

COPY

MAR 10 2016



MICHAEL K. JEANES, CLERK
A. FIMBRES
DEPUTY CLERK

1 **MARK BRNOVICH**
2 **ATTORNEY GENERAL**
3 (Firm State Bar No. 14000)
4 **MITCHELL ALLEE** (Bar No. 031815)
5 **ASSISTANT ATTORNEY GENERAL**
6 Telephone: (602) 542-7725
7 Mitchell.Alee@azag.gov
8 **CHERIE HOWE** (Bar No. 013878)
9 **ASSISTANT ATTORNEY GENERAL**
10 Telephone: (602) 542-7726
11 Cherie.Howe@azag.gov
12 **OFFICE OF THE ATTORNEY GENERAL**
13 1275 West Washington Street
14 Phoenix, AZ 85007-2926
15 *Attorneys for Plaintiff*

9 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

10 **IN AND FOR THE COUNTY OF MARICOPA**

11 STATE OF ARIZONA, *ex rel.* MARK
12 BRNOVICH, Attorney General,
13 Plaintiff,

13 vs.

14 RUBEN DIAZ and JANE DOE DIAZ, husband
15 and wife; RODRIGO DIAZ and JANE DOE DIAZ
16 II, husband and wife; PROSOLUTIONS, LLC, an
17 Arizona limited liability company; RANCHO
18 GRANDE, LLC, a Wyoming Limited Liability
19 Company; DESERT TRI-STAR, LLC, a Nevada
20 Limited Liability Company; GOLEM, LLC, an
21 Arizona Limited Liability Company; ILYA
22 KURIAKI AND ASSOCIATES, LLC, an Arizona
23 Limited Liability Company; MICHAB WEST,
24 LLC, an Arizona Limited Liability Company;
25 MOZART CLAN, LLC, an Arizona Limited
26 Liability Company; QUINSEY, LLC, an Arizona
Limited Liability Company; SAGUARO DESERT
SOLUTIONS, LLC, an Arizona Limited Liability
Company; JOHN DOES ONE THROUGH TEN;
JANE DOES ONE THROUGH TEN; ABC
CORPORATIONS ONE THROUGH TEN; XYZ
LIMITED LIABILITY COMPANIES ONE
THROUGH TEN,

Defendants.

Case No.: CV 2016-002019

**COMPLAINT FOR
INJUNCTIVE AND OTHER RELIEF
(Unclassified Civil)**

1 Plaintiff State of Arizona, *ex rel.* MARK BRNOVICH, Attorney General (the "State"),
2 for its complaint against Defendants hereby alleges as follows:

3 **INTRODUCTION**

4 This case involves several schemes in which the Defendants acted in concert to
5 defraud primarily Spanish speaking consumers of hundreds of thousands of dollars through
6 misrepresentations and deceptive business practices. While representing themselves as able to
7 provide consultation services and other assistance to consumers interested in selling their
8 homes through a short sale or purchasing homes with bad credit, Defendants pilfered consumer
9 monies entrusted to them, tricked consumers into leasing rather than purchasing houses,
10 coerced consumers into making higher monthly house payments than originally agreed, and
11 caused many consumers to lose their homes to foreclosure or eviction. The State alleges that
12 the Defendants violated the Arizona Consumer Fraud Act, Arizona Revised Statutes ("A.R.S.")
13 §§ 44-1521 - 1534, and the Arizona Organized Crime, Fraud and Terrorism Act A.R.S. §§ 13-
14 2301 - 2323.

15 **JURISDICTION AND VENUE**

16 1. This action is brought pursuant to the Arizona Consumer Fraud Act, A.R.S.
17 §§ 44-1521 - 1534, and the Arizona Organized Crime, Fraud and Terrorism Act A.R.S. §§ 13-
18 2301 - 2323, to obtain temporary and permanent injunctive relief in order to prevent the
19 unlawful acts and practices alleged in this Complaint and to obtain other relief, including
20 restitution, civil penalties, costs of investigation and attorney's fees, disgorgement of ill-gotten
21 gains, treble damages and in personam forfeiture of property— or interests therein — obtained
22 from or used for Defendants' unlawful acts that constitute racketeering, all proceeds traceable
23 to racketeering, or substitute assets in an amount equivalent to such proceeds.

24 2. This Court has jurisdiction to enter appropriate orders both prior to and following
25 a determination of liability pursuant to the A.R.S. §§ 44-1528 and 13-2314, including forfeiture
26 and/or restraining orders pursuant to § 13-2314 and §§ 13-4301 *et seq.*, particularly § 13-4302.

1 10. Defendant Ilya Kuriaki and Associates, LLC (“Ilya Kuriaki”) is an Arizona
2 limited liability company owned, directed, and managed by Rodrigo Diaz that held, transferred,
3 and received real property, and received, concealed, and distributed the proceeds of the illegal
4 activities alleged herein from 2012 to present.

5 11. Defendant Michab West, LLC (“Michab”) is an Arizona limited liability
6 company owned, directed, and managed by Rodrigo Diaz that held, transferred, and received
7 real property, and received, concealed, and distributed the proceeds of the illegal activities
8 alleged herein from 2012 to 2015.

9 12. Defendant Mozart Clan, LLC (“Mozart Clan”) is an Arizona limited liability
10 company owned, directed, and managed by Ruben and Rodrigo Diaz that held, transferred, and
11 received real property, and received, concealed, and distributed the proceeds of the illegal
12 activities alleged herein from 2011 to 2015.

13 13. Defendant Quinsey, LLC, (“Quinsey”) is an Arizona limited liability company
14 owned, directed, and managed by Rodrigo Diaz that held, transferred, and received real
15 property, and received, concealed, and distributed the proceeds of the illegal activities alleged
16 herein from 2011 to present.

17 14. Defendant Saguaro Desert Solutions, LLC, (“Saguaro”), a/k/a “LeSaguaro Desert
18 Solutions, LLC,” is an Arizona limited liability company owned, directed, and managed by
19 Ruben and Rodrigo Diaz that held, transferred, and received real property, and received,
20 concealed, and distributed the proceeds of the illegal activities alleged herein from 2011 to
21 present.

22 15. Defendants Ruben and Rodrigo Diaz, with actual and/or constructive knowledge,
23 approved, endorsed, directed, ratified, controlled or otherwise participated in the illegal acts
24 and practices alleged herein as individuals and through control of ProSolutions, Rancho
25 Grande, Desert Tri-Star, Golem, Ilya Kuriaki, Michab, Mozart, Quinsey, and Saguaro.
26

1 24. ProSolutions, Rancho Grande, and Ruben Diaz promised consumers in writing a
2 full refund of the service payments if requested within 3 days of signing a contract for services
3 (the "Service Agreements").

4 25. Although the terms of the Defendants' Service Agreements specified a 3 day
5 period to request a refund of the service payments, Ruben Diaz orally misrepresented that
6 service payments would be refundable for a longer period of time to entice consumers to enter
7 the agreements.

8 26. In addition to collecting service payments, ProSolutions, Rancho Grande, and
9 Ruben Diaz typically required consumers to pay \$1,500 to \$2,000 in initial up-front "deposits"
10 at the time of signing the Service Agreement.

11 27. ProSolutions, Rancho Grande, and Ruben Diaz represented orally and in writing
12 that all deposit monies would be applied towards the purchase down payment of a home
13 selected by the consumers, or, upon a written request by the consumers, would be fully
14 refunded within 30 days.

15 28. If consumers found a home they wanted to purchase, ProSolutions, Rancho
16 Grande, and Ruben Diaz requested additional deposit monies from the consumers while
17 continuing to represent that all deposit monies would be applied towards the purchase down
18 payments on the properties selected by the consumers.

19 29. ProSolutions, Rancho Grande, and Ruben Diaz represented to consumers that
20 they would place deposit monies into separate trust accounts for safekeeping until applied
21 towards the consumers' home purchases or refunded to the consumer.

22 30. After consumers signed a Service Agreement, Ruben and Rodrigo Diaz showed
23 consumers various homes for sale, many of which were already owned by one of the Defendant
24 entities under the control of Ruben and/or Rodrigo Diaz.

1 ALLEGATIONS

2 *Ruben Diaz and other Defendants Misrepresented the Nature of Real Estate Transactions*
3 *and the Purpose and Effect of Real Estate Agreements*

4 31. From at least 2009 to present, Ruben Diaz and ProSolutions offered to assist
5 consumers in selling, purchasing, and refinancing real property.

6 32. Similarly, from at least 2015 to present, Ruben Diaz and Rancho Grande offered
7 to assist consumers in selling and purchasing real property.

8 33. After consumers entered Service Agreements with ProSolutions or Rancho
9 Grande, Ruben and Rodrigo Diaz showed houses to the consumers and represented that the
10 houses were available for purchase with seller-carried financing.

11 34. If consumers located properties they wanted to purchase, Ruben Diaz,
12 ProSolutions, and Rancho Grande requested additional deposit monies from consumers and
13 represented that an independent licensed real estate agent would place an offer on the property
14 on behalf of the consumers.

15 35. In many instances, unbeknownst to the consumers, an entity controlled by Ruben
16 and/or Rodrigo Diaz already owned the properties that consumers wished to purchase.

17 36. If a Defendant entity did not already own the desired property, Ruben and
18 Rodrigo Diaz, without the consent or knowledge of the consumers, used consumer deposit
19 monies to purchase the property in the name of a Defendant entity.

20 37. In some instances, Ruben Diaz directed consumers to write escrow deposit checks
21 "FBO" ("For the Benefit Of") or "DBA" ("Doing Business As") Defendant entities, so that
22 Defendants could use consumer monies to purchase properties in the name of an entity
23 controlled by Ruben or Rodrigo Diaz without the consumers' knowledge.

24 38. Ruben Diaz provided Spanish speaking consumers with purchase contracts
25 written in English and misrepresented the terms of the agreements to the consumers, the vast
26 majority of whom could not read English.

1 39. When describing real estate agreements to consumers, Ruben Diaz
2 misrepresented provisions of the purchase contract, including, but not limited to,
3 misrepresenting the payment schedule, the amount of each monthly payment, the total purchase
4 price, the need to refinance loans within a short period of time, the need to sign the purchase
5 contract, and the need to close escrow.

6 40. After entering the purchase agreements, consumers discovered undisclosed
7 balloon payments and other provisions that greatly increased their likelihood of defaulting on
8 their payments and losing their homes.

9 41. In many instances, Ruben Diaz also provided Spanish speaking consumers with
10 lease agreements in English that he misrepresented as necessary parts of the purchase contracts,
11 and thereby misrepresented to consumers that they were purchasing a home when they were
12 actually leasing a home from a Defendant entity controlled by Ruben and/or Rodrigo Diaz.

13 42. The deceived consumers made monthly lease payments for years under the belief
14 that they held title to the property and were making monthly mortgage payments.

15 43. During the course of the lease agreements, Defendants ProSolutions, Michab,
16 Mozart Clan, and Tri-Star retained title to the properties, and, unbeknownst to the consumers,
17 used the houses occupied by consumers as collateral for loans obtained by Defendants' for their
18 own purposes.

19 44. Alternatively, during the course of the lease agreements, the Defendant entities
20 transferred title to the properties to third parties without consumers' knowledge or consent.

21 45. In some instances, consumers knew that they were signing lease agreements, but
22 Ruben Diaz misrepresented that the title to the property would immediately transfer to the
23 consumers or automatically transfer to the consumers at the end of the lease term.

24 46. Consumers who knew that they were entering leases continued to make monthly
25 payments to Defendants or a third party processor after the term of the lease expired, and
26 Defendants deceived these consumers into believing that they held title and were making

1 monthly mortgage payments.

2 47. When consumers learned that they did not hold title, Ruben Diaz refused to apply
3 the lease payments towards the purchase price of the property and concocted various excuses to
4 unilaterally increase the purchase price of the property, such as increased insurance costs or
5 taxes.

6 48. Consumers also contacted ProSolutions and Ruben Diaz to request help in
7 securing hard money loans to refinance houses already owned by the consumers, and Ruben
8 Diaz and ProSolutions agreed to assist the consumers in securing a refinancing loan for an
9 upfront fee.

10 49. Defendants Ruben Diaz and ProSolutions had consumers sign documents that
11 Defendants falsely represented were loan documents that would secure the purchase or
12 refinance of the consumers' property.

13 50. Unbeknownst to the consumers, the documents presented to them by Ruben Diaz
14 and ProSolutions were actually warranty deeds and lease agreements that conveyed title to the
15 property to Defendant Rancho Grande and required consumers to make monthly lease
16 payments.

17 51. ProSolutions, Rancho Grande, and Ruben Diaz then misrepresented that
18 consumers were making monthly loan payments to Rancho Grande for a refinance loan when
19 consumers were actually making monthly lease payments on properties to which they no
20 longer held title.

21 52. By misrepresenting the documents that consumers signed as loan documents
22 rather than warranty deeds and lease agreements, ProSolutions, Rancho Grande, and Ruben
23 Diaz deceived consumers into transferring title to the properties to Defendants and paying
24 Defendants rent instead of mortgage payments.

1 53. For example, in November 2011 homeowner "T.N." purchased a home ("7th Ave.
2 Property") in Phoenix, Arizona for \$34,000, paying approximately \$15,000 in cash as a down
3 payment and financing the balance.

4 54. The terms of T.N.'s 2011 mortgage required T.N. to make a large balloon
5 payment after twenty-four months.

6 55. In or near November 2013, a balloon payment of approximately \$24,000 on
7 T.N.'s 2011 mortgage became due, an amount that T.N. could not afford.

8 56. T.N. wanted to obtain a refinance loan in order to keep his home and avoid
9 foreclosure.

10 57. In or near November 2013, T.N. heard through an acquaintance that Ruben Diaz
11 was in the business of helping people obtain mortgage refinancing and that he could help T.N.
12 refinance T.N.'s 2011 mortgage on the 7th Ave. Property.

13 58. T.N. contacted Ruben Diaz and told him that he wanted to refinance his current
14 mortgage with a five year loan at a low interest rate.

15 59. Ruben Diaz told T.N. that he would help T.N. obtain refinancing in exchange for
16 payment of a \$3,000 fee.

17 60. T.N. paid Ruben Diaz \$3,000 for Diaz's purported mortgage refinance services.

18 61. In or near November 2013, Ruben Diaz directed T.N. to sign documents that Diaz
19 represented were necessary for T.N.'s mortgage refinance.

20 62. The documents that Ruben Diaz directed T.N. to sign were in English.

21 63. T.N. did not read or understand English and relied on Ruben Diaz's explanation
22 as to the purpose and significance of the documents that Diaz directed T.N. to sign.

23 64. At Ruben Diaz's direction, T.N. signed a document entitled "Special Warranty
24 Deed" that Diaz represented was necessary for T.N.'s mortgage refinance.

25 65. The Special Warranty Deed that T.N. signed at Ruben Diaz's direction stated that
26 T.N. was conveying title to the 7th Ave. Property to Rancho Grande.

1 66. T.N. did not understand that by signing a Special Warranty Deed he was
2 conveying title to his home to Rancho Grande.

3 67. Also at Ruben Diaz's direction, T.N. signed a document entitled "Residential
4 Lease Agreement" that stated T.N. was to make monthly lease payments of \$611 to Rancho
5 Grande beginning in December 2013 and terminating in June 2018.

6 68. Based on Ruben Diaz's representations to T.N., T.N. believed that the Rancho
7 Grande lease agreement was a mortgage refinance agreement for the 7th Ave. Property that
8 would allow T.N. to retain title to his home.

9 69. On November 19, 2013, after Rancho Grande obtained title to the 7th Ave.
10 Property, it used the property as collateral to obtain a loan in Rancho Grande's name in the
11 amount of \$39,000, an amount sufficient to pay off the underlying lien on T.N.'s mortgage
12 (the amount of the balloon payment that T.N. paid Ruben Diaz to help refinance), plus an
13 additional amount of approximately \$9,000.

14 70. On November 19, 2013, Rancho Grande, through its manager Rodrigo Diaz,
15 executed a Deed of Trust in favor of the lender from whom it obtained the \$39,000 loan
16 referenced in paragraph 69 above, such Deed of Trust being secured by the 7th Ave. Property.

17 71. T.N. did not receive any proceeds from the loan that Rancho Grande obtained
18 using T.N.'s home as collateral.

19 72. Believing that he was making payments on a refinance loan made by Rancho
20 Grande, T.N. paid Rancho Grande monthly payments of \$611 from December 2013 through
21 June 2014.

22 73. In or near July 2014, Ruben Diaz told T.N. that T.N.'s monthly payments to
23 Rancho Grande would increase by \$100, to \$711, purportedly for property tax and insurance
24 impounds.

25 74. T.N. paid the increased monthly amount of \$711 to Rancho Grande until July
26 2015.

1 75. In February 2014, before Ruben Diaz told T.N. that T.N.'s monthly payments to
2 Rancho Grande would increase by \$100, Rancho Grande, through its manager Rodrigo Diaz
3 and without T.N.'s knowledge or consent, executed a Special Warranty Deed, transferring title
4 of the 7th Ave. Property to a third party.

5 76. Unaware that his home was no longer in his name, or that Rancho Grande
6 transferred title thereof to a third party, T.N. continued to make monthly payments to Rancho
7 Grande until July 2015.

8 77. In October 2015, the party to whom Rancho Grande conveyed title to the 7th Ave.
9 Property obtained a forcible detainer and eviction order against T.N., who was forced to move
10 out of his home.

11 78. As the result of Ruben Diaz's, Rodrigo Diaz's, and Rancho Grande's fraudulent
12 actions, T.N. lost his home for which he had made a substantial financial investment.

13 79. Ultimately, by misrepresenting the warranty deed and the lease agreement as a
14 refinance loan, Defendants surreptitiously acquired title to T.N.'s home for a fraction of its
15 value and sold it months later for a substantial profit while collecting thousands of dollars in
16 rent from T.N. and charging him at least \$3,000 for their services.

17 ***Defendant Misrepresented the Terms of Real Estate Agreements, Prices and Payment Terms***

18 80. From 2010 to present, Defendants ProSolutions, Golem, Ilya Kuriaki, Rancho
19 Grande, Quinsey, and Desert Tri-Star entered lease agreements with consumers that required
20 the consumers to pay specific amounts each month for a period of one to five years.

21 81. In some instances, consumers had the right to purchase the property for a price
22 established under a purchase contract entered contemporaneously with the lease agreement.

23 82. As referenced in paragraphs 41-43, Ruben Diaz, ProSolutions, and Rancho
24 Grande frequently misrepresented to consumers that they were entering purchase agreements
25 rather than lease agreements.

26 83. When entering these and other lease agreements, Defendants falsely represented

1 the amount of money consumers would pay each month under the agreement.

2 84. During the course of the lease agreements, Ruben and Rodrigo Diaz unilaterally
3 increased the monthly lease payments made by consumers in violation of the payment terms
4 they had previously represented to consumers.

5 85. If consumers did not agree to pay the higher lease payments, Defendants evicted
6 the consumers, retained any money that consumers paid under the lease agreement, and kept
7 deposit monies paid under the associated purchase contracts.

8 86. Similarly, when consumers attempted to purchase properties after completing the
9 leases, the Defendants unilaterally increased the purchase prices of the properties in violation of
10 the original agreements.

11 87. Defendants' unilateral increase of the purchase price forced consumers to either
12 pay much larger amounts to purchase the property or forfeit their purchase down payments,
13 which were typically 10-20% of the total value of the property.

14 88. For example, in or near January 2013, Ruben Diaz, operating through a Service
15 Agreement between the consumer and ProSolutions, offered to sell consumer P.C. real property
16 located at 5525 S. 7th Drive, Phoenix, Arizona, ("7th Drive Property").

17 89. Ruben Diaz represented to P.C. that the sales price of the 7th Drive Property
18 would be \$87,000, with \$10,000 required as a down payment that would be applied to the
19 purchase price.

20 90. Ruben Diaz also told P.C. that P.C. would have to pay \$2,000 for "personal
21 costs" and \$3,000 for Diaz's company's costs associated with the transfer of title to P.C.

22 91. Ruben Diaz represented to P.C. that P.C. would have to make monthly payments
23 of \$731.42 over 30 years to pay off the balance of the purchase price of the 7th Drive Property.

24 92. Ruben Diaz gave P.C. a written purchase contract for the 7th Drive Property that
25 was written in English and told P.C. that P.C. did not have to sign it; that a signature was not
26 important.

1 93. The purchase contract for the 7th Drive Property stated that P.C. was purchasing
2 the property from Defendant Quinsey.

3 94. Quinsey was owned and managed by Rodrigo Diaz at the time Ruben Diaz
4 offered to sell the 7th Drive Property to P.C., but P.C. was never informed of the relationship
5 between Ruben Diaz, Rodrigo Diaz, and Quinsey.

6 95. P.C. did not read English and relied on Ruben Diaz's verbal representations as to
7 the nature and terms of 7th Drive Property transaction.

8 96. As requested by Ruben Diaz, P.C. paid \$15,000 in the form of checks made
9 payable to ProSolutions.

10 97. Based on Ruben Diaz's representations to him, P.C. believed that the \$15,000
11 payment to ProSolutions was for P.C.'s purchase of the 7th Drive Property.

12 98. P.C. moved into the 7th Drive Property in January 2013.

13 99. Quinsey did not transfer title to the 7th Drive Property to P.C. as promised.

14 100. In September 2013, nine months after P.C. gave Ruben Diaz \$15,000 to purchase
15 the 7th Drive Property and after P.C. had been making monthly payments on the property,
16 Quinsey, through Rodrigo Diaz and without P.C.'s knowledge, transferred title to the 7th Drive
17 Property to ProSolutions.

18 101. In February 2014, Ruben Diaz told P.C. that P.C.'s monthly payments on the 7th
19 Drive Property were increasing by \$100, purportedly for property tax and insurance impounds.

20 102. On March 17, 2014, ProSolutions executed a Promissory Note to a third party for
21 \$215,000, the performance of which was secured by a Deed of Trust executed by ProSolutions,
22 through Ruben Diaz, and secured, in part, by the 7th Drive Property.

23 103. From approximately January 2013 until July 2013, P.C. made the agreed-upon
24 monthly payments of \$731.42 to Quinsey, as directed by Ruben Diaz.

25 104. In or near July 2013, Ruben Diaz told P.C. to make his monthly payments to
26 Golem.

1 105. Rodrigo Diaz was a member and manager of Golem at the time P.C. made
2 payments to it.

3 106. In or near March 2014, Ruben Diaz told P.C. to stop making his payments to
4 Golem and to resume making them to Quinsey.

5 107. P.C.'s monthly payments to Quinsey and Golem were made by personal checks
6 drawn on P.C.'s account upon which P.C. indicated on the memo line that the payments were
7 for a mortgage.

8 108. Quinsey and Golem each had bank accounts into which payments made by P.C.
9 were deposited.

10 109. During the time P.C. was making monthly payments to Quinsey and Golem,
11 Rodrigo Diaz transferred monies from those accounts into other accounts owned or controlled
12 by ProSolutions, Ruben Diaz, or Rodrigo Diaz.

13 110. During the time that P.C. was making monthly payments to Quinsey and Golem
14 on the 7th Drive Property, he did not know that Quinsey had transferred title to the property to
15 ProSolutions.

16 111. During the time that P.C. was making monthly payments to Quinsey and Golem
17 on the 7th Drive Property, he did not know that ProSolutions had used the property as collateral
18 for a loan.

19 112. In August 2014, notices were left at the 7th Drive Property indicating that the
20 property was going to be foreclosed upon, prompting P.C. to contact a real estate agent who
21 explained to P.C. that the title to the 7th Drive Property had never been transferred to P.C.

22 113. In September 2014, the beneficiaries of the Deed of Trust, executed by
23 ProSolutions in March 2014, recorded a Notice of Trustee's Sale on the 7th Drive Property,
24 based on ProSolutions' failure to make all payments due under the March 2014 Promissory
25 Note.

1 114. After many unsuccessful attempts to contact Ruben Diaz about the foreclosure
2 notice left at the 7th Drive Property, P.C. was finally able to talk to Diaz in November 2014, at
3 which time Diaz tried to get P.C. to sign a Purchase Agreement for the 7th Drive Property for
4 \$97,000, which was \$10,000 more than P.C. had agreed to pay for the property.

5 115. P.C., who had agreed to purchase the property for \$87,000 and had made monthly
6 payments for 23 months under the belief that he was making mortgage payments, refused to
7 sign the Purchase Contract.

8 116. In February 2015, ProSolutions told P.C. that he was in default on contracts dated
9 January 1, 2013; that such contracts were “null and void”; and that P.C. could only remain in
10 the 7th Drive Property as a tenant on a month-to-month basis for monthly rent in the amount of
11 \$830.42.

12 117. ProSolutions’ February 2015 notice to P.C. also stated that if he did not make the
13 monthly lease payments of \$830.42 he would have to vacate the premises within 14 days.

14 ***Defendants Misrepresented Consumers’ Ability to Obtain***
15 ***Refunds of their Payments for Services and Purchase Deposits***

16 118. From 2010 to present, when consumers entered into Service Agreements with
17 ProSolutions or Rancho Grande, Ruben Diaz orally agreed to refund the money paid by the
18 consumers if consumers decided against continuing Defendants’ services.

19 119. As explained in paragraphs 17-29, the standard Service Agreement used by
20 ProSolutions and Rancho Grande required consumers to make two separate payments; one for
21 the services provided by Defendants (“service payments”) and the other as a deposit for the
22 purchase of a home.

23 120. The actual written terms of the agreements treated deposits and service payments
24 as distinct payments with different provisions for how each could be used and when each could
25 be refunded.

26 121. Service Payments were to compensate Defendants for their services and could be

1 refunded within 3 days of the agreement; deposit monies were to be used towards the purchase
2 price of a home and were refundable at any time.

3 122. Despite primarily offering their services to consumers who could only read and
4 speak Spanish, ProSolutions, Rancho Grande, and Ruben Diaz only offered Service
5 Agreements written in English and exploited the language barrier to misrepresent the terms of
6 the agreements to consumers, including, but not limited to, the distinction between service
7 payments and deposit monies.

8 123. Although the terms of the Service Agreements specified a 3 day period to request
9 a refund of the service payments, Ruben Diaz orally misrepresented that service payments
10 would be refundable for a longer period of time or simply treated the service payments as if
11 they were part of the deposit monies that were refundable at any time.

12 124. When consumers requested refunds of service payments more than 3 days after
13 entering a Service Agreement in reliance on Ruben Diaz's oral misrepresentations,
14 ProSolutions and Ruben Diaz denied their requests based on the contradictory language in the
15 Service Agreements that Diaz had misrepresented to consumers.

16 125. From 2009 to present, Ruben Diaz, ProSolutions, and Rancho Grande orally
17 specified that consumers were entitled to a refund of all deposit monies within 30 days of a
18 request for a refund by the consumers.

19 126. From 2009 to present, Ruben Diaz, ProSolutions, and Rancho Grande specified in
20 writing that consumers were entitled to a refund of all deposit monies within 30 days of a
21 written request for a refund by the consumers.

22 127. When consumers requested refunds of deposit monies, Ruben Diaz, ProSolutions,
23 and Rancho Grande ignored the requests and/or severed contact with the consumers.

24 128. For example, in or near May 2014, consumer M.P. saw an advertisement for
25 ProSolutions in the Spanish language periodical *Segundo Mano*.

26 129. On or near May 24, 2014, consumer M.P. entered a Service Agreement with

1 ProSolutions, whereby ProSolutions and Ruben Diaz agreed to assist M.P. in purchasing a
2 home.

3 130. M.P. paid ProSolutions \$3,000 by cashier's check on or about May 23, 2014, and
4 another \$2000 by cashier's check or about June 7, 2014.

5 131. Although M.P. did not read or speak English, ProSolutions and Ruben Diaz only
6 provided M.P. with a copy of the Service Agreement written in English.

7 132. Ruben Diaz misrepresented the terms of the Service Agreement signed by M.P.,
8 claiming that the full \$5,000 paid was refundable indefinitely despite the contrary written
9 language of the agreement.

10 133. Per the ProSolutions Service Agreement signed by M.P., at least \$2,000 of the
11 money paid by M.P. was refundable deposit money that ProSolutions would keep in a separate
12 trust account and either apply to the purchase of a home for M.P. or refund to M.P. within 30
13 days of a request for refund by M.P..

14 134. After looking at many houses that she did not want to purchase, M.P. was no
15 longer interested in purchasing a home through ProSolutions, and, in or about January 2015,
16 M.P. sent a letter to ProSolutions and Ruben Diaz requesting a full refund.

17 135. Ruben Diaz ignored M.P.'s request for a refund and stopped responding to M.P.'s
18 phone calls.

19 136. As of January 2016, Ruben Diaz and ProSolutions have not refunded M.P.'s
20 deposit money.

21 ***Defendants Misrepresented How Consumers' Deposit Monies Would Be Used and***
22 ***Maintained***

23 137. Defendants ProSolutions, Rancho Grande, and Ruben Diaz used Service
24 Agreements and entered agreements with consumers in which some monies paid by consumers
25 were specifically designated "deposit" monies to be used for earnest payments and/or down
26 payments for the purchase of properties selected by the consumers.

1 138. ProSolutions, Rancho Grande, and Ruben Diaz represented that they would hold
2 the refundable consumer deposits in separate trust accounts for safekeeping until used towards
3 the purchase price of property selected by the consumer or refunded to the consumer.

4 139. Despite representing that deposit monies would be held in separate trust accounts
5 and exclusively applied towards the purchase of a home, ProSolutions, Rancho Grande, and
6 Ruben Diaz comingled consumer deposits with business assets and spent consumer deposit
7 monies in furtherance of their own business.

8 140. When consumers requested that ProSolutions and Ruben Diaz refund their
9 deposit monies, Ruben Diaz admitted that Defendants already spent the deposit monies on
10 business investments unrelated to the consumers.

11 141. If ProSolutions and Ruben Diaz refunded the consumer deposit monies, the
12 checks were often drawn from multiple accounts in the names of various Defendant business
13 entities, and Defendants claimed they could only pay small portions of the refund over months
14 or years.

15 142. For example, in or near April 2014, consumer P.S. contacted Ruben Diaz and
16 ProSolutions after encountering an advertisement for his services in a Spanish language
17 magazine.

18 143. P.S. wanted to purchase a home with the services offered by ProSolutions and
19 entered a Service Agreement with ProSolutions on or near April 7, 2014.

20 144. P.S. paid ProSolutions \$3,000 by check at the time of entering the agreement, and
21 paid ProSolutions another \$7,000 deposit by money order on or about April 30, 2014, as a
22 purchase down payment for a house that she wanted to buy.

23 145. At the time of signing the agreement, Ruben Diaz misrepresented to P.S. that all
24 monies paid to ProSolutions were refundable at any time.

25 146. Under the terms of the Service Agreement signed by P.S., at least \$8,500 of the
26 \$10,000 paid by P.S. was a refundable deposit that ProSolutions would place into a "separate

1 trust account for such funds to be utilized as an earnest money deposit.”

2 147. The day after P.S. provided ProSolutions the second payment, Ruben Diaz
3 informed P.S. that someone else had already purchased the house that she had wanted.

4 148. For the next 3 months, P.S. continued to look at other houses with Ruben and
5 Rodrigo Diaz, but did not see any that she wanted to purchase.

6 149. In or about August 2014, P.S. was diagnosed with cancer, and, worried that she
7 could not afford her cancer treatment, P.S. requested that ProSolutions refund the \$10,000.

8 150. P.S. contacted Ruben Diaz to request a refund, but Diaz informed P.S. that he
9 could not refund the deposit monies because he had spent it on “bad business deals.”

10 151. P.S. never authorized Ruben Diaz or ProSolutions to spend her deposit money on
11 any business deal other than the failed home purchase months before.

12 152. In or about August 2015, after an entire year of avoiding P.S. and ignoring her
13 refund requests, Ruben Diaz contacted P.S. and agreed that he owed her a refund, but Diaz told
14 P.S. that he could only repay her slowly over time.

15 153. Since August 2015, Ruben Diaz and ProSolutions have only refunded \$800 of the
16 \$10,000 total, with two checks drawn from two separate accounts; one used for the general
17 business expenses of ProSolutions and the other used for the general business expenses of
18 Rancho Grande.

19 **COUNT ONE**

20 **VIOLATIONS OF THE ARIZONA CONSUMER FRAUD ACT**

21 **(§§ 44-1521 – 44-1534)**

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

24 155. Defendants Ruben Diaz and Rodrigo Diaz, individually and through the control
25 of Defendant entities ProSolutions, LLC; Rancho Grande, LLC; Quinsey, LLC; Desert Tri-Star,
26 LLC; Golem, LLC; Michab West, LLC; and Ilya Kuriaki and Associates, LLC engaged in the
use of deception, deceptive acts or practices, fraud, false pretense, false promise,

1 misrepresentation, or concealment, suppression or omission of any material fact with intent that
2 others rely upon such concealment, suppression or omission, in connection with its
3 advertisement or sale of services. Such acts and practices include, but are not limited to, the
4 following:

5 a. Misrepresenting the nature and effect of real estate transactions with
6 consumers;

7 b. Misrepresenting the amount of money consumers would be required to pay
8 each month under their lease agreements to avoid default by unilaterally increasing
9 amounts due each month under the lease agreements;

10 c. Misrepresenting the amount of money consumers would be charged under
11 purchase contracts by unilaterally increasing the purchase price after consumers had
12 already made significant financial investments;

13 d. Misrepresenting the payment terms for loans entered by consumers;

14 e. Misrepresenting that consumer deposit monies would be refunded to
15 consumers within thirty (30) days of a written request;

16 f. Misrepresenting that consumer deposit monies would be held in a separate
17 trust account and only used as down payments on property purchased by consumers,
18 and;

19 g. Misrepresenting that consumer service payments were refundable for
20 longer than 3 days after the start of the agreement.

21 156. Plaintiff further alleges that all acts and practices described in the preceding
22 paragraphs of this complaint occurring on or after September 13, 2013, constitute unfair acts or
23 practices in violation of A.R.S. § 44-1521, *et seq.*

24 157. At all times relevant to this Complaint, Defendants Ruben Diaz; Rodrigo Diaz;
25 ProSolutions, LLC; Rancho Grande, LLC; Quinsey, LLC; Desert Tri-Star, LLC; Golem, LLC;
26 Michab West, LLC; and Ilya Kuriaki and Associates, LLC acted willfully, in violation of

1 A.R.S. § 44-1531.

2 **COUNT TWO**
3 **VIOLATIONS OF THE ARIZONA ORGANIZED CRIME,**
4 **FRAUD, AND TERRORISM ACT**
5 **(§§ 13-2301 – 13-2323)**

6 158. Plaintiff realleges the prior allegations of this Complaint as if fully set for the
7 herein.

8 159. Defendants engaged in acts constituting a scheme or artifice to defraud, each act
9 being for financial gain and chargeable or indictable under the laws of this state and punishable
10 by imprisonment for more than one year, in violation of A.R.S. § 13-2314.

11 160. Defendants engaged in acts constituting money laundering, each act being for
12 financial gain and chargeable or indictable under the laws of this state and punishable by
13 imprisonment for more than one year, in violation of A.R.S. § 13-2314.

14 161. Defendants engaged in acts constituting the illegal conduct of an enterprise by
15 associating with an enterprise and conducting the enterprise's affairs through racketeering, or
16 directly or indirectly participating in the conduct of an enterprise that the defendants knew was
17 being conducted through racketeering, in violation of A.R.S. § 13-2312 and 13-2314 *et seq.*

18 **COUNT THREE**
19 **IN PERSONAM FORFEITURE**
20 **(§§ 13-2314, 13-4312 – 13-4313)**

21 162. Plaintiff realleges the prior allegation of this Complaint as though fully set forth
22 herein.

23 163. Defendants acquired real property and monetary proceeds from their actions
24 described herein that constitute racketeering under A.R.S. § 13-2314. The estimated value of
25 the illegally-acquired real property and monetary proceeds is not less than \$298,724.02.

26 164. Since the Defendants acquired their respective interests in the real property and
monetary proceeds acquired from their actions constituting racketeering, as alleged herein, the

1 real property or monetary proceeds either cannot be located, have been transferred or conveyed
2 to third parties, have been placed beyond the jurisdiction of the Court, or have been
3 commingled with other property that cannot be divided without difficulty.

4 **PRAYER FOR RELIEF**

5 Wherefore, Plaintiff respectfully requests that the Court:

6 165. Enter an injunction against defendants permanently prohibiting them from
7 continuing and engaging in the unlawful acts and practices as alleged in this Complaint and
8 from doing any acts in furtherance of such unlawful acts and practices, pursuant to A.R.S. § 44-
9 1528(A);

10 166. Order Defendants to restore to all persons any money and property acquired by
11 any unlawful means or practices alleged in the Complaint, as deemed appropriate by the Court,
12 pursuant to A.R.S. § 44-1528;

13 167. Order Defendants to disgorge to the State of Arizona all profits, gains, gross
14 receipts, or other benefit acquired by any unlawful means or practices alleged in the Complaint,
15 pursuant to A.R.S. § 44-1528;

16 168. Order Defendants to pay to the State of Arizona a civil penalty of up to \$10,000
17 for each willful violation of the Consumer Fraud Act, pursuant to A.R.S. § 44-1531;

18 169. Order Defendants to pay the State of Arizona its costs of investigation and
19 prosecution of this matter, including reasonable attorneys' fees, pursuant to A.R.S. § 44-1534
20 and A.R.S. § 13-2314;

21 170. Order Defendants to pay treble damages to those persons injured by the acts of
22 racketeering alleged in the Complaint, pursuant to A.R.S. § 13-2314, and;

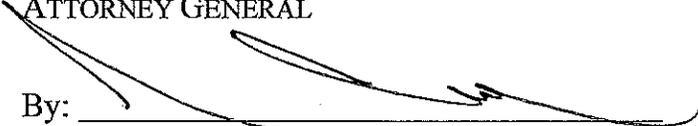
23 171. Pursuant to A.R.S. §§ 13-2314, 13-4312 and 13-4313, enter an order forfeiting to
24 the State of Arizona all interests of Defendants in property constituting proceeds traceable to
25 offenses included in the definition of racketeering in A.R.S. §13-2314, property used or
26 intended to be used to facilitate the commission of such offenses, and, pursuant to A.R.S. §§

1 13-4313 and 13-2314(D)(6)(d) and (E), any other property up to the value of the Defendants'
2 property that the Court finds is subject to forfeiture if any of the circumstances enumerated
3 therein exist.

4 172. Such other and further relief as the Court deems just and proper.

5 RESPECTFULLY SUBMITTED this 10th day of March, 2016.

6 MARK BRNOVICH
7 ATTORNEY GENERAL

8 By: 
9 Mitchell Allee
10 Cherie L. Howe
11 Assistant Attorneys General
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26