

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

applications. Those borrowers would have failed to qualify for said loans without the fabricated or inflated income and or assets.

G. Disparaging Federal Disclosures: Plaintiffs allege that Ameriquest Parties engaged in acts and practices that encouraged borrowers to ignore the Truth In Lending Act (TILA) and Real Estate and Settlement Procedures Act (RESPA) disclosures (including the Good Faith Estimate), misrepresented that these disclosures are not representative of the actual loan terms the borrowers will receive, or otherwise disparaged the accuracy and relevance of the required federal disclosures.

H. Loan Funding: Plaintiffs allege that Ameriquest Parties failed to timely fund borrowers' loans at the close of the applicable rescission periods. This practice resulted in costs to consumers, including but not limited to additional interest costs.

**COUNT I**  
**(UTPA § 207- Unfair and Deceptive Practices)**

12. Plaintiffs reallege and incorporates by reference the allegations of Paragraphs 1 to 11 of this Complaint.

13. The Ameriquest Parties engage in trade or commerce within the meaning of 5 M.R.S.A. § 206(3) by making mortgage loans to borrowers. The Ameriquest Parties advertise, offer, solicit sales of, and sell real estate secured loans and related goods and services to Maine borrowers.

14. The Ameriquest Parties engaged in the business of making loans to Maine borrowers that were secured by those borrowers' homes. The Ameriquest Parties used unfair and deceptive promotions, marketing and sales techniques to induce homeowners to refinance their mortgages and consolidate their debts using the Ameriquest Parties' real-estate secured loan products.

15. In the course of their dealings with borrowers and in furtherance of their own direct pecuniary and business gains, the Amerquest Parties committed unfair and deceptive acts, and made material misrepresentations or omissions in violation of 5 M.R.S.A. § 207.

**COUNT II**  
**(Consumer Credit Code, 9-A M.R.S.A. § 1-101 et seq.)**

16. Plaintiffs reallege and incorporate by reference the allegations of Paragraphs 1 through 15 of this Complaint.

17. The Amerquest Parties make supervised loans within the meaning of the Consumer Credit Code ("the Code"), 9-A M.R.S.A. § 1-301(40). Lenders of supervised loans must demonstrate initial and ongoing appropriate financial responsibility, character and fitness pursuant to 9-A M.R.S.A. § 2-302. The Code prohibits unconscionable loans, or loans induced by unconscionable conduct pursuant to 9-A M.R.S.A. § 9-402.

18. The Amerquest Parties used marketing, sales, closing and servicing practices that did not demonstrate appropriate financial responsibility character and fitness in violation of 9-A M.R.S.A. § 2-302 and that constituted unconscionable conduct in violation of 9-A M.R.S.A. § 9-402.

**COUNT III**  
**(Funded Settlement Act, 33 M.R.S.A. §§ 521-527)**

19. Plaintiffs allege and incorporate herein by reference the allegations in Paragraphs 1 through 15 of this Complaint.

20. Supervised lender must fund loans promptly after closing the loans pursuant to 33 M.R.S.A. §§ 521-527.

21. Amerquest Parties closed loans in the State of Maine that were not timely funded in violation of 33 M.R.S.A. §§ 521-527.

WHEREFORE, Plaintiffs prays for judgment as follows:

A. Pursuant to 5 M.R.S.A. § 209 order that the Defendants Ameriquist Parties, their direct and indirect subsidiaries, affiliates, officers, directors, employees, agents, related entities, successors, and assigns, and any and all other persons who act under, by, through, or on behalf of Defendants Ameriquist Parties be permanently restrained and enjoined from the following:

(1) Making or disseminating any misleading unfair or deceptive representations in violation of 5 M.R.S.A. § 207, relating to the marketing or sale of loans to borrowers.

(2) Doing any of the wrongful acts referenced in this Complaint or any other act in violation of 5 M.R.S.A. § 207, Title 9-A M.R.S.A. ("the Code") or Title 33 M.R.S.A. §§ 521-527 (Funded Settlement Act), relating to the business of making retail residential mortgage loans to borrowers.

B. Order Defendants Ameriquist Parties to make restitution to Maine borrowers pursuant to 5 M.R.S.A. § 209 and 9-A M.R.S.A. § 6-113.

C. Award Plaintiffs their attorneys' fees and costs pursuant to 5 M.R.S.A. § 209, 9-A M.R.S.A. § 6-106(6) and 14 M.R.S.A. § 1522.

D. Award the Plaintiffs such other and further relief as the Court deems just and proper and equitable under the circumstances.

Dated March 21, 2006

Respectfully Submitted

G. STEVEN ROWE  
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Regulation