

STATE OF MAINE
KENNEBEC, SS

SUPERIOR COURT
CIVIL ACTION
DOCKET NO. CV-06-

STATE OF MAINE ATTORNEY GENERAL AND
DIRECTOR OF THE OFFICE OF CONSUMER
CREDIT REGULATION

Plaintiffs,

v.

Amerquest Mortgage Company,
Town & Country Credit Corporation,
AMC Mortgage Services, Inc. f/k/a Bedford Home
Loans
ACC Capital Holdings Corporation

Defendants.

COMPLAINT FOR INJUNCTION,
RESTITUTION AND OTHER
EQUITABLE RELIEF

INTRODUCTION

1. The Attorney General brings this action in the name of the State of Maine pursuant to the Maine Unfair Trade Practices Act, 5 M.R.S.A. §§ 205-A to 214 ("the Act") and on behalf of the Office of Consumer Credit Regulation pursuant to 5 M.R.S.A. § 191. Plaintiffs seek a permanent injunction, and an order compelling Defendants to pay restitution to borrowers, civil penalties and attorneys' fees and costs for violations of the Act, the Maine Consumer Credit Code, 9-A M.R.S.A. § 1-101 *et seq.* and the Maine Funded Settlement Act, 33 M.R.S.A. § 521-527.

PARTIES

2. Plaintiff, the State of Maine, is a sovereign state that brings this action, by and through its Attorney General G. Steven Rowe, pursuant to 5 M.R.S.A. §§ 191 and 209 and the powers vested in him by common law.

3. Plaintiff Office of Consumer Credit Regulation, by and through its Director William N. Lund, brings this action pursuant to 9-A M.R.S.A. § 6-113.

4. Defendant, Ameriquest Mortgage Company (hereafter "AMQ") is a Delaware corporation with its principal place of business located at 1100 Town & Country Road, Suite 450, Orange, California which at all times mentioned herein, has transacted business within the State of Maine and engaged in the retail-based origination and funding of real estate secured, owner-occupied, residential mortgage loans. The violations of law alleged herein were committed throughout the State of Maine.

5. Defendant Town & Country Credit Corporation (hereafter "TCCC") is a Delaware corporation with its principal place of business located at 2010 Main Street, Suite 800, Irvine, California which at all times mentioned herein, has transacted business within the State of Maine and engaged in the retail-based origination and funding of real estate secured, owner-occupied, residential mortgage loans. The violations of law alleged herein were committed throughout the State of Maine.

6. Defendant AMC Mortgage Services, Inc. f/k/a/Bedford Home Loans (hereafter "AMC") is a Delaware corporation with its principal place of business located at 505 City Parkway West, Suite 100, Orange, California which at all times mentioned herein, has transacted business within the State of Maine and engaged in the retail-based origination and funding of real estate secured, owner-occupied, residential mortgage loans. The violations of law alleged herein were committed throughout the State of Maine.

7. Defendant ACC Capital Holdings Corporation (hereinafter referred to as "ACCCH"), is a Delaware corporation with its principal place of business located at 1100 Town and Country Road, Orange, California and whose subsidiaries AMQ, TCCC and AMC at all times mentioned herein engaged in the retail-based origination and funding of real estate secured, owner-occupied residential mortgage loans.

8. Whenever reference is made in this complaint to any act or practice of Defendants AMQ, TCCC, and AMC (collectively referred to as "the Ameriquest Parties"), such allegation shall be deemed to mean that the principals, officers, directors, employees, agents and representatives of said Defendant did, or authorized, such act or practice on behalf of said Defendant, while actively engaged in the scope of their duties.

9. The Ameriquest Parties advertise, offer, solicit sales of, and sell real estate secured loans and related goods and services to borrowers in Maine and nationwide.

GENERAL ALLEGATIONS

10. In the ordinary course of business, the Ameriquest Parties have originated and funded real estate secured loans with borrowers in the State of Maine. These real estate secured loans were made from or at the Ameriquest Parties' retail lending branches during the period January 1, 1999 through December 31, 2005 (the "Covered Transactions").

11. The Attorney General and the Director of the Office of Consumer Credit Regulation in this state and in other states have received and investigated complaints and conducted examinations concerning the Covered Transactions. Those complaints and investigations related to the Ameriquest Parties' conduct including, but not limited to, the following practices (collectively, "the Lending Practices"):

A. Discount Points: Plaintiffs allege that the Ameriquest Parties failed to provide timely and adequate information to borrowers concerning the amount and purpose of "discount" points and fees imposed on their loans. Further, prior to the implementation of the new computerized pricing model in February 2003, the rate reduction, if any, varied among borrowers who paid the same amount of discount points.

B. Misrepresentation of Loan Costs and Terms: Plaintiffs allege that the Ameriquest Parties made deceptive or misleading representations or omissions regarding loan terms and charges including, but not limited to, the interest rate of the loan; misrepresenting the presence or the mechanics of the adjustable rate feature of the loan; failing to disclose the interest rate or the material costs of the proposed loan when known to the Ameriquest Parties; failing to properly disclose to potential borrowers whether the proposed loan payment included escrowed taxes and insurance payments; misrepresenting the credit status of potential borrowers; and falsely promising borrowers the ability to refinance at a later date as an inducement to enter into the loan.

C. Prepayment Penalties: Plaintiffs allege that Ameriquest Parties engaged in a practice of misleading borrowers about the presence, the significance or meaning of a prepayment penalty and or the duration of a prepayment penalty on their loans. The Ameriquest Parties also made false representations that the prepayment penalties could be waived.

D. Repeat Refinancing: Plaintiffs allege that the Ameriquest Parties, in violation of their own published Best Practices, engaged in the practice of soliciting existing Ameriquest borrowers to refinance within the first 24 months of their loans.

E. Inflated Appraisals: Plaintiffs allege that the Ameriquest Parties engaged in deceptive or misleading acts and practices which resulted in the Ameriquest Parties obtaining inflated appraisals that were substantially in excess of the market value of homes of prospective borrowers. An example of such acts is pressuring appraisers to obtain a certain home value or not receive any future Ameriquest appraisal assignments.

F. Inflated Income: Plaintiffs allege that the Ameriquest Parties engaged in acts and practices which resulted in fabricated and or inflated income information for prospective borrowers, and or non-existent or inflated amounts of assets for prospective borrowers on loan