one hundred ninety-

1 five dollars (\$3,195) for loan modification services, plus an additional three hundred dollars
2 (\$300) if a second mortgage is modified concurrently with the first.

3 16. Hope for Homeowners represents that, as part of its mortgage loan
4 modification services, it negotiates with consumers' lenders to change the current repayment
5 terms of their mortgage loan, including obtaining rate reductions and term extensions.
6

7 17. Hope for Homeowners charges consumers a fee for loan modification services
8 before its full performance of those services, or the full performance of those services by any
9 entity working with Hope for Homeowners on behalf of Hope for Homeowners' clients.

10 18. At all times relevant hereto, Hope for Homeowners had not obtained a surety
11 bond consistent with A.R.S. §§ 44-1703 and 1708 of the Arizona Credit Services Act.

12 19. At all times relevant hereto, Hope for Homeowners failed to provide
13 consumers who contracted with it for loan modification services an Information Statement,
14 consistent with A.R.S. §§ 44-1704 and 1705 of the Arizona Credit Services Act.

15 20. At all times relevant hereto, Hope for Homeowners used a contract with
16 consumers who contracted with it for loan modification services that did not include all of
17 the disclosures provided in A.R.S. § 44-1706 of the Arizona Credit Services Act.

18 21. At all times relevant hereto, Hope for Homeowners failed to provide
19 consumers who contracted with it for mortgage loan modification services a Notice of
20 Cancellation, consistent with A.R.S. § 44-1706.

21 **FIRST CLAIM FOR RELIEF**

22 **Consumer Fraud Act, A.R.S. § 44-1521, et seq.**

23 Plaintiff re-alleges the prior allegations of this Complaint as though fully set forth
24 herein.

25 22. The Defendants engaged in the use of deception, deceptive acts or practices,
26 fraud, false pretense, false promise, misrepresentation, or concealment, suppression or

1 omission of any material fact with intent that others rely upon such concealment, suppression
2 or omission, in connection with its advertisement, sale or delivery of services. Such acts and
3 practices include:

4 23. While representing that homeowners who act on their own behalf or with the
5 assistance of a non-profit organization in seeking a mortgage loan modification have a very
6 small success rate, failing to disclose, with the intent that others rely thereon, that Hope for
7 Homeowner's success rate in obtaining loan modifications is not significantly higher, if at
8 all, than that of its clients who attempted to obtain loan modifications on their own prior to
9 hiring Hope for Homeowners.
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11 24. Misrepresenting that Hope for Homeowners is comprised of real estate experts
12 or financial professional with over 25 years of experience in the mortgage industry.

14 25. Misrepresenting that Hope for Homeowners Now is comprised of professional
15 mitigation attorneys and that attorneys negotiate on behalf of Hope for Homeowners' clients.
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17 26. At all times relevant to this Complaint, Hope for Homeowners, Matthew
18 Castaneda, and Michael Winding acted willfully, in violation of A.R.S. § 44-1531.

19 **SECOND CLAIM FOR RELIEF**

20 **Credit Services Act, A.R.S. § 44-1701, et seq.**

21 Plaintiff re-alleges the prior allegations of this Complaint as though fully set forth
22 herein.

23 27. Hope for Homeowners is a credit services organization subject to the Credit
24 Services Act, A.R.S. § 44-1701, et seq.

25 28. Hope for Homeowners violated the Arizona Credit Services Act by engaging in
26 the following acts and practices:

1 5. Such other and further relief as the Court deems just and proper.

2 RESPECTFULLY SUBMITTED this ____ day of _____, 2009.

3 TERRY GODDARD
4 Attorney General

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6 By: _____
7 Cherie L. Howe
8 Assistant Attorney General
9 Attorneys for Plaintiff

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