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9 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

10 IN AND FOR THE COUNTY OF MARICOPA

11
12 STATE OF ARIZONA, *ex rel.* THOMAS C.
HORNE, Attorney General,

13 Plaintiff,

14 -vs-

15 LENDER PROCESSING SERVICES, INC.,
16 a Delaware Corporation; LPS DEFAULT
SOLUTIONS, INC., a Delaware
17 Corporation, and DOCX, LLC, a Georgia
Limited Liability Company,

18 Defendants.
19
20
21

Case No: CV2013-000430

COMPLAINT

Consumer Fraud

(Assigned to the Honorable _____)

22 The State of Arizona, by and through its Attorney General, brings this action to
23 obtain damages, equitable relief and civil penalties against defendants Lender Processing
24 Services, Inc., LPS Default Solutions, Inc., and DocX, LLC, and complains and alleges as
25 follows:
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JURISDICTION AND VENUE

1. This Complaint is filed under the Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*

2. The causes of action alleged in this Complaint arose within Arizona. Plaintiff is the State of Arizona, ex rel. Thomas C. Horne, Attorney General. Defendants are Delaware corporations and a Georgia limited liability company. At all times relevant to this complaint, Defendants transacted business within the State of Arizona.

3. Jurisdiction is proper under A.R.S. § 44-1528 and A.R.S. § 12-1801.

4. Venue in Maricopa County is proper for all claims pursuant to A.R.S. § 12-401(1) and § 12-401(17).

PUBLIC INTEREST

5. The Attorney General is charged with the enforcement of the Arizona Consumer Fraud Act, and has determined that bringing this Complaint is in the public interest.

PARTIES

6. Plaintiff is the State of Arizona, ex rel. Thomas C. Horne, Attorney General, who is charged with the enforcement of the Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*

7. Defendant Lender Processing Services, Inc. ("LPS") is a Delaware corporation with its principal place of business at 601 Riverside Avenue, Jacksonville, Florida 32204.

8. Defendant LPS Default Solutions, Inc. ("Default Solutions") is a Delaware corporation with its principal place of business at 601 Riverside Avenue,

1 Jacksonville, Florida 32204.

- 2 9. Defendant DocX, LLC (“DocX”) was a Georgia limited liability company and a
3 wholly owned subsidiary of LPS, with its principal place of business in Alpharetta,
4 Georgia. DocX operations were discontinued in 2010.
5

6 **BACKGROUND**

- 7 10. LPS is the largest provider in the United States of technology, data, and services to
8 mortgage lenders and servicers. LPS provides technology support to banks and
9 mortgage loan servicers for various processes throughout the life of a residential
10 mortgage loan. It has over 30 subsidiaries throughout the nation. In relevant part,
11 LPS is a provider of default, foreclosure and bankruptcy technology service
12 platforms for mortgage servicers.
13

- 14 11. DocX is a subsidiary of LPS that was located in Alpharetta, Georgia (acquired in
15 2005 by Fidelity National Financial and spun off under LPS in 2008 as part of a
16 corporate reorganization). DocX ceased operations in the spring of 2010. DocX
17 performed various functions for mortgage servicers, including but not limited to
18 preparation, execution, notarization and recording of lien releases, assignments of
19 mortgage, and other related documents.
20

- 21 12. Default Solutions provides mortgage servicers with administrative support services
22 in connection with foreclosure and bankruptcy proceedings. Default Solutions is
23 another subsidiary of LPS. Prior to March 2010, Default Solutions also engaged in
24 document execution and notarization practices, including execution and notarization
25
26

1 of mortgage-related documents necessary for foreclosure or bankruptcy proceedings.

2 13. Currently, Default Solutions provides services for its bank or servicer clients when a
3 mortgage loan goes into default. These services include but are not limited to
4 foreclosure and bankruptcy management services, services to independent attorneys
5 and trustees, property inspection and preservation services, and other asset
6 management services supporting the foreclosure and bankruptcy processes.
7

8 14. In providing default services to its bank or servicer clients, Default Solutions uses a
9 technology platform called "Desktop" to provide work flow management support.
10

11 15. "Desktop" performs a variety of functions, but in part, is used by foreclosure
12 attorneys and bankruptcy trustees to manage those respective processes.
13

14 **DEFENDANTS' UNFAIR AND DECEPTIVE ACTS AND PRACTICES**

15 16. Defendants' unfair and deceptive acts and practices contributed to and facilitated
16 many faulty foreclosure and bankruptcy processes throughout the nation, and in
17 Arizona, occurring primarily during the height of the foreclosure crisis from 2007 to
18 2010.
19

20 17. Concerning document execution practices, Defendants employed a high-speed, rote
21 assembly-line process wherein employees in numerous instances inappropriately
22 signed and notarized documents.
23

24 18. Some of those documents contained defects including, but not limited to,
25 unauthorized signatures, improper notarizations, or attestations of facts not
26 personally known to or verified by the affiant.

- 1 19. Some of those documents contained unauthorized signatures or inaccurate
2 information relating to the identity, location, or legal authority of the signatory,
3 assignee, or beneficiary or to the effective date of the assignment.
4
- 5 20. Some of those defective documents were recorded in local land records offices or
6 executed with the knowledge that the documents would be filed in state courts or
7 used to comply with statutory, non-judicial foreclosure processes.
- 8 21. At some time prior to November 1, 2009, employees and agents of Defendant DocX
9 were directed by management of DocX to initiate and implement a program under
10 which employees signed documents in the name of other DocX employees, without
11 appropriate authority. DocX referred to these unauthorized signers as "Surrogate
12 Signers."
13
- 14 22. The Surrogate Signers executed documents in the name of other DocX employees
15 without indicating that the documents had been signed by a Surrogate Signer.
16
- 17 23. Notaries employed by DocX or as agents of DocX completed the notarial statements
18 on the Mortgage Loan Documents that were executed by Surrogate Signers and
19 stated that those documents had been properly acknowledged, signed, and affirmed
20 in their presence by the person whose name appeared on the document, when in fact
21 the Surrogate Signer had signed the name of another person or signed outside the
22 presence of the notary, or both.
23
- 24 24. Concerning Default Solutions, LPS' Desktop system inappropriately influenced
25 attorney behavior, in part by inhibiting communication between the servicer and its
26

1 attorney, and by incentivizing speed and volume over accuracy.

2 **APPLICABLE STATUTES**

3 25. The Arizona Consumer Fraud Act, at A.R.S. § 44-1522, provides that:

4
5 The act, use or employment by any person of any deception, deceptive act or
6 practice, fraud, false pretense, false promise, misrepresentation, or
7 concealment, suppression or omission of any material fact with intent that
8 others rely upon such concealment, suppression or omission, in connection
9 with the sale or advertisement of any merchandise whether or not any person
has in fact been misled, deceived or damaged thereby, is declared to be an
unlawful practice.

10 26. As defined in A.R.S. § 44-1521, "Merchandise" includes "any objects, wares, goods,
11 commodities, intangibles, real estate, or services."

12 27. Defendants were at all times relative hereto engaged in the sale or advertisement of
13 merchandise by creating, signing, recording, notarizing, and otherwise placing into
14 the stream of commerce mortgage-related documents in Arizona, as well as selling
15 mortgage default servicing services for mortgages held in Arizona.
16

17 **CAUSES OF ACTION**

18 **Count One - Arizona Consumer Fraud Act**

19 **A.R.S. §§ 44-1522, 44-1528 and 44-1531**

20 28. Plaintiff realleges and incorporates each and every allegation contained in the
21 preceding paragraphs 1 through 27.

22
23 29. Defendants, in the course of selling mortgage-related document execution and
24 default services, have engaged in conduct in Arizona which constitutes false or
25 deceptive practices and therefore willfully violated A.R.S. § 44-1522 by:
26

1 a. Creating, signing, recording, or notarizing documents that contained false,
2 deceptive, or misleading information, assertions, or averments, such as:

3 i. Unauthorized signatures;

4 ii. Improper notarizations;

5 iii. Attestations of facts not personally known to or verified by the affiant;

6 or

7
8 iv. Inaccurate information relating to the identity, location, or legal
9 authority of the signatory, assignee, or beneficiary, or to the effective
10 date of the assignment.
11

12 b. Initiating and facilitating a system by which an attorney or law firm and their
13 client could not appropriately communicate; and

14 c. Initiating and facilitating a system by which attorney speed and volume was
15 favored over accuracy.
16

17 30. Each separate act as described in paragraph 29 is a separate violation of applicable
18 law.
19

20 31. Due to the acts alleged herein, Plaintiff is entitled to an injunction, pursuant to A.R.S.
21 § 44-1528, prohibiting Defendants from engaging in any further conduct that violates
22 the Arizona Consumer Fraud Act, as well as other equitable relief.

23 32. Plaintiff is also entitled to civil penalties, pursuant to A.R.S. § 44-1531, of not more
24 than ten thousand dollars (\$10,000.00) per violation.
25

26 33. Plaintiff is further entitled to recover its costs and attorneys' fees, pursuant to A.R.S.

1 § 44-1534.

2 **PRAYER FOR RELIEF**

3 WHEREFORE, Plaintiff respectfully requests that this Court enter an order:

- 4
- 5 A. Issuing a permanent injunction prohibiting Defendants, its agents, employees,
6 and all other persons and entities, corporate or otherwise, in active concert or
7 participation with any of them, from engaging in unfair, deceptive or
8 misleading conduct;
- 9
- 10 B. Ordering Defendants to restore all monies and property which may have been
11 acquired by any of the unfair acts or practices complained of herein;
- 12
- 13 C. Ordering Defendants to pay a civil penalty to the State in an amount of not
14 more than ten thousand dollars (\$10,000.00) per violation, per A.R.S. § 44-
15 1531;
- 16
- 17 D. Ordering Defendants to pay all costs for the prosecution and investigation of
18 this action, including attorneys' fees, as provided in A.R.S. § 44-1534; and
- 19
- 20 E. Granting such other and further relief as the Court deems equitable and
21 proper.
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1 DATED this 31st day of January 2013.

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4 Attorney General

5 

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