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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. THOMAS C.
HORNE, Attorney General,

11 Plaintiff,

12 -vs-

13 ROSA GALOPE and JOHN DOE GALOPE,
14 wife and husband,

15 Defendants.
16

Case No: CV2012 007643

COMPLAINT

(Unclassified Civil)

17 For its complaint, Plaintiff, the State of Arizona upon the relation of Thomas C. Horne,
18 Attorney General ("the State") alleges as follows:

19 **INTRODUCTION**

20 Defendant Rosa Galope preyed upon Arizona homeowners facing the loss of their homes,
21 promising them that if they paid her thousands of dollars that she could save their homes and,
22 when those promises proved to be empty, convinced them that if they paid her thousands more
23 she could arrange for them to repurchase their homes through an investor for an amount less
24 than they currently owed, then pocketing the money for her own use.

25 Galope forbade her clients from communicating with their mortgage lenders and directed
26 them to send her any mortgage, escrow, or other payments that the homeowner intended to be

1 paid to their lender, telling them that she would forward the payments to the homeowner's
2 lender; instead, Galope retained the funds and in some cases endorsed checks that were made
3 payable to mortgage lenders and cashed them for her own use.

4 In an apparent effort to disguise the nature of the payments she received from
5 homeowners for mortgage loan modification and foreclosure rescue services, Galope instructed
6 homeowners, most of whom spoke and read only Spanish, to sign contracts written in English
7 that referred to the payments as "donations" to Galope's church, Nation to Nation Ministries.
8 When homeowners asked Galope for a refund after having not received promised assistance,
9 Galope refused, telling the homeowners that their payments were "donations" to her church.

10 The State alleges that Galope, by her actions described herein, violated the Arizona
11 Consumer Fraud Act, Arizona Revised Statutes ("A.R.S.") § 44-1521 et seq. and the Arizona
12 Foreclosure Consultant Law, A.R.S. § 44-1378 et seq.

13 JURISDICTION AND VENUE

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

17 2. This Court has jurisdiction to enter appropriate orders both prior to and following
18 a determination of liability pursuant to the Arizona Consumer Fraud Act.

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

20 PARTIES

21 4. Plaintiff Thomas C. Horne is the Attorney General of Arizona.

22 5. Defendant Rosa Galope resides in Maricopa County, Arizona and engaged in the
23 acts alleged herein in Maricopa County, Arizona. John Doe Galope is named solely for any
24 interest that he may have or had in any community property held with Defendant Rosa Galope.
25 Upon discovering the true name, if any, of John Doe Galope that State will move to amend its
26 Complaint accordingly.

1 FACTUAL BACKGROUND

2 6. Beginning at least as early as January 2009 and continuing to at least August 2010,
3 Galope offered to provide mortgage loan modification services to Arizona homeowners who
4 were having difficulty paying their mortgages.

5 7. Galope represented to Arizona homeowners that the mortgage loan modification
6 services she offered would prevent the homeowners from losing their homes.

7 8. Galope charged homeowners an advance fee of \$1,500 for mortgage loan
8 modification services with an additional monthly payment due for "processing" until a mortgage
9 loan modification was achieved, usually an approximate amount of \$200 per month.

10 9. In August 2010 Galope offered to provide, and was paid in advance for, services
11 to help a homeowner prevent the foreclosure of her home, which at the time of Galope's offer
12 had a notice of trustee's sale recorded against it, pursuant to A.R.S. § 33-808.

13 10. Nearly all of the homeowners who paid Galope for mortgage loan modification
14 and/or foreclosure rescue services spoke and read Spanish as their primary language and had
15 little if any ability to read or understand English.

16 11. Once homeowners agreed to hire Galope for assistance in keeping their homes,
17 Galope directed them to sign an agreement, written in English, which described their payments
18 as "donations" to Galope's church, Nation to Nation Ministries, and stated that the "donation"
19 was for "aid in saving their home."

20 12. Based on representations made by Galope to her homeowner clients, those clients
21 did not understand or intend that their payments would be for donations to a church, but rather
22 as payment for mortgage loan modification assistance from Galope that would result in their
23 ability to keep their homes.

24 13. Defendant Galope was the sole officer and director of Nation to Nation Ministries,
25 an entity that Galope registered with the Arizona Corporation Commission in 2008 as a non-
26 profit corporation.

1 14. Nation to Nation Ministries' activities did not consist solely of offering counseling
2 or advice to homeowners in foreclosure or loan default.

3 15. On information and belief, the State alleges that the payments made by
4 homeowners to Galope for mortgage loan modification and foreclosure rescue services were
5 used by Galope for her personal benefit, and not for any charitable or religious purpose.

6 16. Galope refused to provide refunds to her clients for whom she was unsuccessful in
7 obtaining a mortgage loan modification or saving their home, basing her refusal in part on her
8 assertion that their payments for the mortgage loan modification services she sold were
9 donations to her church.

10 17. In at least one instance, when Galope failed to obtain a mortgage loan
11 modification for a client, Galope told the homeowner that if she paid Galope an additional \$900,
12 that an attorney in California would review the homeowner's mortgage loan paperwork and look
13 for deficiencies with which to challenge the debt. The homeowner paid Galope the additional
14 \$900 but never had contact with nor received services from any lawyer regarding her mortgage.

15 18. Galope forbade her clients from contacting their mortgage lenders and directed
16 them to forward to her all correspondence that they received from those lenders.

17 19. Galope directed some of her clients to send payments to her that they intended for
18 their mortgage lender, while telling them that she – Galope – would forward the amounts to their
19 lenders.

20 20. In some cases in which a homeowner sent Galope funds that Galope represented
21 she would forward to the homeowner's lender, Galope retained the funds for her own use

22 21. In at least one instance in which a homeowner sent Galope, at Galope's request, a
23 check made payable by the homeowner to her lender, Galope endorsed the check herself and
24 cashed it at a check cashing business, retaining the funds for her own use, without the
25 homeowner's knowledge or consent.

26 22. In some cases where Galope did not obtain a promised mortgage loan modification

1 for a homeowner, Galope told the homeowner that if they paid her thousands more that Galope
2 could arrange for the homeowner to repurchase their home from an investor at a substantial
3 discount from their then-current mortgage balance, by using the homeowner's money as a down
4 payment on the purchase.

5 23. In some cases where homeowners paid Galope thousands of dollars that Galope
6 represented would be used as a down payment for the homeowner's repurchase of their home
7 from an investor, Galope kept the money for her own use and failed to refund it to the
8 homeowners when no investor/repurchase arrangement was made.

9 **CLAIMS FOR RELIEF**

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

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

12 24. The Defendant engaged in the use of deception, deceptive acts or practices, fraud,
13 false pretense, false promise, misrepresentation, or concealment, suppression or omission of any
14 material fact with intent that others rely upon such concealment, suppression or omission, in
15 connection with her advertisement, sale and/or delivery of purported mortgage loan modification
16 and foreclosure rescue services. Such acts and practices include:

17 a. After convincing Arizona homeowners that she could help them save their
18 homes for an advance fee, Galope mischaracterized the homeowners' payments for the
19 services she was selling as donations to Galope's church, Nation to Nation Ministries and
20 using this misrepresentation as a basis to deny refunds;

21 b. Misrepresenting to a homeowner who had already paid her thousands of
22 dollars, that if the homeowner paid an additional \$900 that an attorney would review the
23 homeowner's file and challenge the legality of the mortgage with the homeowner's
24 lender;

25 c. After forbidding her homeowner clients from contacting their lenders and
26 directing them to send to her any payments that the homeowners intended to make to

1 their lenders so that she could forward them to the homeowner's lender, Galope retained
2 the funds for her own use, including endorsing a check made payable by a homeowner to
3 their lender and cashing it for her own benefit, and;

4 d. After failing to obtain promised results for her clients and telling them that
5 she could arrange for them to repurchase their homes from an investor if they paid her
6 thousands of dollars that she would use as a down payment on their purchase, Galope
7 retained the funds for her own use and failed to refund the amount to the homeowners
8 when no investor deal came to fruition.

9 **Foreclosure Consultant Law Violation, A.R.S. 44-1378, et seq.**

10 25. The Defendant acted as a foreclosure consultant by offering to save a
11 homeowner's residence from foreclosure when that residence had a notice of trustee's sale
12 recorded against it, pursuant to A.R.S. § 33-808, and such offer of assistance occurred on or
13 after July 29, 2010, when Arizona's foreclosure consultant law took effect. The Defendant was
14 not exempt from the law and, in her capacity as a foreclosure consultant, claimed, demanded,
15 charged, collected or received compensation from a homeowner before fully performing the
16 services that she represented to the homeowner would be performed on the homeowner's behalf,
17 a prohibited act pursuant to A.R.S. § 44-1378.02(A)(1). Pursuant to A.R.S. 44-1378.07(B), a
18 violation of the foreclosure consultant law is a per se violation of the Arizona Consumer Fraud
19 Act, subject to the relief and remedies provided therein.

20 26. At all times relevant to this Complaint, the Defendant acted willfully, in violation
21 of A.R.S. § 44-1531.

22 **PRAYER FOR RELIEF**

23 Wherefore, Plaintiff respectfully requests that the Court:

24 1. Enter an injunction against the Defendant prohibiting her from engaging in the
25 unlawful acts and practices alleged in this Complaint and from doing any acts in furtherance of
26 such acts and practices, pursuant to A.R.S. §§ 44-1528;

