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17 California

18 SUPERIOR COURT OF THE STATE OF CALIFORNIA
19 FOR THE COUNTY OF LOS ANGELES

21 THE PEOPLE OF THE STATE OF
22 CALIFORNIA,

23 Plaintiff,

24 v.

25 MV REALTY PBC, LLC, a Florida limited
liability company; MV REALTY OF
26 CALIFORNIA INC., a California corporation;
27 MV BROKERAGE OF CALIFORNIA INC., a
California corporation; MV REALTY
28 HOLDINGS, LLC, a Florida limited liability

Case No. 23STCV30464

**COMPLAINT FOR PERMANENT
INJUNCTION, CIVIL PENALTIES, AND
OTHER EQUITABLE RELIEF**

(BUS. & PROF. CODE, §§ 17200 *et seq.*,
17500 *et seq.*, and 17590 *et seq.*)

[VERIFIED ANSWER REQUIRED
PURSUANT TO CODE CIV. PROC., §446]

Judge:
Dept.:

1 company; MV REALTY BROKERAGE
2 HOLDINGS, LLC, a Florida limited liability
3 company; MV REALTY RECEIVABLES 1
4 LLC, a Delaware limited liability company;
5 MV RECEIVABLES II, LLC, a Florida
6 limited liability company; MV
7 RECEIVABLES III, LLC, a Florida limited
8 liability company; MV RECEIVABLES IV
9 LLC, a Florida limited liability company; MV
10 RECEIVABLES V LLC, a Florida limited
11 liability company; and DOES 1 through 100,
12 inclusive,

Defendants.

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1 Plaintiff, the People of the State of California (“Plaintiff” or the “People”), by and through
2 Rob Bonta, Attorney General of the State of California, and the District Attorneys of the Counties
3 of Santa Barbara and Napa, allege the following upon information and belief:

4 **I. INTRODUCTION**

5 1. The People bring this action against MV Realty PBC, LLC; MV Realty of
6 California Inc.; MV Brokerage of California, Inc.; MV Realty Holdings, LLC; MV Realty
7 Brokerage Holdings, LLC; MV Realty Receivables 1, LLC; MV Receivables II, LLC; MV
8 Receivables III, LLC; MV Receivables IV, LLC; and MV Receivables V, LLC (collectively,
9 “MV Realty” or “Defendants”) for violations of the False Advertising Law, Unfair Competition
10 Law, and California’s Do Not Call Law.

11 2. MV Realty became active in California in late 2021 during the COVID pandemic,
12 when many people were in dire straits, and has engaged in an abusive scheme that preys on
13 financially vulnerable California homeowners.

14 3. Through deceptive and unlawful online advertising and telemarketing, including
15 illegal telemarketing to hundreds of thousands of Californians on the national Do Not Call
16 Registry, MV Realty targeted homeowners looking for financial help, offering to pay them cash
17 right away if they joined its “Homeowner Benefit Program.” MV Realty deceptively promised
18 that the money, which usually ranged from a few hundred to a few thousand dollars, was “not a
19 loan” and never needed to be paid back. According to MV Realty, all homeowners needed to do
20 was give it the “chance” or “opportunity” to be their real estate agent if they decided to sell their
21 home in the future. If homeowners asked pointed questions about the Homeowner Benefit
22 Program and how it sounded too good to be true, MV Realty’s telemarketers were trained to
23 provide misleading responses that misrepresented the true nature of the Homeowner Benefit
24 Program and the significant burdens it imposed.

25 4. In actuality, the Homeowner Benefit Program is a scheme intended to guarantee
26 that, in the vast majority of cases, homeowners *will* be forced to pay back MV Realty’s initial
27 cash offer, typically set at around 0.27% of the value of the homeowner’s home, at least tenfold.
28 By signing MV Realty’s Homeowner Benefit Agreement, a deceptive, confusing, and

1 contradictory document, homeowners are purportedly obligated to use MV Realty as their
2 exclusive listing agent if they ever decide to sell their home—likely their most valuable and
3 personally significant asset—anytime in the next *forty* years. If the homeowner dies during the
4 40-year period, their successors will purportedly remain bound. Even if MV Realty provides poor
5 realty services and fails to diligently market the home, as homeowners across the country have
6 reported, Californians have essentially no way out of the Homeowner Benefit Agreement. That is
7 because MV Realty refuses to allow homeowners to cancel the Agreement without paying an
8 illegal penalty—which MV Realty calls an “Early Termination Fee”—set at 3% of the home’s
9 value. That amounts to more than 1,000% of MV Realty’s upfront payment.

10 5. Contrary to what it says in its marketing, MV Realty attempts to further bind
11 homeowners by filing an illegal lien on their homes. After a homeowner signs the Homeowner
12 Benefit Agreement, MV Realty records a document called a Memorandum of MVR Homeowner
13 Benefit Agreement (“Memorandum”) in the homeowner’s title records. Although MV Realty tells
14 homeowners that the Memorandum is not a lien, MV Realty intended the Memorandum to act as
15 a lien and cloud the homeowner’s title, preventing the homeowner from transferring the home
16 without MV Realty’s agreement. The Memorandum is thus a lien regardless of how MV Realty
17 styles it, and has the effect of potentially impeding or completely preventing a homeowner from
18 obtaining or refinancing home loans.

19 6. In perpetrating its scheme, MV Realty has repeatedly violated California’s Real
20 Estate Law. For example, MV Realty’s designated California broker-officer did not sign any of
21 its Homeowner Benefit Agreements as required by statute. Instead, these California real estate
22 contracts were signed by individuals not licensed to practice real estate in California. As a result,
23 all of MV Realty’s California Homeowner Benefit Agreements and Memorandums are void and
24 unenforceable. In addition, MV Realty unlawfully: (1) did not maintain a definite place of
25 business in California; (2) did not provide the required disclosure that real estate commissions are
26 not fixed; (3) preprinted its commission rates in its Homeowner Benefit Agreements and listing
27 agreements; (4) took undisclosed compensation from homeowners, and (5) failed to provide
28 required disclosures in its marketing materials.

1 7. Finally, although MV Realty markets its upfront payment as “not a loan,” that
2 payment is a disguised loan subject to the Truth in Lending Act. Because homeowners that enter
3 into the Homeowner Benefit Agreement may need to repay MV Realty the amount received plus
4 a finance charge, MV Realty was required to abide by the Truth in Lending Act’s disclosure and
5 rescission requirements. MV Realty has not done so.

6 8. MV Realty has now been sued by the Attorneys General of Florida,
7 Massachusetts, Pennsylvania, North Carolina, Ohio, New Jersey, and Indiana. Massachusetts and
8 North Carolina both moved for preliminary injunctions and both were granted. The courts ordered
9 MV Realty to, among other things, cease encumbering homeowners’ homes with its illegal liens
10 and other unlawful recorded documents.

11 9. Through this action, the People seek to hold MV Realty accountable for its unfair,
12 unlawful, and fraudulent conduct, and to release Californians from its void contracts and liens.

13 **II. PARTIES**

14 **A. PLAINTIFF**

15 10. Plaintiff is the People of the State of California. The People bring this action by
16 and through Rob Bonta, Attorney General and the state’s chief law officer under article V, section
17 13 of the California Constitution, and the District Attorneys of the Counties of Santa Barbara and
18 Napa.

19 11. The Attorney General and District Attorneys are authorized by Business and
20 Professions Code sections 17203, 17204, and 17206 to bring actions to enforce the Unfair
21 Competition Law, by Business and Professions Code section 17535 and 17536 to bring actions to
22 enforce the False Advertising Law, and by Business and Professions Code section 17593 to bring
23 actions to enforce the California Do Not Call Law.

24 **B. DEFENDANTS**

25 12. Defendant MV Realty of California Inc. (formerly MV Realty of California LLC)
26 is a corporation organized under the laws of California with mailing addresses in Beverly Hills
27 and Irvine, California. MV Realty of California Inc. maintains a Real Estate Broker Corporation
28 License No. 02178739.

1 13. Defendant MV Brokerage of California Inc. is a corporation organized under the
2 laws of California with mailing addresses in Beverly Hills and Irvine, California. MV Brokerage
3 of California Inc. maintains a Real Estate Broker Corporation License No. 02203548.

4 14. Defendant MV Realty PBC, LLC is a limited liability company organized under
5 the laws of Florida with its principal place of business in Delray Beach, Florida. MV Realty PBC,
6 LLC operates substantially the same line of business across at least 33 states using multiple
7 corporate entities.

8 15. Defendant MV Realty Holdings, LLC is a limited liability company organized
9 under the laws of Florida with its principal place of business in Delray Beach, Florida.

10 16. MV Realty Holdings, LLC owns one hundred percent of MV Realty PBC, LLC.

11 17. MV Realty of California Inc. and MV Brokerage of California, Inc. are affiliates
12 or wholly owned subsidiaries of MV Realty PBC, LLC.

13 18. Defendant MV Realty Receivables 1 LLC is a limited liability company organized
14 under the laws of Delaware with its principal place of business in Delray Beach, Florida.

15 19. Defendant MV Receivables II, LLC is a limited liability company organized under
16 the laws of Florida with its principal place of business in Delray Beach, Florida.

17 20. Defendant MV Receivables III, LLC is a limited liability company organized
18 under the laws of Florida with its principal place of business in Delray Beach, Florida.

19 21. Defendant MV Receivables IV LLC is a limited liability company organized under
20 the laws of Florida with its principal place of business in Delray Beach, Florida.

21 22. Defendant MV Receivables V LLC is a limited liability company organized under
22 the laws of Florida with its principal place of business in Delray Beach, Florida.

23 23. Defendant MV Realty Brokerage Holdings, LLC is a limited liability company
24 organized under the laws of Florida with its principal place of business in Delray Beach, Florida.

25 24. Plaintiff is not aware of the true names and capacities of defendants sued herein as
26 DOES 1 through 100, inclusive, and, therefore, sues these defendants by such fictitious names.
27 Each fictitiously named defendant is responsible in some manner for the violations of law alleged.
28 Plaintiff will amend this Complaint to add the true names of the fictitiously named defendants

1 once they are discovered. Whenever reference is made in this Complaint to “Defendants,” such
2 reference shall include DOES 1 through 100 as well as the named defendants.

3 25. At all relevant times, each Defendant transacted and continues to transact business
4 throughout California, including in Los Angeles County, by marketing Defendants’ real estate
5 services to Californians, using a network of California-based real estate agents to sell these
6 services to Californians, signing Homeowner Benefit Agreements with Californians, placing liens
7 on real property located in California, and/or serving as holding companies for Defendants and
8 for the Homeowner Benefit Agreements and Memorandums executed with Californians.

9 26. At all relevant times, each Defendant acted individually and jointly with every
10 other named Defendant in committing all acts alleged in this Complaint.

11 27. At all relevant times, each Defendant acted: (a) as a principal; (b) under express or
12 implied agency; and/or (c) with actual or ostensible authority to perform the acts alleged in this
13 Complaint on behalf of every other named Defendant.

14 28. At all relevant times, some or all Defendants acted as the agent of the others, and
15 all Defendants acted within the scope of their agency if acting as an agent of another.

16 29. At all relevant times, each Defendant knew or realized, or should have known or
17 realized, that the other Defendants were engaging in or planned to engage in the violations of law
18 alleged in this Complaint. Knowing or realizing that the other Defendants were engaging in such
19 unlawful conduct, each Defendant nevertheless facilitated the commission of those unlawful acts.
20 Each Defendant intended to and did encourage, facilitate, or assist in the commission of the
21 unlawful acts, and thereby aided and abetted the other Defendants and other third parties in the
22 unlawful conduct.

23 30. Defendants engaged in a conspiracy, common enterprise, and common course of
24 conduct, the purpose of which is and was to engage in the violations of law alleged in this
25 Complaint. The conspiracy, common enterprise, and common course of conduct continue to the
26 present.

27 31. Defendants are alter egos of each other. There is a unity of interest and ownership
28 between and among Defendants, such that in reality they have no separate personalities.

1 Defendants have used the corporate form to perpetrate fraud and accomplish other wrongful and
2 inequitable acts, including those alleged in this Complaint. Failure to hold Defendants liable for
3 the wrongful acts of their alter egos would lead to an inequitable and unjust result.

4 **III. JURISDICTION AND VENUE**

5 32. This Court has original jurisdiction over this action pursuant to article 6, section 10
6 of the California Constitution.

7 33. This Court has jurisdiction over MV Realty because MV Realty, by obtaining
8 California real estate licenses, marketing its real estate services in California, maintaining a sales
9 force in California to sell such services to homeowners in this state, entering into real estate
10 contracts with Californians, and holding those California contracts, purposefully availed itself of
11 the California market so as to render the exercise of jurisdiction over MV Realty by the California
12 courts consistent with traditional notions of fair play and substantial justice.

13 34. The violations of law alleged in this Complaint occurred in the County of Los
14 Angeles and elsewhere throughout California.

15 35. Venue is proper in this Court pursuant to Code of Civil Procedure section 395.5
16 because Defendants' marketing and sales activities occurred in the Los Angeles region and
17 therefore Defendants' liability arises in the County of Los Angeles.

18 36. Venue is also proper in this Court pursuant to Code of Civil Procedure section
19 393, subdivision (a), because violations of law that occurred in the County of Los Angeles are a
20 part of the cause upon which the Plaintiff seeks the recovery of penalties imposed by statute.

21 **IV. FACTUAL ALLEGATIONS**

22 **A. MV REALTY'S PREDATORY HOMEOWNER BENEFIT PROGRAM**

23 37. MV Realty began operating the Homeowner Benefit Program in Florida in or
24 around 2018. During the COVID pandemic, MV Realty expanded its business across the country.

25 38. In late 2021, MV Realty entered the California market. It signed its first California
26 Homeowner Benefit Agreement in early 2022. By the end of November 2022, MV Realty
27 supposedly stopped entering into new Homeowner Benefit Agreements in California, but it is
28 continuing to enforce its existing Agreements and liens, both of which are unlawful. In the

1 roughly one year that MV Realty was in the California market, it signed at least 1,443
2 Homeowner Benefit Agreements with Californians and recorded illegal liens on most of these
3 properties.

4 39. MV Realty achieved these numbers by making a seductive and misleading pitch to
5 financially strapped homeowners during the pandemic. It offered an immediate \$300–\$5,000
6 payment that homeowners would keep “no matter what,” in exchange for giving MV Realty the
7 “opportunity” to be the homeowners’ listing agent if they decided to sell their home in the future.

8 40. Typically, the actual payment, which MV Realty calls a “promotion fee” in the
9 Homeowner Benefit Agreement but internally refers to as an “advance,” represents 0.27% of the
10 home’s value, as determined by MV Realty. On average, MV Realty paid California homeowners
11 approximately \$1,414.

12 41. To receive their payment, homeowners had to sign the Homeowner Benefit
13 Agreement and Memorandum, which overwhelmingly favor MV Realty and purport to¹ impose
14 unlawful, unfair, and fraudulent terms on homeowners.

15 42. Functionally, the Homeowner Benefit Agreement is an exclusive listing
16 agreement, meaning a California real estate contract under which a real estate broker has the
17 exclusive right to sell a homeowner’s home for a fixed time. Exclusive listing agreements
18 typically benefit both the homeowner and the broker. Their exclusivity incentivizes the broker to
19 work hard to obtain the highest sale price for the home, since they have a right to commission if
20 they sell it during the contract period. In contrast, the Homeowner Benefit Agreement only
21 benefits MV Realty, not the homeowner.

22 43. First, whereas typical exclusive listing agreements last three to six months, the
23 Homeowner Benefit Agreement purports to bind the homeowner for 40 years. If, at any time in
24 the next 40 years, the homeowner sells the home, attempts to cancel the Agreement, or otherwise
25 triggers its Early Termination Fee (described below in paragraphs 58 through 62), the homeowner
26 must pay MV Realty at least 3% of the home’s value at the time of signing, as determined by MV

27 ¹ Because the Homeowner Benefit Agreement and Memorandum are unlawful and void,
28 they do not bind consumers.

1 Realty. This amount is typically over ten times what MV Realty paid the consumer upfront and
2 must be paid regardless of whether MV Realty has provided any services.

3 44. Even death does not release the homeowner. If the homeowner dies before the 40-
4 year period is up, the Homeowner Benefit Agreement requires that the homeowner's successors
5 assume its obligations.

6 45. MV Realty further harms the homeowner by filing a lien on their property. After a
7 homeowner signs the Homeowner Benefit Agreement and Memorandum, MV Realty records the
8 Memorandum with the county recorder where the homeowner's property is located. Although
9 MV Realty tells homeowners that the Memorandum is not a lien, the Memorandum is in fact a
10 lien—an illegal one.

11 46. MV Realty's recorded Memorandum clouds title on a homeowner's property and
12 prevents them from transferring title unless the Memorandum is removed. To remove the
13 Memorandum, homeowners must pay MV Realty an amount equal to at least 3% of the home's
14 value at the time they signed the Homeowner Benefit Agreement.

15 47. The Memorandum can also impede or completely deny homeowners the ability to
16 obtain home equity lines of credit, refinance their mortgages, or obtain reverse mortgages. Those
17 transactions require MV Realty to subordinate its illegal lien, or temporarily "lift and reinstate" it.
18 But some lenders will not agree to lend even if MV Realty does agree to subordinate or lift and
19 reinstate its lien. Even if potential lenders do agree to MV Realty's terms, these steps can delay
20 what are otherwise routine transactions.

21 48. While denying to homeowners that it places a lien on their homes, MV Realty has
22 acknowledged internally that the Memorandum is a lien and has told its own potential investors
23 that the Homeowner Benefit Agreement is "an effectively lien protected contractual
24 commitment." In describing the Homeowner Benefit Program, MV Realty's audited financial
25 statements say: "The Company files a lien on the underlying home." And although MV Realty
26 persuades homeowners that it will not "take [their] home or obligate [them] to sell," MV Realty's
27 attorneys have admitted that the lien created by the Homeowner Benefit Agreement entitles MV
28 Realty to foreclose on a homeowner's property.

1 49. For those homeowners who do try to sell with MV Realty, the Homeowner Benefit
2 Program creates additional hardships. If a homeowner or their successor decides to sell their
3 home within 40 years, the Homeowner Benefit Agreement purports to require them to enter into
4 an additional six-month listing agreement with MV Realty. This subsequent listing agreement
5 contains pre-set terms that the homeowner may never have seen, since they may not sign it until
6 decades later.²

7 50. If MV Realty does sell a homeowner's home, the homeowner must pay 3% of
8 either (1) the sale price, or (2) the value of the home (as determined by MV Realty) at the time the
9 homeowner entered into the Homeowner Benefit Agreement, whichever is higher.³ This is MV
10 Realty's "Commission Floor," and it insulates MV Realty, but not the homeowner, against drops
11 in the housing market. In other words, if MV Realty sells a home over the next 40 years for less
12 than its own valuation of the property, MV Realty claims that it is still entitled to 3% of its initial
13 valuation amount.

14 51. Homeowners who sell their homes with MV Realty must also pay a \$500
15 "Administrative Fee" that other realty companies do not charge. MV Realty uses this deceptive
16 and illegal fee to reimburse itself for the \$500 commission that it paid the agent who misled the
17 homeowner to enter the Homeowner Benefit Agreement (described below in paragraphs 153
18 through 158).

19 52. Although MV Realty tells homeowners that it gets a "one-time, six-month
20 opportunity" to sell their home, this promise is deceptive and illusory. If MV Realty fails to sell
21 the home in six months, the homeowner has only 60 days to sell the home on their own or with

22
23 ² Because the Homeowner Benefit Agreement requires the homeowner to enter into a
24 subsequent listing agreement, it is an agreement to agree and as such is unenforceable. MV Realty
25 also does not attach the actual version of this subsequent listing agreement to the hard-copy
26 Homeowner Benefit Agreement so that homeowners could easily review it when they sign.
27 Instead, it buries a link to the listing agreement in the Homeowner Benefit Agreement and states
28 that the listing agreement that the homeowner must sign in the future will be "similar" to the
agreement found at the link. However, because the Homeowner Benefit Agreement lasts forty
years, the listing agreement that MV Realty uses in the distant future will likely be different from
the example provided at the link. MV Realty is therefore purporting to bind homeowners to a
future contract that they may never have seen.

³ MV Realty receives 6% of the sale price if there is no other cooperating broker involved
in the transaction.

1 another agent—but only at the same price and on identical terms as MV Realty offered to
2 potential buyers. If they can do so under those onerous requirements, the homeowner need not
3 pay MV Realty. But if they cannot, which is likely given the compressed timeframe and
4 restrictive terms, the homeowner continues to be bound by the 40-year Homeowner Benefit
5 Agreement and must either use MV Realty to sell their home or pay the 3% Early Termination
6 Fee.

7 53. Although MV Realty advertises the quality of its real estate services and charges a
8 top-of-market commission, the Homeowner Benefit Program actually reduces MV Realty's
9 incentive to offer quality services and/or obtain the highest sale price for homeowners in a short
10 amount of time.

11 54. One reason for that is MV Realty's Commission Floor, which, as described above,
12 guarantees that MV Realty will always receive at least 3% of its valuation of the homeowner's
13 home at signing, regardless of the sale price. In contrast, other real estate brokers typically earn
14 their commission on a home sale based on the price at which they sell the home. Because brokers'
15 responsiveness, marketing, and other services can affect this price, they are incentivized to
16 provide better service to obtain a higher sale price.

17 55. However, the Commission Floor reduces MV Realty's incentive to provide the
18 high-quality services it advertises and to obtain the highest sale price for a home. That is because
19 even if MV Realty provides poor services in selling a consumer's home, the Homeowner Benefit
20 Agreement ensures that MV Realty will receive the predetermined Commission Floor.

21 56. In addition, MV Realty further reduces its listing agents'⁴ incentive to put in the
22 same level of work as other brokers' agents. That is because MV Realty only pays them 10% of
23 its total broker's commission upon sale, whereas the typical commission for a listing agent is at
24 least 50% of the broker's commission.

25 57. As would be expected from this incentive structure, homeowners across the
26 country have reported that when they actually try to sell with MV Realty, the company is difficult
27 to get in touch with, slow to respond, fails to return messages, and may not provide many of the

28 ⁴ The listing or seller's agent is the agent who lists and sells the home.

1 typical services that other brokerages offer. For example, MV Realty’s listing agents may never
2 even visit the property, provide a “for sale” sign, or hold an open house. At the same time, MV
3 Realty’s 3% broker’s commission is at the top of the market, and MV Realty locks it in for forty
4 years.

5 58. The Early Termination Fee is another reason why MV Realty has a reduced
6 incentive to quickly sell a consumer’s home for the highest price. The reason is straightforward.
7 Even if MV Realty provides poor services or no services at all, the Fee prevents the homeowner
8 from cancelling—or otherwise selling without MV Realty—for forty years unless they pay the
9 greater of: (1) 3% of the home’s value at the time of signing, or (2) 3% of its value at the time of
10 the alleged breach.⁵ MV Realty determines both valuations. In either case, the Early Termination
11 Fee will typically be more than ten times what MV Realty initially paid homeowners.

12 59. The Homeowner Benefit Agreement requires payment of the Early Termination
13 Fee, which it deceptively describes as “liquidated damages,” in other circumstances as well. For
14 example, if the homeowner dies and the Agreement’s obligations are not assumed by the
15 homeowner’s successor within ten days, “or as soon as the circumstances reasonably warrant,”
16 MV Realty is purportedly entitled to the Fee. The same is true if the homeowner even “attempts”
17 to terminate the Agreement for whatever reason.

18 60. While the amount of the Early Termination Fee and the circumstances that trigger
19 it have remained largely the same since MV Realty began operating its predatory scheme, MV
20 Realty previously, and more accurately, described the Fee as a “penalty” in earlier versions of the
21 Homeowner Benefit Agreement.

22 61. MV Realty’s Early Termination Fee is unlawful for two independent reasons.

23 62. First, MV Realty knows or can straightforwardly calculate its damages when a
24 consumer allegedly breaches a Homeowner Benefit Agreement, and therefore its actual damages
25 are not impracticable or extremely difficult to fix.

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⁵ As with the Commission Floor, the Early Termination Fee benefits MV Realty if the
home’s value increases and ensures it is unaffected if the value declines.

1 63. Second, the Early Termination Fee enables MV Realty to earn a greater profit
2 when a homeowner breaches than it would earn from selling the home. For example, MV Realty
3 does not reduce the Fee to account for the 10% commission it would have to pay the listing agent
4 if MV Realty sold the home. Therefore, the fee was unreasonable under the circumstances
5 existing at the time the contract was made.

6 64. Another reason the Homeowner Benefit Program disadvantages homeowners is
7 that, even though they signed an agreement with MV Realty, homeowners cannot be certain who
8 will actually sell their home in the future. That is because the Homeowner Benefit Agreement
9 claims that MV Realty can assign all of its obligations—including its obligation to provide real
10 estate services—to anyone at any time without the homeowner’s consent.

11 65. A homeowner’s decision about whom they want to sell their home is financially,
12 personally, and legally significant, as evidenced by the fiduciary relationship between
13 homeowners and their real estate brokers. But despite the fundamental importance of this
14 relationship, the 1,443 California homeowners who signed the Homeowner Benefit Agreement
15 purportedly no longer have any control over who will sell their home for the next 40 years.

16 **B. MV REALTY DECEPTIVELY MARKETS THE HOMEOWNER BENEFIT**
17 **PROGRAM**

18 66. The obligations imposed by the Homeowner Benefit Agreement are significant
19 and essential for homeowners to understand so they know what they are signing up for. Indeed,
20 MV Realty has admitted that many of these obligations are “key” and “basic” elements of the
21 Agreement. But MV Realty’s deceptive marketing misled homeowners about the deal they were
22 really getting.

23 67. MV Realty sold the Homeowner Benefit Program by targeting financially
24 vulnerable homeowners during the pandemic through deceptive marketing on MV Realty’s
25 websites, third-party websites, social media, targeted browser advertisements, and print
26 advertising. Once MV Realty obtained homeowners’ contact information, both through its own
27 advertisements and by paying third-party “lead generators,” it barraged them with hundreds of
28 thousands of deceptive and unlawful calls, texts, and emails.

1 68. MV Realty’s websites and other online advertising did not include a copy of the
2 Homeowner Benefit Agreement and Memorandum for homeowners to review, and MV Realty
3 trained its telemarketers not to provide a copy of these documents in advance of the contract
4 signing unless homeowners requested them.

5 69. As a result, the first time many homeowners saw the Homeowner Benefit
6 Agreement was when MV Realty sent a notary to their home or another location, such as a coffee
7 shop parking lot, to execute the contract.

8 70. Nor did MV Realty use the contract signing as an opportunity to educate
9 homeowners on the terms of the Agreement. MV Realty trained its agents to provide misleading
10 responses to homeowners’ questions, and the Agreement’s deceptive, confusing, and
11 contradictory terms would be difficult if not impossible for a layperson to understand.

12 71. For example, the Homeowner Benefit Agreement deceptively: (1) includes an
13 early termination fee that is actually an unlawful penalty, and (2) purports to bind successors in
14 interest by creating an unlawful covenant “running with the land” without satisfying the statutory
15 basis.⁶ In addition, the document that MV Realty refers to in the Agreement as a “Memorandum”
16 is actually an illegal lien. Moreover, provisions in many of the California Homeowner Benefit
17 Agreements relating to when and how MV Realty may obtain a lien against a homeowner are
18 contradictory.

19 72. As described below, MV Realty’s deception was likely to mislead homeowners
20 about the Homeowner Benefit Program and its terms.

21 **a. MV Realty’s Deceptive Online Marketing**

22 73. MV Realty’s online marketing emphasized the upside of joining the Homeowner
23 Benefit Program—“immediate cash”—while misrepresenting the many downsides. In doing so,

24 _____
25 ⁶ Covenants running with the land may be created between: (1) a grantor of land and the grantee
26 of land conveyed, or (2) separate landowners, whereby one party, the covenantor, agrees: “to do
27 or refrain from doing some act on his own land... for the benefit of the land of the covenantee.”
28 (Cal. Civ. Code § 1468.) These acts must relate to “the use, repair, maintenance or improvement
of, or payment of taxes and assessments on, such land or some part thereof.” (Civ. Code §
1468(c).) Covenants running with the land may also be created between a lessor and a lessee.
(Civ. Code § 1469.) The Homeowner Benefit Agreement meets none of these requirements.

1 MV Realty deceptively marketed the Program as a government benefit, a loyalty program, or a
2 limited-time promotion that gave homeowners cash and MV Realty the “chance” or
3 “opportunity” to sell the homeowner’s home. MV Realty did not advertise what the Program
4 actually is: a 40-year commitment that binds successors, is secured by a lien on the homeowner’s
5 home, requires at least a ten-fold repayment in almost all cases, essentially cannot be cancelled,
6 and is assignable by MV Realty at will.

7 74. MV Realty obtained homeowner contact information, which it used for
8 telemarketing, through at least four methods: (1) third-party lead generator websites that solicited
9 homeowners’ contact information; (2) MV Realty’s browser ads that linked to its websites; (3)
10 MV Realty’s social media ads, posts, and videos that linked to its websites; and (4) MV Realty’s
11 websites, which solicited homeowners’ contact information. Each method targeted financially
12 vulnerable homeowners and created a misleading impression of the Homeowner Benefit Program.

13 75. **First**, MV Realty purchased homeowners’ contact information from third-party
14 lead generators that maintained websites designed to attract homeowners searching for payday
15 loans, sweepstakes, or public benefits. These websites made it seem like the homeowner would
16 receive information about a government stimulus, cash prize, or small loan if they entered their
17 contact information. These websites included learnaboutyourstimulus.com, dailyfreebie.com,
18 americanfamilyassistance.com, found-benefits.com, and nextpaydayadvance.com.

19 76. **Second**, MV Realty bought thousands of different paid browser search terms so
20 that when homeowners ran those searches, they would receive targeted browser advertisements
21 from MV Realty. These search terms targeted individuals searching for veteran benefits, senior
22 benefits, public programs, and loans to fix their homes. They included “home repair grants for
23 veterans,” “mortgage stimulus program,” “government home repair grants,” “help for seniors
24 with home repairs,” and “I need help with bills now.”

25 77. The browser ads that homeowners received from MV Realty in response to these
26 searches misrepresented the Homeowner Benefit Program as being a loyalty program, a public
27 benefit or stimulus, or offering money just for signing up. For example, one ad stated,
28 “Homeowner Benefit Program | Get a Cash Investment | Sign-Up Reward Up To \$5,000[.] New

1 program members may be able to access their Benefit Funds as soon as today. The Homeowner
2 Benefit Program is more than a stimulus. Get ongoing support and guidance.” In some cases, the
3 ads specifically targeted homeowners seeking to refinance, telling them: “Before refinancing,
4 give us a call to see if our program can help cover closing costs.”

5 78. **Third**, MV Realty marketed through social media platforms including Facebook,
6 Instagram, Twitter, and YouTube. MV Realty’s paid advertisements, marketing posts, and videos
7 on these platforms targeted homeowners struggling during the pandemic. They emphasized MV
8 Realty’s cash offer and misrepresented the Homeowner Benefit Program as a “loyalty program”
9 that merely provided MV Realty “the opportunity” to serve as the homeowners’ real estate agent.
10 For example, one post read, “Paid my bills today. That’s what our clients are saying after they
11 join our Homeowner Benefit Program where we give them \$300-\$5,000 just for agreeing to work
12 with us in the future.”

13 79. MV Realty’s video advertisements, which MV Realty featured on social media
14 platforms as well as its own websites, misleadingly depicted the Homeowner Benefit Program as
15 a “No obligation” program that paid homeowners just “for being a homeowner.” These
16 advertisements misrepresented the Program’s significant obligations.

17 80. **Fourth**, MV Realty operates numerous websites dedicated to the Homeowner
18 Benefit Program. Each of these websites contains false and misleading information about the
19 Program.

20 81. These websites deceptively marketed the Homeowner Benefit Program by
21 emphasizing how easily homeowners could get paid, trumpeting, for example, that “Homeowners
22 Receive Cash Quickly with this Loan Alternative!” and “Text us your address and we’ll get you a
23 **CASH OFFER** in less than 5 minutes!!”

24 82. Until approximately October 2022, these websites did not clearly disclose the
25 Homeowner Benefit Program’s oppressive terms, such as its 40-year duration, Early Termination
26 Fee, the filing of an illegal lien on homeowners’ homes, or that the Program purports to bind
27 homeowners’ successors.

28

1 83. After news outlets across the country reported that MV Realty was misleading
2 vulnerable homeowners into signing the Homeowner Benefit Agreement, MV Realty updated its
3 website at homeownerbenefit.com on or around October 2022 to include additional information
4 about the Program. By that time, MV Realty had already entered into over 1,270 Homeowner
5 Benefit Agreements with Californians and had recorded illegal liens in connection with the vast
6 majority of them.

7 84. However, MV Realty did not update its other misleading websites, videos, or
8 social media content.

9 85. In addition, MV Realty’s updated homeownerbenefit.com website, which it has
10 now modified several times, was still misleading as of November 2022. At that time, the website
11 stated that: (1) the Memorandum is not a lien, when in fact it is; (2) MV Realty gets a “one-time,
12 six-month opportunity” to sell the home, when in fact the Homeowner Benefit Agreement’s
13 obligations continue beyond that period unless the homeowner can sell their home on restrictive
14 terms; and (3) refinancing is “no problem,” when in fact MV Realty’s illegal lien can cause
15 delays and lenders to refuse to lend even if MV Realty agrees to subordinate or lift its lien.

16 86. Although MV Realty has made additional changes over the past year, the website
17 was still misleading as of the date of this filing.

18 **b. MV Realty’s Deceptive Phone, Email, and Text Marketing**

19 87. MV Realty trained and incentivized its telemarketers to convince as many
20 homeowners as possible to sign the Homeowner Benefit Agreement, creating an environment that
21 encouraged deceptive marketing. MV Realty’s telemarketers pitched the Homeowner Benefit
22 Program along the same lines as MV Realty’s online marketing: by emphasizing the immediate
23 availability of cash that supposedly did not need to be repaid.

24 88. To respond to homeowner “objections,” MV Realty provided its telemarketers
25 with training materials that misrepresented the Program and the Agreement. For example, if
26 homeowners asked whether the Memorandum was a lien, MV Realty trained its telemarketers to
27 assure them that it was not.

28

1 89. MV Realty employed two kinds of telemarketers: Transfer Specialists and licensed
2 California real estate agents. Transfer Specialists pitched the Homeowner Benefit Program to
3 consumers and then transferred them to real estate agents to provide MV Realty’s cash offer and
4 schedule the contract signing.

5 90. MV Realty required Transfer Specialists to make 450 to 600 calls per day. MV
6 Realty made clear that Transfer Specialists could be fired, or their employment otherwise
7 affected, if they did not overcome objections and get homeowners to join the Homeowner Benefit
8 Program.

9 91. MV Realty provided Transfer Specialists with scripts that instructed them on how
10 to pitch the Homeowner Benefit Program and respond to common “objections.”

11 92. The pitch scripts included false statements, misrepresentations, and misleading
12 half-truths that emphasized only the upsides of the Program—the upfront cash—without
13 discussing any of the downsides. Some scripts instructed Transfer Specialists to say that they
14 were calling from “the Homeowner Benefit Program,” implying that they were offering a public
15 benefit or loyalty program. In some cases, the scripts make it seem like MV Realty would only
16 get “the first right” or “opportunity” to sell the consumer’s home, rather than exclusive rights for
17 forty years. For example, one script states, “[W]hat we would ask is that IF you ever decide to sell
18 your home in the future that you give our company the first right to list your home.” Another
19 script states:

20 “This is _____ with the Homeowner Benefit Program. The reason for the call is
21 that you qualify for our Homeowner Benefit Program, where we pay homeowners
22 on average \$400-\$1,000 dollars. Just to confirm, are you still a homeowner here
23 in (City)?” [Pause] “Excellent! (Homeowner), to be more specific, we will pay
24 you for us to be your future realtor. To be clear, this is not a loan, so we would
25 never ask for you to pay us back, and you’re not required to ever sell your home.
26 All we ask is that IF you ever decide that you need a realtor in the future that you
27 choose to work with us. And for this opportunity, we will pay you for this
28 opportunity. Does that make sense?” [Pause] “Great! In less than 2 minutes, I will
have one of my agents give you the exact amount we can offer you today.”

1 93. MV Realty wrote its pitch scripts so that if homeowners do not ask any questions,
2 the Transfer Specialists will not provide any additional information about the Homeowner Benefit
3 Program.

4 94. MV Realty's scripts that described how to respond to objections were also
5 misleading. For example, in response to the objection, "I do not want a lien on my house," MV
6 Realty instructed Transfer Specialists to say, "Homeowner, we do not file a lien, we file a
7 memorandum. The purpose of the memorandum is to serve public notice of the homeowner's
8 obligations which means duty/obligation is that you simply use MV Realty in a future sale." In
9 fact, the Memorandum is an illegal lien.

10 95. If a homeowner said, "I don't want to be tied down to a single brokerage, I would
11 want options in the future," MV Realty instructed the Transfer Specialist to respond: "I get it!
12 First all we are asking for is the first rights to list your property should you ever decide to sell.
13 And we will be the most motivated real estate brokerage that you could possibly ever work with
14 because we are financially invested into you." The Transfer Specialist's response misleadingly
15 implies that the homeowner will not be "tied down" to MV Realty, when in fact they will be
16 obligated to sell with MV Realty for the next 40 years.

17 96. MV Realty also instructed Transfer Specialists to say that the cash offer was
18 simply part of a "marketing campaign," and that the Program was "perfect" for a homeowner who
19 wanted to leave their home for their children, when in fact the Homeowner Benefit Agreement
20 purported to bind the homeowner's children for the remainder of its term.

21 97. MV Realty also required its real estate agents to function as telemarketers and
22 incentivized them to sign as many Homeowner Benefit Agreements as they could by paying them
23 a commission of \$500 per Agreement signed, rather than a salary.

24 98. As with Transfer Specialists, MV Realty required its real estate agents to meet
25 certain metrics, including calling a minimum of 30 homeowners per day and 150 per week, and
26 scheduling two Homeowner Benefit Agreement signings per week. Beyond these minimum
27 requirements, MV Realty measured its agents on the total number of leads claimed, calls made,
28 signings scheduled, and the ratio of signings scheduled against Agreements actually signed. MV

1 Realty reserved weekend calls, when the potential for commissions would be higher, for real
2 estate agents who made 30-60 daily outbound calls, scheduled at least two closings per week, and
3 maintained a signing ratio of 60% or higher.

4 99. MV Realty also required its real estate agents to repeatedly contact homeowners
5 until they reached them. For example, agents were trained to contact consumers up to seven times
6 in three days. If that did not work, MV Realty would reassign the homeowner to another agent,
7 who would start the process again.

8 100. As with its Transfer Specialists, MV Realty provided its real estate agents with
9 materials that presented the Homeowner Benefit Program in a misleading way, emphasizing the
10 upfront cash offered and misrepresenting homeowner obligations. If the homeowner had
11 additional questions, MV Realty told its agents to “Answer questions the person asks” but “Don’t
12 provide objections that the client hasn’t offered.” MV Realty provided agents with scripts
13 designed to misleadingly respond to and overcome the “objections” that homeowners raised.

14 101. For example, if a homeowner said they were looking for a refinance rather than
15 what MV Realty was offering, agents were instructed to say that the Homeowner Benefit Program
16 would be “perfect” for them since it was a “true incentive that requires no credit check and no
17 repayment” and could “assist them with closing costs.” In fact, MV Realty’s illegal lien could
18 actually *prevent* homeowners from refinancing.

19 102. If a homeowner asked how MV Realty justified its 3% commission when “other
20 realtors charge way less,” MV Realty trained its agents to misleadingly promote the company’s
21 realty services as if they were top-of-market, even though MV Realty’s actual real estate practices
22 do not support these statements. Contrary to what it told consumers, MV Realty did not
23 incentivize its agents to spend significant time and effort to sell homes. While it paid agents \$500
24 for each Homeowner Benefit Agreement signed, it paid them only 10% of MV Realty’s
25 commission for each home sold. In contrast, real estate listing agents typically receive at least
26 50% of their brokerage’s commission, if not more.

27 103. MV Realty’s scripts also misleadingly stated that if a homeowner wanted to sell
28 their home, MV Realty “would sign a 6-month listing agreement” and “our agreement even offers

1 you the opportunity to list and sell on your own, or with another Brokerage, if we are unable to
2 sell your home within those 6 months.” These and similar statements were likely to deceive
3 consumers about the difficulty and likelihood of selling their home without using MV Realty or
4 paying its Early Termination Fee.

5 104. MV Realty also provided misleading scripts for its real estate agents to use when
6 sending emails and text messages to homeowners. These scripts emphasized MV Realty’s offer of
7 fast, easy cash while misrepresenting the significant downsides of the Homeowner Benefit
8 Program. For example, one email told homeowners: “Remember, because it’s not a loan, there is
9 NO repayment.”

10 105. In or around September 2022—after it was facing negative press, being
11 investigated by the Better Business Bureau, and had already signed over 1,000 California
12 Homeowner Benefit Agreements—MV Realty updated its training materials. Among other
13 things, MV Realty began providing its real estate agents with a link to videos explaining what it
14 called the “key elements” of the Homeowner Benefit Program. MV Realty also added a new line
15 to its “Best Practices” training slide that told agents, for the first time, to “Educate the
16 Homeowner on all aspects of our Agreement.”

17 106. However, providing a full explanation of the Homeowner Benefit Agreement was
18 contrary to agents’ financial incentives and past training, and MV Realty never implemented any
19 procedures to ensure that agents would actually begin providing such an explanation. MV Realty
20 did not record any of its telemarketers’ calls and had no policies or procedures relating to the
21 monitoring, oversight, review, or discipline of its Transfer Specialists and real estate agents.

22 107. In addition, the new scripts that MV Realty provided regarding the Homeowner
23 Benefit Program’s key terms continued to contain misleading information. For example, the
24 “Memorandum” script said that it is “filed in the county clerk and serves as public notice of our
25 homeowner benefit agreement, which is an instrument that gives us the ability to activate a lien in
26 the event you breach our agreement by not allowing us to represent you as the listing agent once
27 you list your home.” In fact, as MV Realty knew and intended, the Memorandum itself is a lien
28 that clouded the homeowner’s title as soon as MV Realty filed it.

1 108. As another example, MV Realty’s new script on its Early Termination Fee simply
2 said that there is a “3% cancellation fee for breach of our agreement.” However, it provided no
3 further information about the Fee, including the many ways in which it can be triggered beyond
4 just “cancellation,” and did not explain that the Fee is 3% of MV Realty’s valuation of the
5 homeowner’s home.

6 109. To give one more example, MV Realty’s new script on its “Exclusive Right to
7 List” states that “whether you decide to sell next week, next year, or maybe in twenty years, you
8 agree to allow us to represent you as your listing agent. But if you never sell, no worries, nothing
9 happens. The funds are yours to keep.” In fact, MV Realty may demand that the homeowner
10 repay over 1,000% of the upfront payment via the Early Termination Fee even if the homeowner
11 never sells, including if the homeowner dies and their successor does not assume the obligation
12 quickly enough.

13 110. The new scripts also fail to disclose all material elements of the Homeowner
14 Benefit Agreement, since they do not include, for example, MV Realty’s right to assign all of its
15 real estate obligations to the homeowner at will, or the possibility that MV Realty’s illegal lien
16 could impede or prevent a homeowner’s ability to refinance.

17 **c. The Homeowner Benefit Agreement Signing Process Furthers MV Realty’s**
18 **Bait-and-Switch Scheme**

19 111. The final step of MV Realty’s predatory scheme to lock homeowners into the
20 Homeowner Benefit Agreement was the contract signing. After a homeowner agreed to join the
21 Homeowner Benefit Program, MV Realty scheduled a mobile notary to provide them the
22 Agreement for signing and notarization.

23 112. The first time that most homeowners saw the Homeowner Benefit Agreement was
24 when the notary presented it to them for signing, after they had been subject to MV Realty’s
25 deceptive marketing and sales pitches, and after they had already agreed to join the Program.

26 113. The Homeowner Benefit Agreement is a deceptive, confusing, and internally
27 contradictory document. Furthermore, MV Realty targeted homeowners who were in need of cash
28 and did not deliver payment until after they signed, increasing the likelihood that they would not

1 carefully review the Agreement. As MV Realty trained its agents to tell homeowners before
2 online notarizations, “You’re one step closer to getting your money!”

3 114. If the homeowner had questions about the Homeowner Benefit Agreement during
4 the signing process, MV Realty instructed the notary not to provide any guidance and instead to
5 call the real estate agent. But MV Realty’s agents relied on its misleading scripts to answer
6 “objections” and were financially incentivized to convince homeowners to sign. As MV Realty
7 instructed its agents: “Managing your signing is a CRITICAL step in the process.”

8 115. At a certain point, MV Realty began requiring homeowners to sign a so-called
9 “Satisfaction Guarantee” along with the Homeowner Benefit Agreement. MV Realty updated this
10 document multiple times and some versions of it purported to disclose homeowners’ obligations
11 to MV Realty under headings like “Our Commitment to you” and “3 Key Disclosures.” But these
12 disclosures were deceptively incomplete and misleading. For example, in one version, under the
13 heading “Right to Transparency,” MV Realty told homeowners that it was recording a
14 “Memorandum” when it was actually recording an illegal lien.

15 **C. MV REALTY’S TELEMARKETING PRACTICES ARE UNLAWFUL**

16 116. MV Realty aggressively expanded its Homeowner Benefit Program by illegally
17 telemarketing to Californians on the National Do Not Call Registry. MV Realty’s telemarketing
18 calls invaded Californians’ privacy in violation of the California Do Not Call Law and exposed
19 California consumers to MV Realty’s predatory scheme.

20 117. The Federal Trade Commission maintains a national list of consumers who do not
21 wish to receive certain types of telemarketing calls (the “National Do Not Call Registry” or
22 “Registry”). Consumers can register their telephone numbers on the Registry without charge
23 either through a toll-free telephone call or over the Internet at www.donotcall.gov. Calling a
24 consumer on the National Do Not Call Registry is in turn a violation of California’s Do Not Call
25 Law. (Bus. & Prof. Code section 17590.)

26 118. In an effort to sell its Homeowner Benefit Program, MV Realty made and cause to
27 be made telephone calls to Californians on the Registry. MV Realty purchased, gathered, and
28 received Californians’ contact information, also known as leads, from third parties. Once MV

1 Realty obtained a lead, its Transfer Specialists and real estate agents aggressively telemarketed
2 the Homeowner Benefit Program. Through this conduct, MV Realty acted as a telephone
3 solicitor, since its employees and/or agents initiated telephone calls to California telephone
4 numbers and sought to promote MV Realty’s services, including the Homeowner Benefit
5 Program. These calls violated California Business & Professions Code section 17592.

6 119. None of the California Do Not Call Law’s exemptions apply to MV Realty. MV
7 Realty’s third-party lead providers did not have an established business relationship with the
8 California consumers whose information they provided to MV Realty, and consumers did not
9 expressly request a referral to MV Realty from the lead providers. Nor did MV Realty have the
10 requisite consent to call its leads and/or does not possess the requisite proof of consent.

11 120. Other law enforcement agencies have already concluded that MV Realty illegally
12 called consumers on the Do Not Call Registry. Specifically, the FCC investigated MV Realty’s
13 use of PhoneBurner, a third-party platform, for telemarketing and robocalling, and concluded that
14 MV Realty placed nearly 12 million calls nationally to phone numbers listed on the National Do
15 Not Call Registry.⁷ On January 24, 2023, the FCC ordered all United States-based voice service
16 providers to prevent the transmission on their networks of suspected illegal robocall traffic from
17 MV Realty using the PhoneBurner platform.⁸

18 121. The FCC found that: (1) the calls were telephone solicitations; (2) homeowners
19 called by MV Realty “did not give consent to be called and did not have an established business
20 relationship with MV Realty”; (3) MV Realty “frequently called consumers who repeatedly and
21 affirmatively asked MV Realty to stop calling them”; (4) MV Realty failed to remove
22 homeowners from its calling list despite being notified by MV Realty’s own employees that those
23 homeowners had asked to be removed; and (5) “10,926,635 calls were placed to wireless numbers
24 and 1,022,739 calls were placed to landline phone numbers actively listed on the DNC Registry.”⁹

25 ⁷ Fed. Comm’n Comm’n, Public Notice: FCC Enforcement Bureau Notifies All U.S.-
26 Based Providers of Apparently Illegal Robocall Traffic from PhoneBurner, Inc. and MV Realty
PBC, LLC, File No. EB-TCD-22-00033721, pp. 2-4, <https://docs.fcc.gov/public/attachments/DA-23-65A1.pdf> (Jan. 24, 2023).

27 ⁸ *Id.* at 1.

28 ⁹ *Id.* at 4.

1 122. Based on partial PhoneBurner records alone, MV Realty made or initiated
2 hundreds of thousands of telephone solicitations to Californians on the National Do Not Call
3 Registry.¹⁰

4 **D. MV REALTY VIOLATES CALIFORNIA REAL ESTATE LAW**

5 123. MV Realty violated numerous components of the California Real Estate Law,
6 Business and Professions Code 10000 *et seq.* (“Real Estate Law”), and the California Real Estate
7 Commissioner Regulations, 10 C.C.R. 2705 *et seq.* (“Real Estate Regulations”), in the course of
8 perpetrating its Homeowner Benefit Program scheme. These violations include conducting
9 unlicensed activity, failing to maintain a definite place of business, violating laws related to the
10 disclosure of real estate commissions, the taking of secret or undisclosed compensation, and the
11 violation of disclosure requirements for solicitation material.

12 124. Violations of the Real Estate Law have serious ramifications. Because MV
13 Realty’s Homeowner Benefit Agreements were signed in violation of the Real Estate Law, they
14 and their recorded Memorandums are void and unenforceable.

15 **a. Unlicensed Activity**

16 125. MV Realty violated the Real Estate Law by having unlicensed company
17 employees who were not the designated officer for its California brokerages sign Homeowner
18 Benefit Agreements.

19 126. MV Realty of California and MV Brokerage of California are the only MV Realty
20 entities holding a California real estate license. All other MV Realty entities, including MV
21 Realty PBC, are not licensed to engage in real estate brokerage business in California.

22 127. Most of the Homeowner Benefit Agreements that MV Realty entered into with
23 Californians were between homeowners and MV Realty of California, but some Homeowner
24 Benefit Agreements were between homeowners and MV Brokerage.¹¹

25 ¹⁰ This is a conservative estimate of calls initiated by or on behalf of MV Realty.
26 Additional calls may have been made by MV Realty’s real estate agents using their personal
27 phones and by MV Realty’s telemarketing vendors. The total number of Californians on the
28 National Do Not Call Registry called by MV Realty is currently unknown.

¹¹ Even though MV Brokerage received its real estate license on November 10, 2022, it
unlawfully entered into Homeowner Benefit Agreements with California homeowners before that
date.

1 128. It is unlawful for anyone to “engage in the business of, act in the capacity of,
2 advertise as, or assume to act” as a real estate broker or real estate salesperson in the State of
3 California “without first obtaining a real estate license” from the Department of Real Estate. (Bus.
4 & Prof. Code § 10130.) The purpose of California’s real estate licensing laws is to protect the
5 public.

6 129. When a real estate license is issued to a corporation, the entity may operate as a
7 corporate real estate broker only through a designated officer’s license. Only the designated
8 officer may conduct licensed activities on the corporation’s behalf unless the corporation procures
9 additional licenses to retain additional officers. (Bus. & Prof. Code §§ 10158, 10159, 10211.)

10 130. Since on or around May 27, 2022, Marlinda Campos Girley has been the
11 designated officer and licensed broker of record of MV Realty of California. Before May 27,
12 2022, the designated officer of MV Realty of California was Linda A. Steele. Girley is also the
13 designated officer for MV Brokerage of California.

14 131. Under the Real Estate Law, a real estate broker is “a person who, for a
15 compensation or in expectation of a compensation, regardless of the form or time of payment,
16 does or negotiates to do one or more [certain statutorily specified] acts for another or others...”
17 (Bus. & Prof. Code § 10131.)

18 132. Executing the Homeowner Benefit Agreement is real estate broker activity under
19 the Real Estate Law. By its terms, the Homeowner Benefit Agreement provides MV Realty with
20 the exclusive right to act as listing agent and earn a 3% commission, or a 6% commission if no
21 cooperating brokers are involved in the transaction, for any sale of a homeowner’s home for a 40-
22 year term.

23 133. Therefore, by entering into Homeowner Benefit Agreements with California
24 homeowners, MV Realty solicited and/or obtained the listing of real property, and offered to sell,
25 solicit prospective buyers of, and negotiate the sale of real property, in exchange for
26 compensation or in expectation of compensation. These are acts requiring a broker license under
27 Business and Professions Code section 10131(a), which MV Realty was required to perform
28 through its designated broker-officer.

1 134. In addition, the small cash incentive offered by MV Realty to the homeowner also
2 constitutes a solicitation or negotiation of a loan that is secured by real property. This is also real
3 estate brokerage activity requiring a license.

4 135. MV Realty was well aware that it should have used its designated broker-officer to
5 sign its Homeowner Benefit Agreements. MV Realty engaged a law firm to conduct a California
6 business expansion analysis. The law firm determined that the definition of a “real estate broker”
7 under California law likely encompasses MV Realty’s acts in entering into Homeowner Benefit
8 Agreements, and recommended MV Realty assume that its conduct would be regulated by the
9 Real Estate Law and its associated licensing requirements and regulations.

10 136. Yet MV Realty chose not to comply with the law.

11 137. MV Realty’s designated officers did not sign any of its Homeowner Benefit
12 Agreements and Memorandums. Instead, MV Realty’s Homeowner Benefit Agreements and
13 Memorandums were signed by individuals not licensed to practice real estate in California.

14 138. Most of the Homeowner Benefit Agreements and Memorandums were signed on
15 behalf of MV Realty by Amanda Zachman or by individuals with stated power of attorney for
16 Zachman, who were unlicensed to engage in real estate brokerage business in California.
17 Zachman, whom MV Realty identifies as its founder and Chief Sales Officer, has not held a
18 California real estate license since 2014.

19 139. The remaining Homeowner Benefit Agreements and Memorandums were signed
20 on behalf of MV Realty of California or MV Brokerage of California by other individuals who
21 are also unlicensed to engage in real estate brokerage activity in California.

22 140. Because they were entered into by unlicensed persons who were not the designated
23 officer for MV Realty of California or MV Brokerage of California, every Homeowner Benefit
24 Agreement and Memorandum that MV Realty signed with a California homeowner, and every
25 commission or Early Termination Fee that MV Realty obtained or received as a result of a
26 Homeowner Benefit Agreement, is in violation of the Real Estate Law’s licensure requirement.
27 Therefore, the Homeowner Benefit Agreements and recorded Memorandums are void and
28

1 unenforceable. In addition, the Memorandums are unrecordable because they do not affect title to
2 or possession of real property.

3 **b. Failing to Maintain a Definite Place of Business**

4 141. MV Realty also violated the Real Estate Law's requirement that every licensed
5 real estate broker must maintain a definite place of business in the State of California that serves
6 as the broker's office for the transaction of business. This office must display the broker's license
7 and serve as the location for personal consultations with clients. A real estate license does not
8 authorize the licensee to do business except from the location stipulated in the real estate license.
9 (Bus. & Prof. Code, § 10162.)

10 142. MV Realty does not operate such an office.

11 143. MV Realty of California and MV Brokerage of California claim, for the purpose
12 of their California real estate licenses with the Department of Real Estate, to have an office
13 located at 17595 Harvard Avenue STE C171, Irvine, California 92614. However, this address is
14 not a physical office location but a mailbox rental from a business located at that address. MV
15 Realty of California and MV Brokerage of California do not display their licenses at this location,
16 and it is not an office for the transaction of their business.

17 144. As part of its California business expansion analysis, MV Realty's law firm
18 advised it that licensed real estate brokers must have and maintain a definite place of business.
19 However, MV Realty did not open the required office.

20 145. By failing to have and maintain a definite place of business, MV Realty violated
21 Business and Professions Code section 10162.

22 **c. Violation of Laws Governing Real Estate Commissions**

23 146. MV Realty failed to comply with the Real Estate Law's requirements regarding
24 real estate commissions in printed or form agreements.

25 147. The Real Estate Law prohibits a form agreement from fixing the amount of a real
26 estate commission, recognizing that homeowners have the right to negotiate that fee. The Real
27 Estate Law has two specific requirements. First, the amount or rate of compensation must not be
28 pre-printed in any agreement. (Bus. & Prof. Code § 10147.5(b).) Second, under section

1 10147.5(a), agreements must instead contain the following statement in not less than 10-point
2 boldface type immediately preceding any provision relating to compensation of the licensee:

3 **Notice: The amount or rate of real estate commissions is not fixed by law. They are**
4 **set by each broker individually and may be negotiable between the seller and broker.**

5 148. The Homeowner Benefit Agreement fails on both accounts.

6 149. First, MV Realty preprints the amount of its compensation in its Homeowner
7 Benefit Agreements and subsequent listing agreements: 3% or 6% of the total sales price for the
8 property, depending on whether there is another cooperating broker involved in the transaction.

9 150. Second, many of MV Realty’s Homeowner Benefit Agreements do not include the
10 statutorily required notice that the amount of real estate commissions is not fixed by law.

11 Although the Homeowner Benefit Agreements include a link to a sample listing agreement that
12 contains this notice, a copy of this sample listing agreement is not included with the Homeowner
13 Benefit Agreements at the time of contract signing and is referred to by MV Realty only as
14 “similar to” the listing agreement that will ultimately be provided to the homeowner.

15 151. At a certain point, MV Realty began including the required notice in its
16 Homeowner Benefit Agreements. In some cases, these notices remained insufficient under the
17 law because they were not bolded.

18 152. Each of MV Realty’s Homeowner Benefit Agreements and other listing
19 agreements that violate Business and Professions Code sections 10147.5(a) and/or 10147.5(b) is
20 void and unenforceable.

21 **d. Taking of Secret or Undisclosed Compensation**

22 153. MV Realty violated the Real Estate Law’s prohibition against claiming or taking a
23 secret or undisclosed amount of compensation, commission, or profit, or failing to reveal the full
24 amount of its compensation, commission, or profit. (Bus. & Prof. Code § 10176(g).)

25 154. After entering into a Homeowner Benefit Agreement, homeowners who wish to
26 sell with MV Realty are required to enter into a subsequent listing agreement. This later
27 agreement requires homeowners to pay MV Realty an additional \$500 “Administrative Fee.”

28 155. MV Realty hides this required fee from homeowners.

1 156. MV Realty also does not disclose to homeowners that its real estate agents receive
2 a \$500 commission for each homeowner they convince to sign a Homeowner Benefit Agreement.

3 157. The purpose of the \$500 administrative fee is to repay MV Realty for the \$500
4 signing commission.

5 158. By concealing the fact that its agents receive a \$500 commission for each
6 Homeowner Benefit Agreement signed, and that homeowners must pay for this bonus via a
7 hidden “Administrative Fee” in MV Realty’s listing agreement, MV Realty violated Business and
8 Professions Code section 10176(g).

9 **e. Violation of Solicitation Material Disclosure Requirements**

10 159. The Real Estate Law and Regulations impose requirements on the disclosure of
11 real estate license information in consumer solicitation materials. Under Business and Professions
12 Code section 10140.6 and California Code of Regulations, title 10, section 2773, solicitation
13 materials intended to be the first point of contact with consumers are required to include the real
14 estate licensee name, license identification number, and responsible broker’s identity.

15 160. MV Realty failed to provide the required information on MV Realty’s solicitation
16 materials, including its websites, social media pages and paid advertisements, browser
17 advertisements, and other marketing.

18 161. By failing to provide all of the required disclosures on its solicitation materials,
19 MV Realty violated Business and Professions Code section 10140.6 and California Code of
20 Regulations, title 10, section 2773.

21 **E. MV REALTY VIOLATES THE TRUTH IN LENDING ACT**

22 162. In everything but name, the Homeowner Benefit Program is a loan. MV Realty
23 loans homeowners funds through the cash advance that MV Realty intends to recoup many times
24 over, either through a real estate sales commission or the Early Termination Fee. As a loan, the
25 Homeowner Benefit Program is subject to the Truth in Lending Act (“TILA”), which MV Realty
26 violated by, among other things, failing to provide disclosures of key credit terms and failing to
27 notify homeowners of their rescission rights.

28

1 163. In May 1968, the United States Congress enacted TILA as part of the Consumer
2 Credit Protection Act (Pub. L. 90-321). Congress passed the Consumer Credit Protection Act to
3 “assure a meaningful disclosure of credit terms” to consumers. (15 U.S.C. § 1601(a).) TILA is
4 codified at 15 U.S.C. § 1601 *et. seq.*, and implemented by Regulation Z, 12 C.F.R. § 1026.1.
5 TILA and Regulation Z require creditors to meaningfully disclose credit terms and create
6 rescission rights for consumers.

7 164. TILA defines “creditor” as “a person who both: (1) regularly extends, whether in
8 connection with loans, sales of property or services, or otherwise, consumer credit . . . for which
9 the payment of a finance charge *is or may be* required, and (2) is the person to whom the debt
10 arising from the consumer credit transaction is initially payable on the face of the evidence of
11 indebtedness” (15 U.S.C. § 1602(g) [emphasis added].) Regulation Z similarly defines
12 “creditor.” (12 C.F.R. § 1026.2(a)(17).)

13 165. Through the Homeowner Benefit Agreement, MV Realty extended consumer
14 credit to California homeowners because the Homeowner Benefit Agreement granted
15 homeowners the right to defer repaying MV Realty in exchange for MV Realty’s upfront
16 payment. Under the terms of the Homeowner Benefit Agreement, MV Realty is owed, either as a
17 minimum real estate commission or as an Early Termination Fee, at least 3% of MV Realty’s
18 current valuation of the property. Each Homeowner Benefit Agreement identifies the minimum
19 amount owed by specific dollar amount. The Homeowner Benefit Agreement defers payment of
20 this amount until either: (1) the property owner sells the property with MV Realty as the broker,
21 or (2) an early termination event. If neither event occurs within 40 years, the Homeowner Benefit
22 Agreement ends the payment obligation.

23 166. Under TILA, a “finance charge” is the cost of credit, “determined as the sum of all
24 charges, payable directly or indirectly by the person to whom the credit is extended, and imposed
25 directly or indirectly by the creditor as an incident to the extension of credit.” (15 U.S.C.
26 § 1605(a).) Statutory examples of finance charges include interest, service charges, loan fees, or
27 other similar charges. (15 U.S.C. § 1605(a)(1)–(6).) As defined by Regulation Z, a finance charge
28 “is the cost of consumer credit as a dollar amount.” (12 C.F.R. § 1026.4(a).) “It includes any

1 charge payable directly or indirectly by the consumer and imposed directly or indirectly by the
2 creditor as an incident to or a condition of the extension of credit.” (*Ibid.*)

3 167. For each Homeowner Benefit Agreement transaction, MV Realty expected to
4 obtain both repayment of the promotion fee (the money it provided to consumers upfront) and
5 payment of additional charges and fees as a condition for the promotion fee. MV Realty imposed
6 these additional fees as part of the Homeowner Benefit Program. For homeowners that use MV
7 Realty as their listing agent, MV Realty imposed the following charges: payment of a real estate
8 commission and payment of the \$500 Administrative Fee. For homeowners that did not use MV
9 Realty as a listing agent, MV Realty imposed the Early Termination Fee. These are finance
10 charges under TILA and Regulation Z.

11 168. Because payment of these finance charges “may” be required under every
12 Homeowner Benefit Agreement, TILA applies to these transactions.

13 169. In addition, MV Realty knew that most people would sell their homes within 40
14 years, requiring payment to MV Realty.

15 170. In short, MV Realty’s upfront payment to property owners is a disguised credit
16 transaction; the rate of interest can be calculated when either: (1) the property owner uses MV
17 Realty as a listing broker and completes a sale, or (2) the property owner must pay the Early
18 Termination Fee. In either event, the interest rate is unfair and not disclosed.¹²

19 171. MV Realty originated the Homeowner Benefit Agreements and was a party to at
20 least 1,443 Homeowner Benefit Agreements with California homeowners. On the face of the
21 Homeowner Benefit Agreement, MV Realty is the entity to whom the homeowner’s obligation is
22 initially payable.

23 172. Although the Homeowner Benefit Agreement is a loan, MV Realty failed to
24 disclose key facts in the form required by TILA and Regulation Z, including:

- 25 a. Disclosure of the “amount financed,” using that term. (15 U.S.C. § 1638(a)(2); 12

26 _____
27 ¹² The Homeowner Benefit Agreements are closed-end credit agreements because
28 California homeowners are given the right to obtain a single promotion fee and to defer its
repayment; the Homeowner Benefit Agreement does not contemplate repeated transactions with
individual California homeowners.

1 C.F.R. § 1026.18(b));

2 b. Disclosure of the “finance charge,” using that term. (15 U.S.C. § 1638(a)(3); 12

3 C.F.R. § 1026.18(d));

4 c. Disclosure of the “annual percentage rate,” using that term. (12 C.F.R.

5 § 1026.18(e)); and

6 d. Descriptive explanations of terms. (15 U.S.C. § 1638(a)(8).)

7 173. If a creditor obtains a security interest in a property used by a homeowner as their
8 principal dwelling, TILA and Regulation Z create a right of rescission for the homeowner obligor.
9 TILA and Regulation Z require the creditor to disclose to the obligor a notice of the right to
10 rescind and to provide appropriate rescission forms. (15 U.S.C. § 1635; 12 C.F.R. § 1026.23.)

11 174. By recording an illegal lien on homeowners’ homes, MV Realty sought to obtain a
12 security interest in properties used by California homeowners as their principal dwelling.

13 175. Nonetheless, MV Realty failed to properly disclose to California homeowners their
14 right to rescind under TILA and failed to deliver the appropriate rescission forms in the format
15 required by 15 U.S.C. § 1635(a) and 12 C.F.R. § 1026.23(b)(1).

16 176. Although the Homeowner Benefit Agreement contained a rescission provision¹³
17 and homeowners later began receiving a separate “Homeowner Satisfaction Guarantee,” neither
18 met the requirements of TILA and Regulation Z.

19 177. The Homeowner Benefit Agreement provides:

20 11. **Rescission.** Property Owner may rescind this Agreement within 3 days of the date of its execution by Property Owner by sending
21 written notice of Property Owner’s election to rescind to the following email address: cancel@homeownerbenefit.com. Upon receipt of
22 such notice at the email address listed, the Company will provide Property Owner with an acknowledgment of receipt of the Property
23 Owner’s election to rescind. The acknowledgement of receipt will be sent to the Property Owner at the email address from which the
24 notice of election was transmitted to Company. In the event Property Owner rescinds the Agreement under this provision, Property
Owner must repay, within 10 days from the date of the Property Owner’s notice of election to rescind, all funds paid to Property Owner
by the Company pursuant to this Agreement. The effective date of the rescission will be the later of: (i) the date the Property Owner
receives the acknowledgement of receipt from the Company, or (ii) the date on which the funds that were paid to Property Owner are
returned to the Company. If the Company does not receive all monies paid by the Company to Property Owner by the deadline for
repayment mentioned in this paragraph, Property Owner shall forever forfeit Property Owner’s right to rescind this Agreement and this
Agreement shall be binding and enforceable on the Company and Property Owner.

25 178. At a certain point, MV Realty began providing homeowners with a “Homeowner
26 Satisfaction Guarantee” that disclosed:

27 ¹³ In at least some instances, MV Realty did not provide consumers with their signed
28 Homeowner Benefit Agreement until after the rescission provision’s period ended or at least after
it had already begun, making the rescission provision deceptive and unfair.

Right to Rescind

You have a RIGHT TO RESCIND this Agreement within 3 days of the date of your signing, by sending written notice of your election to rescind to the following email address: **Cancel@HomeownerBenefit.com**

179. The Homeowner Benefit Agreement’s rescission provision and the Homeowner Satisfaction Guarantee’s notification of a “Right to Rescind” are deficient under TILA and Regulation Z because, among other reasons:

- a. Under TILA and Regulation Z, the homeowner has the right to rescind until midnight of the third business day following: (1) the consummation of the transaction; or (2) the delivery of the material disclosures and rescission forms required under TILA, whichever is later. (15 U.S.C. § 1635(a); 12 C.F.R. § 1026.23(a).) In contrast, the Homeowner Benefit Agreement’s rescission provision and the Homeowner Satisfaction Guarantee state that the Property Owner only has three days to rescind.
- b. Under TILA as implemented by Regulation Z, the homeowner may exercise the right to rescind by notifying the creditor “of the rescission by mail, telegram or other written communication.” (12 C.F.R. § 1026.23(a)(2).) The Homeowner Benefit Agreement’s rescission provision and the Homeowner Satisfaction Guarantee limit the notice to email correspondence.
- c. Under TILA and Regulation Z, the creditor must provide the homeowner obligor with appropriate forms to exercise the right to rescind, (15 U.S.C. § 1635(a); 12 C.F.R. § 1026.23(b)(2)), while the Homeowner Benefit Agreement’s rescission provision and the Homeowner Satisfaction Guarantee do not provide a form to rescind.
- d. Under TILA and Regulation Z, any security interest given by the obligor becomes void upon rescission, (15 U.S.C. § 1635(b); 12 C.F.R. § 1026.23(d)(1)), while the Homeowner Benefit Agreement’s rescission provision states that the effectiveness

1 of the rescission depends on whether the homeowner repays the promotion fee.
2 e. Under TILA and Regulation Z, the creditor must take all steps necessary to
3 terminate the security interest created under the transaction, and TILA and
4 Regulation Z further condition the homeowner obligor's obligation to return any
5 money until the creditor has complied with its obligation to terminate its security
6 interest. (15 U.S.C. § 1635(b); 12 C.F.R. § 1026.23(d)(2)&(3).) However, the
7 Homeowner Benefit Agreement's rescission provision requires the homeowner to
8 repay the promotion fee within 10 days of the election to rescind.

9 **CAUSES OF ACTION**

10 **FIRST CAUSE OF ACTION**
11 **Violations of the False Advertising Law,**
12 **Business and Professions Code Section 17500 *et seq.***
13 **(Against All Defendants)**

14 180. The People reallege and incorporate by reference each of the paragraphs above as
15 though fully set forth herein.

16 181. Defendants have engaged in and continue to engage in, have aided and abetted and
17 continue to aid and abet, and have conspired to and continue to conspire to engage in acts or
18 practices that constitute violations of Business and Professions Code section 17500, as alleged
19 above.

20 182. Defendants, with the intent to induce California consumers to join the Homeowner
21 Benefit Program and sign the Homeowner Benefit Agreement, have made or caused to be made,
22 in violation of Business and Professions Code section 17500, numerous untrue or misleading
23 statements and omissions including but not limited to statements regarding the nature, terms,
24 obligations, requirements, effect, purpose, and services of the Homeowner Benefit Program and
25 its related contracts and agreements, including but not limited to the Homeowner Benefit
26 Agreement and the Memorandum. These statements and omissions constitute untrue and
27 misleading advertising under section 17500.
28

1 183. These misleading statements and omissions were material and reasonable persons
2 were likely to be deceived by the misrepresentations and/or omissions contained in Defendants'
3 misleading statements.

4 184. Defendants knew, or by the exercise of reasonable care should have known, that
5 the statements or omissions were untrue or misleading at the time such statements were made.

6 185. Unless enjoined and restrained by order of the Court, Defendants will continue to
7 engage in such violations.

8 **SECOND CAUSE OF ACTION**
9 **Violations of the Unfair Competition Law,**
10 **Business and Professions Code Section 17200 *et seq.***
11 **(Against All Defendants)**

12 186. The People reallege and incorporate by reference each of the paragraphs above as
13 though fully set forth herein.

14 187. As set forth in California's Unfair Competition Law, California Business and
15 Professions Code section 17200 *et seq.* prohibits unfair competition, which is defined to "mean
16 and include any unlawful, unfair or fraudulent business act or practice and unfair, deceptive,
17 untrue or misleading advertising and any act prohibited by [Business and Professions Code
18 sections 17500-17606]."

19 188. Defendants have engaged in and continue to engage in, have aided and abetted and
20 continue to aid and abet, and have conspired to and continue to conspire to engage in acts or
21 practices that constitute unfair competition within the meaning of California Business and
22 Professions Code section 17200, as alleged above. Defendants' unlawful, unfair, or fraudulent
23 acts and practices in violation of Business and Professions Code section 17200 include, but are
24 not limited to, the following:

- 25 a. Multiple violations of Business and Professions Code section 17500, as alleged in
26 the First Cause of Action in paragraphs 180 through 185.
- 27 b. Multiple violations of Business and Professions Code section 17590, as alleged in
28 the Third Cause of Action in paragraphs 190 through 195.
- c. Multiple violations of California's Real Estate Law and Regulations, including:

- 1 i. Engaging in unlicensed real estate activity in violation of Business and
2 Professions Code sections 10130, 10131, 10158, 10159, and 10211.
- 3 ii. Failing to have and maintain a definite place of business in violation of
4 Business and Professions Code section 10162.
- 5 iii. Failing to disclose on Homeowner Benefit Agreements that the amount of
6 commission is not fixed by law in violation of Business and Professions
7 Code section 10147.5.
- 8 iv. Preprinting the amount of commission on Homeowner Benefit Agreements
9 and listing agreements in violation of Business and Professions Code
10 section 10147.5.
- 11 v. Claiming or taking a secret or undisclosed amount of compensation,
12 commission, or profit or failing to reveal to the seller the full amount of the
13 Defendants' compensation, commission, or profit, in violation of Business
14 and Professions Code section 10176(g).
- 15 vi. Failing to provide all required disclosures on solicitation materials in
16 violation of Business and Professions Code section 10140.6 and California
17 Code of Regulations 2773.
- 18 d. Multiple violations of the Truth in Lending Act, 15 U.S.C. § 1601 *et seq.*, and 12
19 C.F.R. § 1026 *et seq.*, including:
 - 20 i. Failing to provide disclosures to California consumers in violation of 15
21 U.S.C. § 1638 and 12 C.F.R. § 1026.18, and
 - 22 ii. Failing to provide notice of property owners' right to rescind under the
23 Truth in Lending Act and failing to deliver appropriate rescission forms, in
24 violation of 15 U.S.C. § 1635 and 12 C.F.R. § 1026.23.
- 25 e. Inclusion of the Early Termination Fee in Defendants' Homeowner Benefit
26 Agreements, which is unlawful because:
 - 27 i. It seeks to obtain a commission for unlicensed activity, in violation of
28 Business and Professions Code sections 10130 and 10131.

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- ii. It violates Civil Code section 1671, because Defendants’ damages upon alleged breach are not impracticable or extremely difficult to calculate.
- iii. It violates Civil Code section 1671, because the provision was unreasonable under the circumstances existing at the time the contract was made.

f. Fraudulent acts including but not limited to numerous untrue or misleading statements and omissions, such as statements regarding the nature, terms, obligations, requirements, effect, purpose, and services of the Homeowner Benefit Program and its related contracts and agreements, including but not limited to the Homeowner Benefit Agreement and the Memorandum. These misleading statements and omissions were material and reasonable persons were likely to be deceived by the misrepresentations and/or omissions contained in Defendants’ misleading statements.

g. Unfair acts including but not limited to the marketing of the Homeowner Benefit Program and the Program itself, including the nature, terms, obligations, requirements, effect, purpose, and services of the Program and the manner in which it is implemented, and the Program’s related contracts and agreements, including but not limited to the Homeowner Benefit Agreement and the Memorandum. Defendants’ actions are immoral, unethical, oppressive, unscrupulous, and consumers have been substantially injured by Defendants’ actions. The harm to consumers outweighs the utility of Defendants’ actions and any countervailing benefits to consumers. Moreover, consumers themselves could not reasonably have avoided such injury.

189. Unless enjoined and restrained by order of the Court, Defendants will continue to engage in such violations.

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THIRD CAUSE OF ACTION
Violations of the California Do Not Call Law,
Business and Professions Code Section 17590 *et seq.*
(Against All Defendants)

190. The People reallege and incorporate by reference each of the paragraphs above as though fully set forth herein.

191. Business & Professions Code section 17592(a)(1) defines a “telephone solicitor” as including any person or entity who, on his or her own behalf or through salespersons or agents, announcing devices, or otherwise, makes or causes a telephone call to be made to a California telephone number and seeks to rent, sell, exchange, promote, gift, or lease goods or services during those calls.

192. Business & Professions Code section 17592(c) prohibits telephone solicitors from making or causing to be made telephone calls to California telephone numbers listed on the National Do Not Call Registry and seeking to rent, sell, exchange, promote, gift, or lease goods or services during those calls.

193. MV Realty, either directly or indirectly as a result of a third party acting on its behalf, is a telephone solicitor pursuant to Business & Professions Code section 17592(a)(1), and has violated Section 17592(c)(1) by making or causing to be made telephone calls to California telephone numbers listed on the National Do Not Call Registry and seeking to rent, sell, exchange, promote, gift, or lease goods or services during those calls.

194. MV Realty does not qualify for any of the exceptions in Business & Professions Code section 17592(e).

195. Unless enjoined and restrained by order of the Court, Defendants will continue to engage in such violations.

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PRAYER FOR RELIEF

WHEREFORE, the People pray for judgment as follows:

1. Pursuant to California Business and Professions Code section 17535, that Defendants be permanently enjoined from making any false or misleading statements in violation

1 of California Business and Professions Code section 17500, as alleged in this Complaint.

2 2. Pursuant to California Business and Professions Code section 17203, that
3 Defendants be permanently enjoined from any act or practice that constitutes unfair competition
4 in violation of California Business and Professions Code section 17200, including but not limited
5 to:

- 6 a. Requiring Defendants to release all liens and/or Memorandums against a
7 California homeowner's home;
- 8 b. Requiring Defendants to release all California homeowners from any Homeowner
9 Benefit Agreement;
- 10 c. Enjoining Defendants from entering into or enforcing the terms of any
11 Homeowner Benefit Agreement with any California homeowner;
- 12 d. Enjoining Defendants from recording any lien and/or Memorandum against a
13 California homeowner's home; and
- 14 e. Enjoining Defendants from operating the Homeowner Benefit Program or any
15 similar business in California.

16 3. Pursuant to Business and Professions Code section 17203, that the Court enter all
17 orders or judgment as may be necessary to restore to any person in interest any money or other
18 property that Defendants may have acquired by violations of Business and Professions Code
19 section 17200, as proved at trial, including but not limited to orders or judgment holding that all
20 California Homeowner Benefit Agreements and Memorandums are void and that all liens and/or
21 Memorandums filed with a county recorder are void.

22 4. Pursuant to California Business and Professions Code section 17536, that the
23 Court assess a civil penalty of \$2,500 against Defendants for each violation of California
24 Business and Professions Code section 17500, as proved at trial.

25 5. Pursuant to California Business and Professions Code section 17206, that the
26 Court assess a civil penalty of \$2,500 against Defendants for each violation of California
27 Business and Professions Code section 17200, as proved at trial.

28 6. Pursuant to California Business and Professions Code section 17206.1(a), that the

1 Court assess, in addition to any penalties assessed under California Business and Professions
2 Code sections 17536 and 17206, a civil penalty of \$2,500 against Defendants for each violation of
3 California Business and Professions Code section 17200 perpetrated against a senior citizen or
4 disabled person, as proved at trial.

5 7. Pursuant to California Business and Professions Code section 17593, that the
6 Court assess a civil penalty of \$50,120 against Defendants for each violation of California
7 Business and Professions Code section 17592, as proved at trial.

8 8. That Plaintiff recover its costs of suit, including costs of investigation.

9 9. For such other and further relief as the Court deems just and proper.

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12 Dated: December 13, 2023

Respectfully Submitted,

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ROB BONTA
Attorney General of California
TINA CHAROENPONG
Supervising Deputy Attorney General

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GABRIEL SCHAEFFER
Deputy Attorney General
*Attorneys for the People of The State of
California*

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