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CLERK U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIF.  
SANTA ANA

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14 **UNITED STATES DISTRICT COURT**  
15 **CENTRAL DISTRICT OF CALIFORNIA**  
16

17 Federal Trade Commission,  
18 Plaintiff,  
19 v.

20 Federal Loan Modification  
Law Center, LLP

21 and

22 Anz & Associates, PLC

23 and

24 LegalTurn, Inc., a.k.a. Legal Turn, Inc.

25 and

26 Federal Loan Modification, LLC

27 and

28 Nabile "Bill" Anz

Case No. **SACV09 -401 CJC (MLGx)**

1 and  
2 Boaz Minitzer  
3 and  
4 Jeffrey Broughton  
5 Defendants.

6  
7 Plaintiff, the Federal Trade Commission (“FTC”), for its complaint alleges:

8 1. The FTC brings this action under Section 13(b) of the Federal Trade  
9 Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to obtain temporary,  
10 preliminary, and permanent injunctive relief, rescission or reformation of contracts,  
11 restitution, disgorgement of ill-gotten monies, and other equitable relief for  
12 Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C.  
13 § 45(a).

14 **JURISDICTION AND VENUE**

15 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C.  
16 §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

17 3. Venue is proper in this District under 28 U.S.C. § 1391(b) and (c), and  
18 15 U.S.C. § 53(b).

19 **PLAINTIFF**

20 4. Plaintiff FTC is an independent agency of the United States  
21 Government created by statute. 15 U.S.C. § 41 *et seq.* The FTC is charged, *inter*  
22 *alia*, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which  
23 prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC  
24 is authorized to initiate federal district court proceedings, by its own attorneys, to  
25 enjoin violations of the FTC Act and to secure such equitable relief as may be  
26 appropriate in each case, including restitution and disgorgement. 15 U.S.C.  
27 § 53(b).

**DEFENDANTS**

1  
2           5.     Federal Loan Modification Law Center, LLP (“FLM Law Center”),  
3 formerly known as Anz & Hilmoe, LLP and presently doing business as FLM Law  
4 Center, Federal Loan Modification, and Federal Loan Modification Law Center, is  
5 a California limited liability partnership with its principal place of business at 9460  
6 Balboa Boulevard, Northridge, CA 90048. At all times material to this Complaint,  
7 FLM Law Center, acting alone or in concert with others, has advertised, marketed,  
8 and/or sold purported mortgage loan modification services to consumers  
9 throughout the United States. FLM Law Center transacts or has transacted  
10 business in the Central District of California.

11           6.     Anz & Associates, PLC (“Anz & Associates”), is a California  
12 professional law corporation with its principal place of business at 9460 Balboa  
13 Boulevard, Northridge, CA 91325. At all times material to this Complaint, Anz &  
14 Associates, acting alone or in concert with others, has advertised, marketed, and/or  
15 sold purported mortgage loan modification services to consumers throughout the  
16 United States. Anz & Associates transacts or has transacted business in the Central  
17 District of California.

18           7.     LegalTurn Inc., also known as Legal Turn Inc. (“LegalTurn”), is a  
19 California corporation with its principal place of business at 6420 Wilshire  
20 Boulevard, Suite 200, Los Angeles, CA 90048. LegalTurn, which purports to be a  
21 legal referral network, at all times material to this Complaint, has received credit  
22 card payments from and has paid refunds to customers who have purchased  
23 purported mortgage loan modification services from Defendants. LegalTurn  
24 transacts or has transacted business in the Central District of California.

25           8.     Federal Loan Modification, LLC (“Federal Loan Modification”) is a  
26 California limited liability company with its principal place of business at 6420  
27 Wilshire Boulevard, Suite 200, Los Angeles, CA 90048. Federal Loan  
28 Modification, acting alone or in concert with others, has advertised, marketed,

1 and/or sold purported loan modification services. Federal Loan Modification  
2 transacts or has transacted business in the Central District of California.

3 9. Nabile "Bill" Anz, an attorney licensed in California, is a partner of  
4 Anz & Associates and FLM Law Center. At all times material to this Complaint,  
5 acting alone or in concert with others, he has formulated, directed, controlled, or  
6 participated in the acts and practices of Defendants, including the acts and  
7 practices set forth in this Complaint. Anz resides and transacts or has transacted  
8 business in the Central District of California.

9 10. Boaz Minitzer is the President of LegalTurn and the owner of Federal  
10 Loan Modification. At all times material to this Complaint, acting alone or in  
11 concert with others, he has formulated, directed, controlled, or participated in the  
12 acts and practices of Defendants, including the acts and practices set forth in this  
13 Complaint. Minitzer resides or transacts or has transacted business in the Central  
14 District of California.

15 11. Jeffrey Broughton is the President and Chief Executive Officer of  
16 FLM Law Center and an officer of LegalTurn. At all times material to this  
17 Complaint, acting alone or in concert with others, he has formulated, directed,  
18 controlled, or participated in the acts and practices of Defendants, including the  
19 acts and practices set forth in this Complaint. Broughton resides and transacts or  
20 has transacted business in the Central District of California.

21 12. Corporate Defendants have operated as a common enterprise while  
22 engaging in the deceptive acts and practices alleged below. Corporate Defendants  
23 share or have shared office space and employees, are commonly controlled,  
24 commingle or have commingled funds, and have participated in a common scheme  
25 to deceive consumers. Because Corporate Defendants have operated as a common  
26 enterprise, each of them is jointly and severally liable for the acts and practices  
27 alleged below.

1 COMMERCE

2 13. At all times relevant to this complaint, Defendants have maintained a  
3 substantial course of trade in or affecting commerce, as “commerce” is defined in  
4 Section 4 of the FTC Act, 15 U.S.C. § 44.

5 THE FEDERAL GOVERNMENT’S EFFORTS TO ASSIST  
6 HOMEOWNERS

7 14. In the response to the nation’s mortgage crisis, the federal government  
8 has introduced and widely publicized a number of federal mortgage loan  
9 modification programs aimed at assisting distressed homeowners to modify or  
10 refinance mortgage loans that have become unaffordable.

11 15. In the past year, two U.S. Presidents, the Department of the Treasury,  
12 the Federal Deposit Insurance Corporation, the Office of the Comptroller of the  
13 Currency, and the Department of Housing and Urban Development (“HUD”),  
14 among other federal authorities, have announced these federal mortgage loan  
15 modification programs.

16 16. Additionally, HUD has designated thousands of HUD-approved non-  
17 profit housing counseling agencies, which it has recommended publicly to  
18 consumers who are at risk of foreclosure or falling behind on their mortgage  
19 payments. These HUD-approved housing counselors provide services at no cost to  
20 homeowners, negotiating with lenders to make homeowners’ mortgage loans more  
21 affordable.

22 DEFENDANTS’ BUSINESS PRACTICES

23 17. Since at least May 2008, Defendants have engaged in a course of  
24 conduct to advertise, market, offer to sell, and sell to consumers purported  
25 mortgage loan modification and foreclosure relief services. Defendants market  
26 their services under the name “Federal Loan Modification,” although Defendants’  
27 business is not affiliated with or endorsed by the federal government. Defendants  
28 market their services to homeowners who are in financial distress, delinquent on

1 their mortgage loans, or in danger of losing their homes to foreclosure. Defendants  
2 have charged consumers between \$1,000 and \$3,000 in up-front fees for their so-  
3 called Federal Loan Modification program.

4 18. Defendants have conducted an extensive national advertising  
5 campaign through television, radio, and the Internet to promote their Federal Loan  
6 Modification program. Defendants' advertisements have appeared on national  
7 television and cable networks, including but not limited to ABC, CNBC, BET,  
8 ESPN, ESPN2, and CNN, and have aired on dozens of radio stations nationwide.  
9 These advertisements direct homeowners who are struggling to pay their  
10 mortgages to call one of Defendants' toll-free telephone numbers or to visit  
11 Defendants' website at [www.fedmod.com](http://www.fedmod.com).

12 19. Several of Defendants' radio advertisements prominently feature the  
13 word "federal" and contain other statements to induce consumers to purchase loan  
14 modification and foreclosure relief services from Defendants. *See, e.g.* Exhibits 1,  
15 2, and 3. The statements made in these advertisements include:

- 16  
17 a. Please stay tuned for this important public announcement for those in  
18 danger of losing their home. Federal Loan Modification has a  
19 program for those that have fallen behind on their mortgage and are  
20 facing foreclosure. To find out if you're eligible for the program in  
21 your area, call this toll-free number now, 1-800-400-1268. You may  
22 be in danger of being evicted. If you can no longer afford your  
23 mortgage, find out if you are eligible for the Federal Loan  
24 Modification Law Program in your area.

25 [Exhibit 1]

- 26  
27 b. Don't lose your home. Get the help you need to save it right now with  
28 the Federal Loan Modification Program. If you're like the millions of

1 Americans out there who are struggling to pay a mortgage, you may  
2 be eligible for the Federal Loan Modification Program. Call Federal  
3 Loan Modification at 1-800-500-9975.

4 [Exhibit 2]

5  
6 c. If you are losing your home, you're not alone. In fact, everyone  
7 knows that home foreclosures are rising. But there's only one that  
8 matters and that's your home. Now you can save your home and your  
9 family. But you need to call and ask about the Federal Loan  
10 Modification Program. Because not calling will only result in  
11 eviction. Don't lose your home. Call Federal Loan Modification at 1-  
12 800-600-3884.

13 [Exhibit 3]

14  
15 20. Months after Defendants began airing radio advertisements generally,  
16 Defendants have inserted, in the beginning of some of their radio advertisements, a  
17 disclaimer that states:

18  
19 Not a government program or agency, Legal services by Bill Anz,  
20 Irvine, California through Federal Loan Modification Law Center.

21  
22 The disclaimer, however, occurs at a speed several times faster and at a lower  
23 volume than the body of the advertisement. *See, e.g.* Exhibit 1. Defendants play  
24 the disclaimer at the beginning of the advertisement, delivered at a cadence and  
25 speed that is faster and more difficult to comprehend than the body of the  
26 advertisement, and before any information has been provided about the marketed  
27 product.

1           21. Defendants also have marketed their services through the website  
2 www.fedmod.com, which has both a Spanish-language and English-language  
3 version. The website www.fedmod.com urges consumers to call the toll-free  
4 number 877-39-HOUSE for a “free” “no obligation” consultation. The website  
5 www.fedmod.com also requests that consumers complete a short form and submit  
6 the completed form to Defendants, after which a representative will contact the  
7 consumer.

8           22. Rotating statements appear at the top of the homepage for the website  
9 www.fedmod.com, including the following statement that appears in large, all-  
10 capital print:

11  
12                   ARE YOU CONSIDERING WALKING OUT OF YOUR  
13                   HOUSE BECAUSE YOU OWE MORE THAN IT IS  
14                   WORTH? FLM CAN HELP YOU RIGHT NOW! Click  
15                   HERE to get started!

16  
17           23. Throughout, the website www.fedmod.com also contains various  
18 other statements to induce consumers to purchase Defendants’ mortgage loan  
19 modification and foreclosure relief services, including:

- 20  
21           a. At Federal Loan Modification Law Center we have some of the most  
22 experienced Personnel in the industry whose sole purpose is to save  
23 your home.  
24  
25           b. **Can I do this myself? Why should I pay someone else to do it for**  
26 **me?** . . . Our negotiators have more experience in mortgage retention  
27 than most any of these representatives. *do you?* . . . Much like in any  
28 important matter, having the proper guidance and representation can

1           make all the difference in the world and can save you time, trouble,  
2           money and ultimately your home.

3  
4           24.    The website [www.fedmod.com](http://www.fedmod.com) also contains a hyperlink to a web log  
5 (commonly known as a “blog”) at [www.keepmyhouse.com](http://www.keepmyhouse.com). The  
6 [www.keepmyhouse.com](http://www.keepmyhouse.com) blog, authored by Ralph R. Roberts, purports to be a  
7 “source of loan modification news, information, commentary, and community.”  
8 Among other things, the [www.keepmyhouse.com](http://www.keepmyhouse.com) blog states that Mr. Roberts is an  
9 “an Award-Winning Author and REALTOR,” a “Real estate-focused Consumer  
10 Advocate,” and a “spokesperson for Federal Loan Modification Law Center, LLP.”  
11 The blog [www.keepmyhouse.com](http://www.keepmyhouse.com) contains the following statement about  
12 Defendants’ services:

13  
14           KeepMyHouse.com wouldn’t be possible without the support of the  
15 good folks at Federal Loan Modification Law Center, LLP. . . .  
16 Federal Loan Modification Law Center ([www.fedmod.com](http://www.fedmod.com)) preserves  
17 the American Dream of Homeownership by successfully renegotiating  
18 loan agreements between homeowners and lenders. The company’s  
19 team of experienced real estate attorneys and housing experts  
20 understands the fundamentals of the mortgage business, and has  
21 spared no expense or time in researching and presenting the best  
22 options available for homeowners facing foreclosure or having trouble  
23 making their monthly mortgage payments. Check them out at  
24 [www.FedMod.com](http://www.FedMod.com).

25  
26           25.    The blog [www.keepmyhouse.com](http://www.keepmyhouse.com) also displays banner  
27 advertisements for Defendants’ services, including those that contain the following  
28 statements:

1  
2 a. Federal Loan Modification Law Center Keeps You In Your House.

3  
4 b. Are you facing foreclosure? CALL 1-800-285-0380 Federal Loan  
5 Modification Law Center. STOP YOUR FORECLOSURE. WE  
6 NEGOTIATE WITH YOUR LENDERS FAST!

7  
8 26. Consumers speak to Defendants' telemarketers when they call the toll-  
9 free numbers provided in Defendants' Internet, radio, or television advertising, or  
10 when Defendants call consumers after receiving consumers' information via the  
11 online form.

12 27. During the telemarketing sales calls, Defendants' representatives  
13 collect information from consumers, including details about the consumers'  
14 mortgages and income. After consumers provide this information, the  
15 telemarketers often tell consumers they are prime candidates for a loan  
16 modification.

17 28. Defendants' telemarketers typically promise consumers that  
18 Defendants will help modify consumers' mortgage loans to make their payments  
19 more affordable, and in numerous cases, telemarketers claim that they can prevent  
20 foreclosure.

21 29. In numerous instances, Defendants' telemarketers tell consumers that  
22 Defendants have a success rate in the high ninetieth percentile, and that  
23 Defendants' success rate is so high because they only accept consumers into the  
24 program who are virtually guaranteed to obtain modifications.

25 30. In numerous instances, Defendants' telemarketers represent that  
26 Defendants will obtain a loan modification for consumers within a specified period  
27 of time, typically no more than a couple of months.

28 31. Defendants' telemarketers instruct consumers that they must pay at

1 least a half of Defendants' fee up-front. The amount of the fee has ranged between  
2 approximately \$1,500 and \$3,000, with either half or a majority of the fee due up-  
3 front and the remainder due at a later time.

4 32. In numerous instances, Defendants' telemarketers tell consumers that  
5 if they are not satisfied with Defendants' service they are entitled to a full refund of  
6 the fees paid.

7 33. In numerous instances, after consumers have paid Defendants's fee,  
8 Defendants fail to answer or return consumers' telephone calls or provide updates  
9 about the status of Defendants' purported communications with the consumers'  
10 lenders. In other instances, Defendants misrepresent to consumers that  
11 negotiations are proceeding smoothly. In other instances, Defendants misrepresent  
12 that lenders are the cause for delay when, in reality, Defendants have made little if  
13 any effort to contact the lender.

14 34. In numerous instances, Defendants have encouraged consumers to  
15 stop paying their mortgages, telling consumers that delinquency will demonstrate  
16 the consumer's hardship to the lender and make it easier to obtain a loan  
17 modification. In numerous other instances, Defendants have advised consumers  
18 not to contact their lenders.

19 35. In numerous instances, Defendants fail to obtain mortgage loan  
20 modifications. In numerous instances, consumers learn from their lenders that  
21 Defendants have not even contacted the lender or that Defendants have had only  
22 minimal, non-substantive contacts with the lender. Some consumers who have  
23 paid for Defendants' services have been able to obtain mortgage loan  
24 modifications and avoid foreclosure only through their own efforts and not because  
25 of any service provided by Defendants.

26 36. In numerous instances, consumers who did not obtain modifications  
27 have encountered difficulty in obtaining promised refunds and have received  
28 refunds only after making repeated requests or complaining to entities such as the

1 Better Business Bureau.

2 **VIOLATIONS OF SECTION 5 OF THE FTC ACT**

3 37. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or  
4 deceptive acts and practices in or affecting commerce.”

5 38. Misrepresentations or deceptive omissions of material fact constitute  
6 deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

7 **Count I**

8 39. In numerous instances, Defendants have represented to consumers,  
9 expressly or by implication, that Defendants will obtain a mortgage loan  
10 modification or stop foreclosure in all or virtually all instances.

11 40. In truth and in fact, Defendants do not obtain a mortgage loan  
12 modification or stop foreclosure in all or virtually all instances.

13 41. Therefore, Defendants’ representation as set forth in Paragraph 39 is  
14 false and misleading and constitutes a deceptive act or practice in violation of  
15 Section 5(a) of the FTC Act, 15 U.S. C. § 45(a).

16 **Count II**

17 42. Through the means described in Paragraphs 19 and 20, Defendants  
18 have represented to consumers, expressly or by implication, that Defendants are  
19 part of, affiliated with, or endorsed by the United States government or one or  
20 more federal government programs.

21 43. In truth and fact, Defendants are not part of, affiliated with, or  
22 endorsed by the United States government or one or more federal government  
23 programs.

24 44. Therefore, Defendants’ representation as set forth in Paragraph 42 is  
25 false and misleading and constitutes a deceptive act or practice in violation of  
26 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

27 **CONSUMER INJURY**

28 45. Consumers have suffered and will continue to suffer substantial injury

1 as a result of Defendants' violations of the FTC Act. In addition, Defendants have  
2 been unjustly enriched as a result of their unlawful acts or practices. Absent  
3 injunctive relief by this Court, Defendants are likely to continue to injure  
4 consumers, reap unjust enrichment, and harm the public interest.

5 **THIS COURT'S POWER TO GRANT RELIEF**

6 46. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court  
7 to grant injunctive and such other relief as the Court may deem appropriate to halt  
8 and redress violations of the FTC Act. The Court, in the exercise of its equitable  
9 jurisdiction, may award ancillary relief, including rescission of contracts and  
10 restitution, and the disgorgement of ill-gotten monies, to prevent and remedy any  
11 violation of any provision of law enforced by the FTC.

12 **PRAYER FOR RELIEF**

13 Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15  
14 U.S.C. § 53(b), and the Court's own equitable powers, requests that the Court:

15 A. Award Plaintiff such preliminary injunctive and ancillary relief as  
16 may be necessary to avert the likelihood of consumer injury during the pendency  
17 of this action, and to preserve the possibility of effective final relief, including but  
18 not limited to temporary and preliminary injunctions;

19 B. Enter a permanent injunction to prevent future violations of the FTC  
20 Act by Defendants;

21 C. Award such relief as the Court finds necessary to redress injury to  
22 consumers resulting from Defendants' violations of the FTC Act, including but not  
23 limited to rescission or reformation of contracts, restitution, the refund of monies  
24 paid, and the disgorgement of ill-gotten monies; and

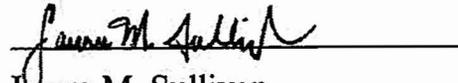
25 D. Award Plaintiff the costs of bringing this action, as well as such other  
26 and additional relief as the Court may determine to be just and proper.

27  
28

1 Dated: April 2, 2009

Respectfully submitted,

3 David C. Shonka  
4 Acting General Counsel

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