

**IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

**COMMONWEALTH OF
PENNSYLVANIA, by Attorney
General Michelle A. Henry,**

Plaintiff,

v.

**EAGLE ROCK RESORT CO., LLC,
UNITED EQUITABLE
MORTGAGE CORPORATION,
EAGLE ROCK REAL ESTATE
CO., and DOUBLE DIAMOND –
DELAWARE, INC.,**

Defendants.

No. _____

COMPLAINT

The Commonwealth of Pennsylvania, by Attorney General Michelle A. Henry (hereinafter “Commonwealth” or “Attorney General” or “Plaintiff”), brings this action on behalf of the Commonwealth and against Defendants Eagle Rock Resort Co., LLC, United Equitable Mortgage Corporation, Eagle Rock Real Estate Co., and Double Diamond – Delaware, Inc. (collectively, the “Eagle Rock Defendants” or “Eagle Rock”), to restrain by permanent injunction their unfair and deceptive acts and practices, pursuant to: the provisions of the Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1, *et seq.*

(“Consumer Protection Law”), which authorizes the Attorney General to bring an action in the name of the Commonwealth of Pennsylvania to restrain by temporary or permanent injunction unfair methods of competition or unfair or deceptive acts or practices in the conduct of any trade or commerce declared unlawful by the Consumer Protection Law; and Section 1042 of the Consumer Financial Protection Act of 2010, 12 U.S.C. § 5552(a) (“CFPA”), which authorizes the Attorney General to seek, and the Court to order, permanent injunctive relief, monetary relief, and other relief for Defendants’ acts or practices that violate the provisions of the CFPA and/or the Interstate Land Sales Full Disclosure Act of 1968, 15 U.S.C. § 1701, *et seq.* (“ILSA”).

The Commonwealth believes it serves the public interest to seek a permanent injunction from this Honorable Court to restrain the methods, acts, and practices of the Defendants. The Commonwealth believes that Defendants caused Pennsylvanians harm and will continue to cause Pennsylvanians harm unless this Court enjoins Defendants’ illegal acts and practices. The Commonwealth also seeks restitution pursuant to Section 201-4.1 of the Consumer Protection Law, 73 P.S. § 201-4.1, appropriate civil penalties pursuant to Section 201-8(b) of the Consumer Protection Law for willful violations, 73 P.S. § 201-8(b), and costs.

In support thereof, the Commonwealth avers the following:

INTRODUCTION

1. Eagle Rock Resort Co., LLC is a corporate real estate developer that—in coordination with the other Eagle Rock Defendants—sells and provides seller financing (mortgage loans) for thousands of lots of undeveloped land in rural Pennsylvania to consumers.

2. Eagle Rock sells the lots in part through deception.

3. Eagle Rock falsely tells consumers that Eagle Rock is offering the undeveloped lots at or below the lots' resale values. In reality, Eagle Rock prices its undeveloped lots far *higher* than the lots' resale values—often several hundred percent more, if the lots have any ability to be resold at all. Eagle Rock reinforces its misrepresentations by providing deceptive information about comparison property sales to consumers.

4. Eagle Rock also misrepresents that the lots could serve as an investment that has the potential to increase in value. But Eagle Rock sells the undeveloped lots at such a high price over resale value that no consumers would ever break even unless they built a house on the property. And most consumers who have bought lots have not built a house.

5. Eagle Rock also misrepresents that the lots—which, again, are being sold at a premium using deceptive comparisons and other misleading sales tactics—are being discounted due to limited-time and limited-scope promotional

offers. But Eagle Rock's purported promotions do not exist. The "promotions" are neither a discount nor limited in time.

6. Eagle Rock also misleads consumers into believing that Eagle Rock offered programs for dealing with future transactions. It misleads consumers about the nature of its property trade-in, property repurchase, and property resale programs, giving consumers a false sense of their options to exit their purchase and financing of an undeveloped lot from Eagle Rock.

7. Eagle Rock's misrepresentations cause long-term harm to consumers. After misleading consumers into purchasing undeveloped lots and providing financing to most consumers at the inflated purchase price, Eagle Rock continues to benefit from its deceptive practices by collecting payments on mortgages for the properties and either servicing the mortgages long-term or securitizing and selling the mortgages to third parties, locking in a financial benefit from the results of their deceptive sales practices.

8. Consumers whom Eagle Rock rips off are trapped: they owe Eagle Rock monthly mortgage payments, but their property is worth only a fraction of what they agreed to pay Eagle Rock under their mortgage.

9. Consumers have complained. Eagle Rock told them they had no right to cancel. Their options were to pay the mortgage or risk foreclosure. But every

year, consumers faced more mortgage payments and more community assessments, which they owed to the Eagle Rock community association.

10. Eagle Rock’s misrepresentations to consumers produce outsize harm to consumers and the public interest. Eagle Rock compounds the harm caused by its deceptive practices by targeting consumer populations—especially international and new-immigrant populations—that are especially likely to fall victim to the type of land sale scheme that Eagle Rock is operating.

JURISDICTION AND VENUE

11. This Court has subject matter jurisdiction over this action because it is “brought under Federal consumer financial law,” 12 U.S.C. § 5565(a)(1), and because it arises, in part, under the laws of the United States, 28 U.S.C. § 1331.

12. This Court has supplemental jurisdiction over the Commonwealth’s state law claims because they are so related to the federal claims that they form part of the same case or controversy. 28 U.S.C. § 1367(a).

13. The Commonwealth is authorized to initiate civil actions in federal district court to enforce provisions of the CFPA. 12 U.S.C. § 5552(a)(1). This provision also requires that an attorney general provide notice to the Consumer Financial Protection Bureau “[b]efore initiating any action in a court . . . against any covered person.” *See* 12 U.S.C. § 5552(b)(1)(A). The Commonwealth has

provided this prior notice and otherwise complied with the requirements of 12 U.S.C. § 5552(b).

14. The Court has jurisdiction over Defendants because Defendants are located, reside, and do business in this district. 12 U.S.C. § 5564(f).

15. Venue is proper in this district because Defendants Eagle Rock Resort Co., LLC and Eagle Rock Real Estate Co. are located in and do business in the district. Additionally, a substantial part of the events or omissions giving rise to the claims at issue in this case, executed by the Eagle Rock Defendants acting jointly and severally in a common scheme, occurred in this district. 28 U.S.C. §§ 1391(b)(2), 1391(c)(2); *see also* 12 U.S.C. § 5564(f).

PARTIES

16. Plaintiff is the Commonwealth of Pennsylvania by Attorney General Michelle A. Henry, with offices located at 1600 Arch Street, Third Floor, Philadelphia, PA 19103 and 15th Floor, Strawberry Square, Harrisburg, PA 17120.

17. Defendant Eagle Rock Resort Co., LLC is a limited liability company organized under the laws of Pennsylvania and registered with the Pennsylvania Department of State (Entity Number 2717428) with a registered place of business at 1 Country Club Drive, Hazleton, PA 18202 in Luzerne County.

18. Defendant Eagle Rock Resort Co., LLC is a “service provider” to Defendant Eagle Rock Real Estate Co. and Defendant United Equitable Mortgage

Corporation within the meaning of the CFPA, *see* 12 U.S.C. § 5481(26), because it provides a material service to Defendant Eagle Rock Real Estate Co. and Defendant United Equitable Mortgage Corporation by marketing, advertising, and otherwise facilitating applications for those entities' consumer financial services and products.

19. Defendant United Equitable Mortgage Corporation is a business organization organized under the laws of Texas and registered with the Texas Secretary of State (File Number 0119620000) with a street address of 12720 Hillcrest Road, Suite 400, Dallas, TX, 75230.

20. Defendant United Equitable Mortgage Corporation extends credit to consumers in Pennsylvania in the form of mortgages for properties in the Eagle Rock Resort and/or services mortgage loans for properties in the Eagle Rock Resort. This activity constitutes “extending credit and servicing loans,” 12 U.S.C. § 5481(15)(A)(i), which is a “consumer financial product or service” under the CFPA because Defendant United Equitable Mortgage Corporation’s extension of credit to consumers is “offered or provided for use by consumers primarily for personal, family, or household purposes,” 12 U.S.C. § 5481(5)(A). Defendant United Equitable Mortgage Corporation is therefore a “covered person” under the CFPA because Defendant United Equitable Mortgage Corporation “engages in

offering or providing a consumer financial product or service.” 12 U.S.C. § 5481(6)(A).

21. Defendant Eagle Rock Real Estate Co. is a business organization organized under the laws of Pennsylvania and registered with the Pennsylvania Department of State (Entity Number 2886393) with a registered office of 1031 Valley of the Lakes Drive, Hazleton, PA 18201.

22. Defendant Eagle Rock Real Estate Co. extends credit to consumers in Pennsylvania in the form of mortgages for properties in the Eagle Rock Resort and/or services mortgage loans for properties in the Eagle Rock Resort. This activity constitutes “extending credit and servicing loans,” 12 U.S.C.

§ 5481(15)(A)(i), which is a “consumer financial product or service” under the CFPA because Defendant Eagle Rock Real Estate Co.’s extension of credit to consumers is “offered or provided for use by consumers primarily for personal, family, or household purposes,” 12 U.S.C. § 5481(5)(A). Defendant Eagle Rock Real Estate Co. is therefore a “covered person” under the CFPA because Defendant Eagle Rock Real Estate Co. “engages in offering or providing a consumer financial product or service.” 12 U.S.C. § 5481(6)(A).

23. Defendant Double Diamond – Delaware, Inc. is a business organization organized under the laws of the State of Delaware (Entity

Number 2697562) with a principal place of business at 5495 Beltline Road, Suite 200, Dallas, TX 75254.

24. Defendant Double Diamond – Delaware, Inc. is a “covered person” because it is a “related person” within the meaning of the CFPA. 12 U.S.C. § 5481(25)(B). Specifically, Double Diamond – Delaware, Inc. is a “related person” under the CFPA because it is a “controlling shareholder of” Defendants Eagle Rock Resort Co., LLC, United Equitable Mortgage Corporation, and Eagle Rock Real Estate Co., each of which is a “covered person.” 12 U.S.C. § 5481(25)(C)(i). None of the Eagle Rock Defendants are a bank holding company, credit union, or depository institution. 12 U.S.C. § 5481(25)(A). A “related person” is deemed to be a “covered person” under the CFPA. 12 U.S.C. § 5481(25)(B). Thus, Double Diamond – Delaware, Inc. is a “covered person” under the CFPA. *Id.*

25. Defendants Eagle Rock Resort Co., LLC, United Equitable Mortgage Corporation, Eagle Rock Real Estate Co., and Double Diamond – Delaware, Inc. will be referred to in this Complaint as the “Eagle Rock Defendants” or “Eagle Rock.”

26. The Eagle Rock Defendants are interconnected and have jointly and severally engaged in the common scheme and enterprise attributed to the Eagle Rock Defendants as described herein. Unless otherwise specified, whenever

reference is made in this Complaint to any act of one of the Eagle Rock Defendants, allegations shall be deemed to mean the act of that Defendant acting jointly, severally, or in concert with the other Eagle Rock Defendants.

27. At all times relevant and material hereto, the Eagle Rock Defendants engaged in trade and commerce within the Commonwealth of Pennsylvania by acting in a common scheme and enterprise to offer for sale and sell real property in Pennsylvania and to offer and provide financial products and services, including mortgage origination and servicing, to consumers.

28. Defendant Double Diamond – Delaware, Inc. wholly owns and controls Eagle Rock Resort Co., LLC. Mike Ward, Eagle Rock Resort Co., LLC's sole director, is the majority shareholder in Double Diamond – Delaware, Inc. and a director of Double Diamond – Delaware, Inc. Eagle Rock Resort Co., LLC shares at least two officers with Defendant Double Diamond – Delaware, Inc.

29. Defendant Double Diamond – Delaware, Inc. wholly owns and controls Eagle Rock Real Estate Co. Mike Ward, Eagle Rock Real Estate Co.'s sole director and officer, is the majority shareholder in Double Diamond – Delaware, Inc. and a director and officer of Double Diamond – Delaware, Inc.

30. Defendant Double Diamond – Delaware, Inc. wholly owns and controls United Equitable Mortgage Corporation. Mike Ward, United Equitable Mortgage Corporation's sole director and one of its two officers, is the majority

shareholder in Double Diamond – Delaware, Inc. and a director and officer of Double Diamond – Delaware, Inc.

31. Defendant Double Diamond – Delaware, Inc. exercises undue domination and control over United Equitable Mortgage Corporation, Eagle Rock Real Estate Co., and Eagle Rock Resort Co., LLC. United Equitable Mortgage Corporation, Eagle Rock Real Estate Co., and Eagle Rock Resort Co., LLC are under common control.

32. The CFPA defines an “affiliate” to include any person that controls, is “controlled by, or is under common control with” another person. 12 U.S.C. § 5481(1). Because Defendants Eagle Rock Resort Co., LLC, Eagle Rock Real Estate Co., and United Equitable Mortgage Corporation are under common control by Defendant Double Diamond – Delaware, Inc., Defendant Eagle Rock Resort Co., LLC is an “affiliate” of Defendants Eagle Rock Real Estate Co. and United Equitable Mortgage Corporation. Defendant Eagle Rock Resort Co., LLC is a “covered person” because it is an “affiliate” of Defendant Eagle Rock Real Estate Co. and Defendant United Equitable Mortgage Corporation and because it is a “service provider” to Eagle Rock Real Estate Co. and United Equitable Mortgage Corporation within the meaning of the CFPA. 12 U.S.C. §§ 5481(6)(B), 5481(26)(A); *see also* Paragraph 18, *supra* (pleading that Defendant Eagle Rock Resort Co., LLC is a “service provider” within the meaning of the CFPA).

FACTS

I. EAGLE ROCK SELLS REAL PROPERTY TO PENNSYLVANIA CONSUMERS.

A. Eagle Rock Resort is a private development located in rural Pennsylvania that was developed and originally owned by Eagle Rock.

33. Eagle Rock Resort is a subdivision in Hazleton Township, Pennsylvania.

34. Eagle Rock describes the Eagle Rock Resort as “a private community located on over 5,000 acres in Hazleton, Pennsylvania, only two hours from both New York and Philadelphia.” *See* DOUBLE DIAMOND RESORTS, EAGLE ROCK, ddresorts.com/eagle-rock/ (last accessed January 9, 2025).

35. The land constituting Eagle Rock Resort is, in part, divided or is proposed to be divided by Eagle Rock into lots for the purpose of sale or lease as part of a plan to offer the lots for sale or lease.

36. This land and its subdivided lots are known, designated, and advertised by the common name, Eagle Rock Resort or Eagle Rock. The lots of land are offered for sale by Eagle Rock Resort Co., LLC.

37. Eagle Rock promotes the Resort as a vacation destination with on-site amenities. *See id.* (last accessed January 9, 2025).

38. Eagle Rock advertises “an 18-hole championship golf course and 9-hole executive course, fine and casual dining, golf shop, ski and snow sports,

outdoor swimming pools, indoor aquatic center, spa and fitness center, equestrian center, activity center with basketball court, walking trails, 24/7 gated security and more.” *Id.* (last accessed January 9, 2025).

B. Eagle Rock sells parcels of real property in the Eagle Rock Resort to Pennsylvania consumers in the form of “undeveloped lots.”

39. Eagle Rock advertises “[a] variety of real estate options” to consumers, including “new homes, condos and lots.” *Id.* (last accessed January 9, 2025).

40. One “real estate option” Eagle Rock offers to consumers is referred to by Eagle Rock as “undeveloped lots.”

41. Double Diamond - Delaware, Inc. and Eagle Rock Resort Co., LLC, directly or indirectly, have used means or instruments of communication in interstate commerce with respect to the sale of these lots, by offering to sell lots in the Eagle Rock subdivisions on the internet and by using the phone system in relation to advertising and selling the lots.

42. Undeveloped lots are unimproved, vacant land in the Eagle Rock Resort with no existing buildings or structures. Eagle Rock sells fee simple interests in the undeveloped lots to consumers.

43. Consumers who purchase undeveloped lots may, consistent with the terms of their title to the property and the community’s guidelines, build residential dwellings on their lots.

C. Eagle Rock owners operate a community association with a community board that, among other things, charges fees and assessments to property owners.

44. Eagle Rock owners are required by deed covenants to be members of a community association, Eagle Rock Community Association, Inc. (“ERCA”).

45. ERCA is a Pennsylvania non-profit corporation.

46. ERCA has one class of voting members: owners, including Eagle Rock itself, of lots or timeshare estates so designated by Eagle Rock.

47. ERCA may assess yearly fees against all owners. These fees provide for maintenance, additional amenities, and payments to Double Diamond Resorts.

48. ERCA members have access to Eagle Rock amenities.

49. Eagle Rock’s restrictions on lot use, however, limit opportunities for undeveloped lot owners to access and enjoy Eagle Rock’s amenities.

50. Because owners of developed and undeveloped lots pay the same yearly fees, but undeveloped lot owners generally cannot occupy their lots because they do not have a dwelling on the lot, undeveloped lot owners effectively subsidize the developed lot owners’ fees. In effect, since most lots at Eagle Rock remain undeveloped, the undeveloped lot owners pay for a significant part of the developed lot owners’ benefits without getting much or any benefit for themselves.

D. Most lots in Eagle Rock remain undeveloped.

51. Properties at Eagle Rock Resort include residences, condominiums, timeshares, and undeveloped lots. Most lots that Eagle Rock has sold remain undeveloped.

52. Lot owners seeking to build a residence must comply with specific materials, size, and design requirements.

53. Owners of undeveloped lots may not reside at the lot unless they build a permanent residence.

54. Specifically, undeveloped lot owners that visit Eagle Rock may not reside overnight (*i.e.*, camp) at the lot. To visit Eagle Rock, undeveloped lot owners must stay with another resident, pay additional fees to stay at one of Eagle Rock's accommodations, or stay somewhere outside the resort. Many undeveloped lot owners reside a few hours' drive or more from Eagle Rock's location in rural Pennsylvania, making day trips difficult or impossible.

55. Thus, many undeveloped lot owners generally cannot access Eagle Rock's amenities without paying additional fees to stay overnight at Eagle Rock's hotel, condos, or timeshares. And even these accommodations are—according to consumers—frequently unavailable.

56. Despite the fact that owners of undeveloped lots face substantial hurdles to accessing amenities, few owners build residences. All of them continue to pay yearly fees.

57. Thousands of lots at Eagle Rock remain undeveloped.

II. EAGLE ROCK KNOWINGLY MISLEADS CONSUMERS INTO PURCHASING UNDEVELOPED LOTS AT INFLATED PRICES.

58. Eagle Rock sells undeveloped lots to consumers at vastly inflated prices by deceiving consumers about the value of the lots.

59. When Eagle Rock sells lots to consumers, it generally charges between \$30,000 and \$100,000 for a lot.

60. But the resale value for those properties is far lower. Undeveloped lots sell on the open market for a fraction of the Eagle Rock price, often netting only \$5,000 to \$20,000.

61. On information and belief, in certain instances, there is no resale market whatsoever for undeveloped lots: undeveloped lots have, in certain instances, been listed for sale with no purchasers existing in the market.

62. As one consumer described, Eagle Rock promises a life-long investment opportunity that turns out to be false:

This resort draws in unsuspecting buyers with promis[ies of a great facility and life[-]long investment. [Unf]ortunately they use fake property values, and you immediately lose 50% of your investment. . . .

I purchased a lot, expecting to build at some time. Eagle Rock Resort draws you in with free golf, lodging, food, [etc.] Then you get the high pressure sales pitch, and it all sounds good. Let the buyer beware I understand.

But for a decade I, and apparently hundreds of others thought our property had appreciated. This because if you go to Realtor.com and search, [] ERR Realty has a 100 resale lots listed for \$45,000-90,000, averaging \$65,000. Lots on both sides of mine are listed at \$65,000, so I thought I had a decent investment. Then I decided to sell. Odd that the first two realtors I contacted refused to list my lot at all. I went on to find that the only lots that are selling in the resell market [are] in the \$20,000 or less range.

ERR continues to bring people in, and sell them lots for \$40-75,000, knowing full well that the day after they buy it, they will not be able to sell it for even half what they paid. I was told by one of the sales people, (on craigslist discussion), “do you know how much money I make selling this crap [t]o rubes like you”?

I have had discussions with lot owners on craigslist and yelp.com, and some have even tried donating their precious lot to charity, only to be turned down. Some are trying to sell for less than \$5000.

63. Eagle Rock has known for years that it sells lots at prices far higher than the open-market resale value.

64. Eagle Rock, moreover, has received myriad consumer complaints stating that Eagle Rock had misled them and sold overpriced property. Some consumers complained directly to Eagle Rock. Others filed complaints with the Commonwealth, which transmitted them to Eagle Rock.

65. Through at least these complaints, Eagle Rock knew and understood that consumer after consumer complained that Eagle Rock misrepresented the resale value of the properties and falsely represented that undeveloped lots could serve as an investment that could grow in value.

66. One consumer wrote, “[b]ased on the sales pitch of the sales [p]resentation . . . **the property was an excellent investment, it increases its value to 6-8% annually**, resell[ing] in the future is easy and they will help us to resell if we want to.”¹ But after the consumer attempted to sell the property, she “became **frustrated, upset, and felt victimized**” because Eagle Rock’s representations turned out to be false.

67. Another consumer wrote that Eagle Rock “**grossly exaggerated over the real market value of land**” and “false and misleading statements were made at the time of sale.”

68. Another consumer stated:

[Eagle Rock] used very high pressure to make my wife and I purchase [a] lot They gave us very low initial payments with the promise that the value of the lot would appreciate in about 4 years because by that time there would be no more lots for sale. **They promised the equity on the property after 4 years would be sufficient to pay the cost of a 4 year college.** The incentive was to

¹ All emphasis added unless otherwise indicated.

purchase the lot as an investment that we could sell in 4 years. The deal was made to look like a “no brainer.”

69. Another consumer similarly stated:

Eagle Rock’s sales agent . . . was instrumental and very persuasive in pushing the message how good an investment this was. I was verbally told over and over again that the lot was a very good investment that would double price within a few years.

70. Another consumer explained:

We have been trying to sell this lot for about 8 years now. Unfortunately, the value just keeps declining while the fees just keep adding up, from property taxes, community association fees, and school taxes. . . . We are so upset, frustrated and depressed that Eagle Rock deceived us and continues to sell lots without regard to how it will affect the value of lots already sold.

71. Other consumers told Eagle Rock that it “misrepresented the company and the product” and presented “fake property values.”

72. Consumers had no good options. Multiple consumers reported that local real estate agents cautioned that Eagle Rock property sales would probably not cover the agent’s minimum commission of a few thousand dollars.

73. Indeed, multiple consumers requested to simply give the property back to Eagle Rock for free.

74. One undeveloped lot owner expressed feeling stuck: “For a while I was thinking to donate it just to get rid of it because I felt like I’m in a vicious gambling circuit and I’m (economically) sinking little by little”

75. Eagle Rock knew for years that consumers suffered from the purchase of vastly overpriced lots—lots that had been pitched to consumers as a bargain and a good investment—and it continued deceiving unsuspecting consumers.

III. EAGLE ROCK USES VARIOUS DECEPTIVE SALES PRACTICES TO SELL UNDEVELOPED LOTS.

76. To sell vastly overpriced undeveloped lots to consumers, Eagle Rock uses various deceptive sales practices.

77. Eagle Rock uses a written sales procedure to train its sales staff. The staff are instructed to follow this procedure on tours with potential purchasers.

78. Through the procedure, Eagle Rock instructs its sales staff to misrepresent the value and investment potential of undeveloped lots. These misrepresentations include: that the prices of undeveloped lots are at or below the resale value; that lot prices are temporarily lower during limited time promotions; and that lots could serve as good investment vehicles.

79. None of these representations are true.

A. Eagle Rock misrepresents the resale value of undeveloped lots.

80. Throughout its sales tour, Eagle Rock salespeople represent to consumers that undeveloped lots are priced at or below resale value.

81. Until recently, every sale at Eagle Rock began by introducing Double Diamond as a reputable company whose lots are properly priced: “Double Diamond is a reputable company. We are not going to give you a price and then

continue to drop it until you agree to purchase. Our prices are good and our sales practices are above board.”

82. Eagle Rock’s sales presentation begins with a prerecorded video. Toward the start, the video states that an “important thing you need to know at this point” is: “At Eagle Rock, we sell land and our prices are good.”

1. Eagle Rock uses “comparable properties” to misrepresent that undeveloped lots are priced at or below resale value.

83. Eagle Rock makes concrete representations to consumers to “prove” its lots are priced at or below resale value, despite offering the properties at vastly inflated prices.

84. Eagle Rock instructs its salespeople to use “comparable properties,” or “comps” to “prove up” the value of the undeveloped lot offered for sale.

85. In ordinary real estate transactions, comparable properties are similar properties recently sold on the open market. Buyers use comparable properties to value potential purchases. Sellers use comparable properties to set an offer price. And appraisers often use comparable properties to estimate the value of a property. In each of these contexts, comparable properties roughly represent the resale value of a property.

86. Unlike ordinary comparable properties, Eagle Rock’s “comparable properties” or “comps” do not include any properties sold on the open market.

Rather, Eagle Rock’s “comparable properties” are exclusively properties that Eagle Rock previously sold through its internal sales program.

87. Because Eagle Rock’s sales program consistently sells properties at drastically inflated prices, the “comparable properties” or “comps” are likewise priced well above the price of undeveloped lots sold on the open market.

88. Thus, when Eagle Rock uses “comparable properties” or “comps,” it misleads consumers about the resale value of the property. In reality, the “comps” merely represent the price that Eagle Rock charged other consumer victims, who had been given the same deceptive sales tour and similar misrepresentations regarding “comps.”

89. These misleading “comparable properties” or “comps” play a central role in Eagle Rock’s sales pitch. Eagle Rock instructs salespeople that misleading “comps” or “[c]omparison [l]ots” “must be shown on every tour.”

COMPARISON LOT

- Comparison Lots must be shown on every tour.
- The Comparison Lots must “prove-up” or “support” a minimum of two of the bargains of the sell lot. You will have multiple Comparison Lots to provide this information on each tour.
- The Comparison Lots can either be a lot that is “on the market” for sale or one that is sold.
- The customer must remember the key items of the Comparison Lots that you want to point out to them. After

each point, tell your customer to remember it. It is advantageous for there not to be a lot of time or a lot of amenities between the Comparison Lots and the sell lot.

90. Eagle Rock directs its salespeople to tell consumers that the tour will include information about several comparable properties: “On tour today, in addition to showing Eagle Rock’s amenities, I am going to show you several lots that have sold within the last couple of years, and give you the price they sold for. In other words comparables.”

91. Despite telling consumers that Eagle Rock’s “comparable properties” or “comps” are “several lots that have sold within the last couple of years,” Eagle Rock nowhere discloses the purportedly comparable lots were sold through Eagle Rock’s sales program rather than the open market.

92. In addition to the specific comparable properties, Eagle Rock instructs its salespeople to give exemplary lot values throughout the tour. Eagle Rock instructs salespeople to offer consumers the following descriptions of lot pricing:

Lots on the waterfront are in the \$200,000 range, lots across the street start at about \$75,000.

Much of the lot pricing is done based on how close a particular lot is to an amenity. Interior lots in the valley start in the sixties

93. None of these purportedly comparable lot values reflect the resale value of the properties—all of which are a fraction of the inflated prices stated.

94. The way that Eagle Rock describes “comps” is likely to mislead consumers who understand what the term “comps” means in the context of an ordinary residential real estate transaction, where comparable properties roughly represent the resale value of a property. Consumers were unlikely to know that at Eagle Rock, “comps” indicate the prices at which other lots are being offered for sale (or were sold)—*not* the potential resale value.

2. Eagle Rock misrepresents that lot prices are at or below resale value using false or misleading reasons.

95. Eagle Rock also instructs its salespeople to provide reasons why the lot is purportedly priced as a bargain—*i.e.*, at or below resale value.

96. Eagle Rock instructs salespeople that making the lot a purported bargain is of paramount importance.

97. Eagle Rock instructs its salespeople to make the lot “a bargain,” call it an “an asset,” and make it seem like the offer is unique to the buyer. “If you don’t do this,” the script says to the salespeople, “you lose:”

4. Make It A Bargain:

If you don’t do this, you lose. You have told your prospect that you have worked hard walking the lots to find them the best buy in the subdivision.

You better come through at this point and prove to them that they should buy from you because you have found them a bargain. What is a bargain? You get a bargain when you are able to purchase a product or service at a considerable [*sic*] lower price than comparable products or services of equal value are selling for.

98. Eagle Rock gives its salespeople eleven possible reasons the lot is a “bargain,” despite the lot being drastically overpriced compared to its resale value.

99. The reasons include that a local manager priced the lot, or that lot was mispriced, re-inventoried, placed on closeout, not yet cleared of trees, already cleared of trees, or priced as a non-view lot despite having a view.

100. None of these reasons renders the lot a bargain, as it is priced well above resale value. Several of the reasons, in fact, are not just deceptive, but demonstrably false. Eagle Rock nevertheless instructs its salespeople to state those and other reasons prove the lot is priced below its true resale value.

101. For example, Eagle Rock instructs its salespeople to misrepresent that the lot is a “bargain” because it is priced by a local manager:

Manager Pricing: The first bargain here is the way this lot was priced. There are two ways that we price lots. The first way is when we open up a new phase. The Vice President of Sales will fly up from Dallas and price all of those lots in a day or two. Well, he will price the lots higher because he knows that they will eventually sell. Whenever we get a single lot back, in an area that’s virtually sold out, he is not going to fly up all the way from Dallas to price one lot. He allows the on-site manager to price the lot. **So, anytime he has the opportunity to price a lot, he prices them to sell.**

102. But that is false. Local managers (not the VP in Dallas) have priced every undeveloped lot sold in Eagle for years. Eagle Rock nevertheless tells consumers the manager had the “opportunity” to “price a lot,” so it is priced “to sell.” Eagle Rock instructs its salespeople to represent the “manager pricing” of this particular lot as an outlier, despite “manager pricing” being Eagle Rock’s ordinary practice.

103. Despite Eagle Rock’s claims to consumers, “Manager pricing” is not a reason the price of the lot is reduced. Eagle Rock’s representation that manager-priced lots are a bargain—as compared to the value on the market—is false.

104. Eagle Rock also provides its salespeople a variety of options on how to “close” the transaction, *i.e.*, complete a sale. The “History Close” expressly represents that lot price values have increased:

I am going to tell you what has happened in the past here at Eagle Rock.

Our lot prices have gone up an average of 15% per year over the past five years, and over 10% just within the last year. Purchasing lot _____ is not a get rich quick thing and there is no guarantee in the future, but our customers that purchased property here over the last five years are glad they did, and you will be glad too. Eagle Rock has the same financing today that we have always had. There is no subprime financing and all of our property owners have invested a full down payment. Therefore, we have not been affected by the downturn in Real Estate values. What is lot _____ going to be worth in five years? I can’t answer that. But, I do know that if all you did was break even in five years, then you have had five years of free golf, free skiing and enjoying a lifestyle that our members enjoy. You and your family deserve to be a part of this. Let’s get that lot off of the market.

105. Although Eagle Rock represents that lots increase in price 10-15% every year, the resale value of lots was and remains a fraction of the prices that Eagle Rock charges consumers. Eagle Rock misrepresents that there is any resale market at all.

106. Eagle Rock’s representations about the resale value of undeveloped properties imply the existence of a resale market.

107. In fact, on information and belief, in certain instances, there is no resale market whatsoever for undeveloped lots.

108. Instead, undeveloped lots have been listed for sale with no purchasers existing in the market.

109. This misrepresentation about the size and existence of a secondary resale market for undeveloped lots in the Eagle Rock Resort compounds the deceptive misrepresentations about price and value.

B. Eagle Rock misrepresents that undeveloped lots are temporarily sold for a purported discount.

110. Eagle Rock further misrepresents that specific lots are purportedly discounted for a limited time. Every consumer receives the same “promotional” offer from Eagle Rock.

1. Eagle Rock misrepresents that its purported “promotion” is limited to specific properties at specific times.

111. Throughout the tour, Eagle Rock introduces reasons why the price is purportedly reduced for a limited time. None of the price reductions are, however, time-limited. Indeed, the final price offered to consumers does not reflect any reduction from the standard price.

112. Eagle Rock instructs its salespeople to offer consumers a time-limited “promotion:”

We have a good selection of property along with a great promotion. The promotion is only on select lots. I’ll tell you more about the promotion in a little while; it involves the membership, financing, and a lot more. . . .

The lot I get to show you today was already on my list of best values. Now it is on promotion.

113. Eagle Rock’s promotion is not time-limited nor is it limited to select lots. The same promotion has been in place for years.

114. Eagle Rock further instructs its sales staff to offer consumers so-called promotional financing available “for the first time:”

[F]or the first time in the 47-year history of the company we are offering the following finance package. (write) The down payment which normally is 10% has been reduced to just 8%, however, to get this lot off the market all we need today is 6%, which is \$____. Next, as I mentioned, our normal interest rate is 8% but this promotion allows for one year with 3.5% interest. At 3.5%, the monthly payment goes down to only \$____ per month. After 12 months your rate goes to only 7.75%. Also, you can pay off your property at any time without penalty.

115. Contrary to Eagle Rock’s representation that this consumer received an offer for the “first time” in the company’s history, every consumer receives the same or a substantially similar offer, and this financing offer has been in place for years.

2. Eagle Rock misrepresents that consumers receive a \$15,000 “promotional” discount waiving the membership fee.

116. Eagle Rock instructs its salespeople to offer a “promotion” that includes a purported \$15,000 discount by waiving the membership fee:

Now let me tell you why this lot is about to sell. I told you about the promotion. There are three parts to the promotion and I am going to tell you the first part right now. **We are going to take the membership which is \$15,000 and give it to you free of charge.** So your price goes from \$ (flip card) to only \$ ____ and that price includes the lot and the membership. This means you own the membership, you use the membership, and if you ever sell you transfer the membership with the lot and you will never pay a dime for the membership even if it goes up in price for future purchasers.

(Give comps after the respective bargain point each proves up.)

117. During this portion of the tour, the salesperson crosses out the original offer price and writes a new price that is \$15,000 less, showing the purported membership discount. For example, a salesperson would cross out \$56,000 and write \$41,000.

118. There is, however, no discount: Eagle Rock offers every plot of undeveloped land with this purported \$15,000 discount. Upon information and belief, Eagle Rock has never charged, and no consumer has ever paid, the fake initial offer price.

119. Moreover, Eagle Rock has never sold a membership separately. Therefore, Eagle Rock has no basis to claim that the membership, separate from the land, is worth \$15,000.

120. Membership in Eagle Rock automatically transfers with the transfer of the land. All land transfers—including sales on the general market—reflect the implied cost of membership. And undeveloped lots have sold on the open market for less than \$15,000.

3. Eagle Rock misrepresents that its “promotion” saves consumers up to \$20,000.

121. Finally, Eagle Rock instructs its salespeople to misrepresent that the purported limited-time promotion has a specific monetary value:

The total value of the promotion is easily over twenty-thousand dollars.

One thing I have learned at Eagle Rock is that lots here sell quickly. Lot __ is a great piece of property. Let me get it off the market before someone else gets it.

122. The “promotion” is entirely false. Every consumer receives the same purported discounts. Eagle Rock merely artificially inflates the initial offer price to misrepresent that consumers are receiving a one-time discounted “promotional” value a misrepresentation to consumers that they alone are receiving a reduced price.

C. Eagle Rock misrepresents that the lots can serve as an “investment.”

123. Despite knowing the properties are sold at vastly inflated values, Eagle Rock misrepresents to buyers that the lot can serve as an “investment.”

124. Eagle Rock instructs its salespeople to tell can “can invest and build equity and enjoy their investment.”

125. Eagle Rock makes vivid and concrete representations to consumers—that it knows to be false—that the undeveloped lot can serve as an investment, and that other consumers have experienced returns on similar investments in undeveloped lots in past years:

Earlier I gave you a list of Eagle Rock property owners. Most of the people on that list came here just like you did – they came to see Eagle Rock and they wound up becoming Owners and Members. They made a decision because of the unique opportunities that Eagle Rock offers. **Here you can make an investment and build equity in something that you can also enjoy.**

You can invest in Stocks, Bonds, Gold and other investments that are not going to provide you and your family with many enjoyable experiences. **When you invest in lot you and your family can come out and enjoy all that Eagle Rock has to offer while you are building equity. . . .** People recognize how unique Eagle

Rock ownership is—They discover **that they can invest and build equity and enjoy their investment.**

126. Eagle Rock also instructs salespeople to contrast stock market fluctuations with the so-called investment of owning land at Eagle Rock:

Not too many years ago we all learned a valuable and painful lesson. The investment experts failed to mention that one half or more of our investment in the stock market could vanish overnight.

You do hear more experts talking about diversifying – a pretty big word for not putting all of your eggs in one basket.

Here is something I know about owning property at Eagle Rock – half of the Golf Courses, Restaurant, or any of the other amenities are not going to disappear overnight. **This lot ____ could certainly fluctuate in value – including going up in value – but it is not going to shrink to half its size or vanish.**

Lot ____ is an asset you can pay for and know what you have.

Ask to buy – There will never be a better time to purchase property at Eagle Rock. You deserve to own this property – let’s get it off the market and in your name(s).

127. Despite Eagle Rock’s representation that the undeveloped lot is an “investment” that is “is not going to shrink to half its size or vanish,” many undeveloped lots are in fact worth far less than half their purchase price. The owners’ payments—and purported equity—effectively vanish.

128. Eagle Rock’s suggestion that lots *could* fluctuate in value is a misleading half-truth: unlike an investment in the stock market, which could

increase or decrease in value, the resale value of an undeveloped lot is almost guaranteed to be lower than the purchase price.

129. Eagle Rock's script and procedures further represent that lot prices reflect the current state of the development, and that further development will increase lot value.

130. For instance, salespeople pitch certain lots as primed to increase in value with future development:

Some lots are priced down because they are in a pre-development stage. In other words, they would be hard to build on immediately because of lack of roads and utilities. These lots go up in value when the roads are paved, the utilities are in and, if the lot is in a golf course area, when the course is completed.

131. Eagle Rock further promises that it will build additional amenities that will likely increase the value of all lots.

132. This was not the case. Few—if any—undeveloped lot have sold on the secondary market at a price that would recoup even the original Eagle Rock sales price, let alone provide a profit.

133. Eagle Rock weaves representations regarding the investment potential of undeveloped lots throughout the tour and sales pitch.

134. Despite telling consumers the lot can be an investment, Eagle Rock never informs consumers that the lots are priced well above resale value. Neither

does Eagle Rock inform consumers that the lot's fair resale value would have to increase multiple times over before the owner could recoup the purchase price.

135. Eagle Rock, moreover, continues to develop vast swaths of new lots, depressing the potential market for lots Eagle Rock already sold. These new lots act as a substantial counter-pressure to market forces that might otherwise increase lot value. Eagle Rock does not inform consumers about future development plans either.

D. Eagle Rock's contractual disclaimers do not cure its misrepresentations.

136. Because consumers purchase lots that are substantially overpriced, large increases in value will not result in profit since consumers are starting from such a deficit.

137. Eagle Rock's sale contracts include purported disclaimers that state the "risks" of buying land.

138. These disclaimers are not just ineffective; they contain additional deceptive representations and omissions.

139. For example, Eagle Rock informs consumers that "the future value of and land is uncertain," and it requires the consumer to initial that they have not "been guaranteed or promised a profit on any future sale."

140. But affirming that one has not been promised a lot will *increase* in value or that one will *profit* from the sale suggests the land is properly valued at the date of sale, and it implies that the buyer *might* make a profit on a future sale.

141. Eagle Rock nowhere informs individuals about the primary risk of purchase—that the consumer will *lose* money if they ever sell the lot since Eagle Rock is selling land at a price far above the fair resale value and continually developing new lots.

IV. EAGLE ROCK MISREPRESENTS ITS PROPERTY TRADE, REPURCHASE, AND RESALE PROGRAMS.

142. Eagle Rock tells consumers they can trade their property to other Eagle Rock lots, or that Eagle Rock will repurchase or help re-sell the lots. But the reality of these programs is far more limited than Eagle Rock leads consumers to believe.

143. Eagle Rock gives consumers the impression that they may trade their lot to any other lot in Eagle Rock. For many consumers, this provides assurance that if they are unhappy with their lot, they may trade up or down to another lot that better fits their needs.

144. For instance, Eagle Rock provided certain consumers with a letter stating they “HAVE THE RIGHT TO TRADE . . . TO ANY AVAILABLE PROPERTY”:



DATE:

TO:

FROM: WALLACE LAYTON
SALES MANAGER

THIS LETTER GUARANTEES THAT YOU HAVE THE
RIGHT TO TRADE FROM LOT IN SECTION
TO ANY AVAILABLE PROPERTY IN DOUBLE DIAMOND CO.

145. On the tour, Eagle Rock salespeople likewise tell consumers about the trade program:

[U]sing our Trade Program you can trade to land! Since we haven't talked about our trade program yet this would be a good time to do so. It's very simple. If you own a property in Eagle Rock you can trade up to any lot, town home, or site built home in our inventory. Your equity in your property, *plus any appreciation*, is applied to the purchase price of the new property.

146. Eagle Rock's trade program does not, however, permit lot owners to trade to any other property.

147. Eagle Rock only permits trades if the new lot is priced at more than \$10,000 the price of the original lot.

148. Eagle Rock does not disclose this limit on its trade policy anywhere. The only hint of the policy is in the salesperson's use of the word "up" in describing the trade program as permitting consumers to "trade up to any lot."

149. Consumers only learn of the restrictions on trade well after purchase, if they seek to trade their lot into another lot that has a lower price.

150. The trade program thus offers Eagle Rock another chance to sell consumers on a higher-priced product. Rather than a protection for consumers, the trade program is an opportunity for Eagle Rock. Indeed, salespeople earn commission on the increased value of the trade lot.

151. Eagle Rock separately represents to consumers that it will repurchase or help resell the lots, but no such program exists.

152. Consumers told the Commonwealth that Eagle Rock led them to believe that, if a consumer changes his or her mind and wants to sell, Eagle Rock will either repurchase the lot or help the consumer sell the lot through its sales program—with both options enabling the consumer to recoup the purchase price.

153. One consumer described Eagle Rock's promise to buy back the lot in the future if the consumer wanted to sell:

Many of these false presentation[s] [were] that **Eagle Rock would [] support us all the way including buying**

back the lot in future should I want to sell it off. Everything was made to look like a [win-win] situation no matter which way I looked at it, and on the strength of this, **I felt there was nothing to lose.**

154. Another consumer likewise described a program to resell the lots at no cost to Eagle Rock:

Under high pressure[], deceitful sales tactics/presentation, I was sold a piece of land . . . and was told that the property had a high appreciation value, that I could exchange, upgrade, exchange[] to their other resort in [Texas], or sell back to the company if I later changed my mind at no cost to me

155. But there is no repurchase program. And the resale program pales in comparison to what consumers believed it to be.

156. In fact, Eagle Rock *refuses* to repurchase undeveloped lots from consumers. And Eagle Rock's resale program does not re-sell the program through Eagle Rock tours. The resale program instead lists the Eagle Rock property on the open market, where the property is worth a fraction of the original purchase price.

157. Those misrepresentations harmed consumers.

158. One consumer, for instance, purchased a lot "[b]ased on the sales pitch of the sales representation . . . [that] resell in the future is easy and they will help us to resell if we want to." But the consumer later attempted learned Eagle Rock's representations were false and "became frustrated, upset, and felt victimized."

V. EAGLE ROCK USES HIGH-PRESSURE SALES TACTICS.

A. Consumers reported Eagle Rock’s salespeople exerted high pressure and used deceptive tactics.

159. In addition to deceptive misrepresentations and material omissions, Eagle Rock’s salespeople use deceptive, high-pressure sales tactics to ensure consumers purchase an undeveloped lot.

160. For instance, consumers report that Eagle Rock will use a variety of tactics to give consumers the impression that Eagle Rock’s offer will disappear if the consumer does not purchase the property during the tour.

161. One consumer reported that they would not be able to buy property at Eagle Rock if they did not commit that day to the purported “one-time opportunity:”

I was . . . strongly encouraged to make a prompt decision and was not awarded the time to have the contract reviewed by an attorney. The process was rushed, and I was made aware that **it was a ‘one time’ opportunity whereby if I do not commit at that time, I would not be able to buy property at Eagle Rock later.**

162. That consumer, feeling time pressure, “entered into the contract agreement based on verbal representations that I was not aware w[ere] not included in the agreement contract.”

163. Another consumer reported to the Bureau that Eagle Rock is **“deceitful and used trickery and pressure into inducing a sale.”**

164. Another consumer reported that there was no time to review comparable property values, due to the agent's pressure:

The sale[s] agent was no[t] honest and didn't provide[] a property report before I signed the sales contract. They gave me a thumb storage drive and told me some other documents [were] there. **I didn't have an opportunity to review [the property's] value in that resort**

165. Another consumer reported that they experienced "extreme pressure" to sign the contract, and only signed under high-pressure circumstances:

[T]here was extreme pressure that I had to sign the [Property Owner Questionnaire] right there and then and that if I walked off the property, the investment opportunity would no longer be available For this reason, the POQ was signed under extreme duress Many of these false presentation[s] [were] that Eagle Rock would [] support us all the way including buying back the lot in future should I want to sell it off. Everything was made to look like a [win-win] situation no matter which way I looked at it, and on the strength of this, I felt there was nothing to lose

B. Eagle Rock instructs and incentivizes its salespeople to pressure consumers into purchases.

166. Eagle Rock instructs its salespeople to use pressure and deceptive practices to close the sale.

167. As described above, Eagle Rock instructs its salespeople to misrepresent that the consumer is receiving a limited-time, promotional offer. Those representations are false.

168. Eagle Rock, moreover, instructs its salespeople to mislead consumers.

169. For instance, as Eagle Rock salespeople tour consumers around the facility, they conclude the general tour by stating that they are “cutting the tour short to give [the consumer] a chance to see the lot,” despite that point being the conclusion of the general portion of every tour: “I am going to cut the tour a little short to give you a chance to see the lot I mentioned in the office. Here are some pictures of the golf course and some of our other amenities while I drive you over there.”

170. The tour is never cut short—it simply ends here. But Eagle Rock nevertheless misrepresents to consumers that the salesperson cut the tour short to create a false sense of urgency.

171. In another instance, Eagle Rock instructs its salespeople to use proximity to “control” the consumer:

Maintain control of the prospect. Do not let them control the speed that you cover the lot. If they try to lead in front of you or walk away, in a good natured way, get them back to you, *e.g.*, “Now Fred, I know I’m loud but I don’t think you can hear me way over there. Come on back here so I don’t have to yell.”

172. Additionally, Eagle Rock instructs its salespeople to tell consumers: “Let’s get back to the office and if this lot’s still available, I’ll put the rest on paper for you.” The salesperson is then instructed to “[d]rive back to the office **slightly** faster after your lot pitch” (emphasis in original).

173. Eagle Rock, moreover, incentivizes its employees to pressure consumers into sales.

174. For many salespeople, Eagle Rock's compensation is entirely based on commission from sales, property trades, and the number of consumers that appear for tours and purchase undeveloped lots with other salespeople.

175. This commission structure incentivizes salespeople to deceptively pressure consumers to purchase undeveloped lots.

176. One consumer, for instance, stated staff treats consumers markedly different before the sale versus after:

I find it absolutely amazing that when we were considering a purchase at Eagle Rock how aggressive the sales and the administration staff was, and how they would bend over backwards. But, once we signed the paperwork/documents and then had a problem, the communications became very minimal and all of a sudden the right hand did not know what the left hand was doing, and we just became a number.

177. Another consumer similarly described feeling like Eagle Rock's sales representatives "oversold" the product to make the sale, but post-sale "show[ed] no concern" for the consumers:

We were promised a grand experience where [our] travel would be affordable and easy, but it's been the complete opposite The sales representatives oversold the product and now we've spent thousands of dollars on something that has served little use to us, and frankly, won't have any use to us ever again as we don't intend to use Eagle Rock Resort's services We've tried

finding people to utilize our time with Eagle Rock Resorts to keep up with the mortgage payments, but no one is interested. Eagle Rock Resorts are determined to ruin us and has shown no concern for our financial or mental well-being.

178. Eagle Rock thus instructs salespeople to use deceptive tactics and provides every incentive for salespeople to deceive consumers further while on unsupervised tours.

179. Numerous consumers report feeling high pressure, to the point they were forced into deciding without understanding their rights or having adequate time to decide on a purchase of this magnitude.

180. Eagle Rock, for its part, asserts consumers cannot cancel the sale contract.

181. Consumers are thus forced to pay for a property they were deceived into purchasing, to the benefit of Eagle Rock and its salespeople.

VI. EAGLE ROCK TARGETS OVERSEAS AND RECENT IMMIGRANT CONSUMERS AND USES AN UNDISCLOSED REFERRAL PROGRAM TO BRING IN POTENTIAL BUYERS.

A. Current property owners receive undisclosed payments and benefits to refer new consumers.

182. Eagle Rock invites consumers to property tours. Many of those invited are referred to Eagle Rock by other undeveloped lot owners.

183. Eagle Rock gives undeveloped lot owners extensive benefits for referrals.

184. Some referral sources receive cash payments. Others receive credits toward mortgage payments. Others still earn prizes. With enough referrals, referral sources can receive luxury cars. For instance, in 2016, Eagle Rock offered a Land Rover or Mercedes Benz GLE SUV to any referral source providing 15 consumers who ultimately purchased lots.

185. Eagle Rock does not ordinarily inform consumers that the referral source who recommended Eagle Rock to them had been paid.

B. Eagle Rock targets vulnerable groups.

186. In addition, Eagle Rock sells property directly to investors living abroad.

187. Eagle Rock has run sales programs in places including Kenya and the Philippines.

188. Eagle Rock sent salespeople to both countries to sell undeveloped lots as potential investment properties.

189. Eagle Rock's foreign sales practices also include an "International Referral Program."

190. Though the "International Referral Program," Eagle Rock promised to pay current owners large referral payments for each buyer referred to Eagle Rock.

191. In 2016, for instance, Eagle Rock promised current owners that “[f]or each buyer you refer at one of our international events, you will receive” at least \$1,000.

192. Another referral program promised “complimentary gift cards, overnight stays, dining, golf, spa services, boat rides, and local excursions,” in addition to cash payments and cars.

193. Eagle Rock uses affirmative outreach programs to engage with communities of foreign ancestry, including individuals who live in or have immigrated from the Philippines and Kenya.

194. For instance, Eagle Rock engages in a variety of affirmative marketing campaigns targeted at individuals of Kenyan ancestry.

195. As discussed below, Eagle Rock has outreach programs selling land directly to residents of Kenya.

196. Eagle Rock also hires Kenyan celebrities for marketing events.

197. For instance, Eagle Rock hosted “A Night with Kip Keino,” “Retired track & field athlete and current Chairman of the Kenyan Olympic Committee.” Kenyan guitarist John Mucheru also performed.

198. Eagle Rock hosted a similar follow-up event with Keino and Mucheru that was explicitly “Open to Kenyan Property Owners and their Referrals.”

199. One Kenyan consumer told the Commonwealth that Kenyans culturally believe land is a good investment, which made him and those with similar cultural backgrounds more likely to be deceived by Eagle Rock’s sales pitch.

200. Similarly, Eagle Rock engages in a variety of affirmative marketing campaigns targeted at individuals of Filipino descent.

201. Eagle Rock “developed a special referral program” that held international events in the Philippines, including in Makati City near Manila, Philippines. The Company highlighted its referral payment structure promising \$1,000 and more to owners who refer new buyers.

202. Eagle Rock marketing materials advertise it as “one of the largest Filipino communities in the U.S., with over 5,000 families as owners.”

203. Eagle Rock also boosted its alleged affiliation with Filipino celebrity Lea Salonga: “One of the owners you would recognize – Broadway and film star Lea Salonga.”

204. Eagle Rock did not disclose that it had a paid affiliation with Ms. Salonga.

205. Eagle Rock also hosted an “exclusive fight watching party” for celebrity Filipino boxer Manny Pacquiao’s 2016 fight against Timothy Bradley III, stating that there “are two ways to be invited: . . . If you have a referral sale

between March 19th and April 9th, 2016” and “[i]f you bring a referral to tour the weekend of the fight.”

206. Eagle Rock has also hosted events for Philippine Independence Day weekend.

VII. EAGLE ROCK CONTINUES TO RECEIVE BENEFITS FROM DEVASTATED CONSUMERS AFTER THEY PURCHASE LAND.

207. The harm caused by Eagle Rock’s deceptive marketing practices does not end at the time of sale.

208. Eagle Rock finances all sales of land in the development through seller financing. This process begins in the land sale process, during which agents for Defendant Eagle Rock Resort Co, LLC market and facilitate applications for the consumer financial services and products of Defendant Eagle Rock Real Estate Co. and Defendant United Equitable Mortgage Corporation.

209. Because Eagle Rock finances all sales of land in the development through seller financing (residential mortgage loans), and then holds the mortgages throughout the life of the loan, Eagle Rock also earns millions of dollars in interest on the mortgages.

210. If consumers continue to pay the mortgages, Eagle Rock profits from outsized principal and interest payments that are based on inflated sale prices.

211. If consumers default or cease payments, Eagle Rock still benefits. Eagle Rock frequently forecloses on the defaulted property and re-sells it using

deceptive marketing practices to sell the lot for an inflated price to a new consumer.

212. Because the plots are undeveloped, Eagle Rock can more easily sell, foreclose on, and re-sell the lot. Eagle Rock can pocket the down payment, loan payments, and then re-sell the same exact plot of land without any further development costs for the same or higher value to the next consumer.

213. Eagle Rock has thus banked substantial profits by selling unsuspecting consumers overpriced, undeveloped lots in rural Pennsylvania by using unfair and deceptive business practices that violate Pennsylvania and federal law.

214. These practices have led to financial devastation for many consumers.

215. Many consumers continue to pay for land worth a fraction of its original value, and others have defaulted on their loans, leaving them without their initial investment and with impaired credit.

216. Eagle Rock profits either way.

COUNT I

**VIOLATIONS OF THE PENNSYLVANIA UNFAIR TRADE PRACTICES
AND CONSUMER PROTECTION LAW
BY ALL DEFENDANTS**

**DEFENDANTS MISREPRESENT THE EAGLE ROCK REAL ESTATE
PRODUCT TO CONSUMERS**

217. The Commonwealth incorporates the preceding paragraphs as though the same were fully set forth herein.

218. At all times relevant and material hereto, Defendant engaged in conduct including, but not limited to, the following:

- A. Misrepresenting to consumers that Eagle Rock was offering the undeveloped lots for sale at a price that was at or below the lots' secondary-market resale values. Eagle Rock actually priced its undeveloped lots far higher than the secondary-market resale values. Eagle Rock supported its misrepresentations with false or misleading data, including misleading information about the value "comparable properties" or "comps," and the existence of any secondary market for undeveloped lots;
- B. Misrepresenting that lots could serve as an investment that would potentially grow in value even though Eagle Rock sold lots at prices that far exceeded the resale value. Few, if any,

consumers could expect to break even, let alone see growth in the value of their undeveloped lot over the purchase price;

- C. Misrepresenting to consumers that lot prices were temporarily lower during a limited time promotion when, instead, the promotion was neither a discount nor offered for a limited time;
- D. Misrepresenting the terms and conditions of Eagle Rock's property trade-in program and representing to consumers that Eagle Rock has property repurchase and resale programs when it does not; and
- E. Otherwise using high-pressure sales tactics to push consumers to make the purchase without shopping around or otherwise researching the value of the undeveloped lots.

219. At all times relevant and material hereto, Defendant's conduct constituted unfair acts or practices in the conduct of trade or commerce prohibited by Section 201-3 of the Consumer Protection Law, as defined by Section 201-2 of the Consumer Protection Law, including, but not limited to, the following:

- A. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have;

B. Making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions; and

C. Engaging in other fraudulent or deceptive conduct which creates a likelihood of confusion or of misunderstanding,

73 P.S. § 201-2(4)(v), (xi), and (xxi).

220. The Commonwealth alleges that all the practices described above were performed willfully by Defendants. Accordingly, and pursuant to Section 201-8 of the Consumer Protection Law, 73 P.S. § 201-8, the Commonwealth seeks the imposition of civil penalties of One Thousand Dollars (\$1,000) for each violation of the Consumer Protection Law, including enhanced civil penalties of Three Thousand Dollars (\$3,000) for each violation involving victims age sixty (60) or older, in addition to other relief sought, as appropriate.

221. The Commonwealth believes the public interest is served by seeking before this Honorable Court a permanent injunction to restrain the operations, methods, acts, and practices of Defendants as described herein, as well as seeking restitution and civil penalties for violations of the law.

COUNT II

**VIOLATIONS OF THE CFPA BASED ON VIOLATIONS OF ILSA
BY ALL DEFENDANTS**

**DEFENDANTS OBTAINED MONEY BY UNTRUE STATEMENTS AND
OMISSIONS OF MATERIAL FACTS**

222. The Commonwealth incorporates the preceding paragraphs as though the same were fully set forth herein.

223. The CFPA prohibits covered persons and service providers from engaging in unfair, deceptive, or abusive acts or practices. 12 U.S.C. §§ 5531, 5536(a)(1)(B).

224. An act or practice is deceptive if it involves a material misrepresentation or omission that is likely to mislead consumers acting reasonably under the circumstances.

225. Any act or omission in violation of a Federal consumer financial law also violates the CFPA. 12 U.S.C. §§ 5536(a)(1)(A), 5481(12), 5481(14).

226. ILSA is a Federal consumer financial law. 12 U.S.C. §§ 5481(12)(R), 5481(14).

227. The CFPA defines a “covered person” to include any person that engages in offering or providing a consumer financial product or service, as well as any affiliate of such a covered person that also acts as a service provider to such a covered person. 12 U.S.C. § 5481(6)(A)-(B).

228. The CFPA defines an “affiliate” to include any person that controls, is controlled by, or is under common control with another person. 12 U.S.C. § 5481(1).

229. The CFPA defines a “service provider” to include any person that provides a material service to a covered person in connection with the offering or provision by such covered person of a consumer financial product or service. 12 U.S.C. § 5481(26)(A).

230. Defendants Eagle Rock Real Estate Co. and United Equitable Mortgage Corporation are “covered persons” under the CFPA because they each extend credit, including in the form of mortgages for properties at Eagle Rock Resort. 12 U.S.C. § 5481(15)(A)(i).

231. The CFPA defines an “affiliate” to include any person that controls, is “controlled by, or is under common control with” another person. 12 U.S.C. § 5481(1). Because Defendants Eagle Rock Resort Co., LLC, Eagle Rock Real Estate Co., and United Equitable Mortgage Corporation are under common control by Defendant Double Diamond – Delaware, Inc., Defendant Eagle Rock Resort Co., LLC is an “affiliate” of Defendants Eagle Rock Real Estate Co. and United Equitable Mortgage Corporation. Defendant Eagle Rock Resort Co., LLC is a “covered person” because it is an “affiliate” of Defendant Eagle Rock Real Estate Co. and Defendant United Equitable Mortgage Corporation and because it is a

“service provider” to Eagle Rock Real Estate Co. and United Equitable Mortgage Corporation within the meaning of the CFPA. 12 U.S.C. §§ 5481(6)(B), 5481(26)(A); *see also* Paragraph 18, *supra* (pleading that Defendant Eagle Rock Resort Co., LLC is a “service provider” within the meaning of the CFPA).

232. Defendant Double Diamond – Delaware, Inc. is a “covered person” because it is a “related person” within the meaning of the CFPA. 12 U.S.C. § 5481(25)(B). Specifically, Double Diamond – Delaware, Inc. is a “related person” under the CFPA because it is a “controlling shareholder of” Defendants Eagle Rock Resort Co., LLC, United Equitable Mortgage Corporation, and Eagle Rock Real Estate Co., each of which is a “covered person.” 12 U.S.C. § 5481(25)(C)(i). None of the Eagle Rock Defendants are a bank holding company, credit union, or depository institution. 12 U.S.C. § 5481(25)(A). A “related person” is deemed to be a “covered person” under the CFPA. 12 U.S.C. § 5481(25)(B). Thus, Double Diamond – Delaware, Inc. is a “covered person” under the CFPA. *Id.*

233. ILSA prohibits any developer or agent, directly or indirectly, from using any instruments of communication in interstate commerce to sell or offer to sell any lot by obtaining money using either an untrue statement of a material fact pertinent to a lot or subdivision, or an omission of a material fact, where the fact is both pertinent to a lot or subdivision and necessary to make the statements made

not misleading in light of the circumstances in which they were made and within the context of the overall offer and sale. 15 U.S.C. § 1703(a)(2)(B).

234. The Eagle Rock Resort is, and at all times relevant to this proceeding has been, a “subdivision” as that term is defined under ILSA. 15 U.S.C. § 1701(3).

235. Double Diamond—Delaware, Inc. and Eagle Rock Resort Co., LLC both are, and at all times relevant to this proceeding have been, “developers” as that term is defined under ILSA because they each directly or indirectly sold, offered to sell, or advertised for sale lots in the Eagle Rock Resort. 15 U.S.C. § 1701(5).

236. Double Diamond—Delaware, Inc. and Eagle Rock Resort Co., LLC have sold and offered for sale in the Eagle Rock Resort parcels that constituted a “lot” that was not exempt under 15 U.S.C. § 1702.

237. Double Diamond—Delaware, Inc. and Eagle Rock Resort Co., LLC, directly or indirectly, have used means or instruments of communication in interstate commerce with respect to the sale of non-exempt lots, by offering to sell lots in the Eagle Rock subdivisions on the internet and in phone calls.

238. In selling and offering to sell lots in the Eagle Rock Resort, Double Diamond—Delaware, Inc. and Eagle Rock Resort Co., LLC and their agents have obtained money by untrue statements and omissions of material facts.

239. In selling and offering to sell lots in the Eagle Rock Resort, Double Diamond—Delaware, Inc. and Eagle Rock Resort Co., LLC and their agents made untrue statements about the monetary value and other characteristics of undeveloped lots being sold or offered for sale to consumers.

240. Double Diamond—Delaware, Inc. and Eagle Rock Resort Co., LLC represented to purchasers and prospective purchasers that the undeveloped lots were being sold on the open market for more money than undeveloped lots were actually being sold for.

241. Double Diamond—Delaware, Inc. and Eagle Rock Resort Co., LLC supported these claims by presenting information about comparable sales to consumers without disclosing that those sales were not conducted by owners of undeveloped lots on the open market but were actually conducted by Eagle Rock Resort itself using the deceptive marketing and high-pressure sales tactics described in this Complaint, thereby improperly inflating the sale price of the undeveloped lots.

242. Such statements regarding the lots' value, potential to grow in value, and comparable sales were both pertinent to each lot and untrue.

243. In addition, in offering to sell lots, Eagle Rock made omissions of a material fact when it failed to disclose that the comparable sales were all to victims of deceptive marketing practices, rather than sales on the open market, and that the

resale value on the open market was a mere fraction of the price Eagle Rock was offering. The omissions were both pertinent to a lot or subdivision and necessary to make the statements regarding comparable sales not misleading in light of the circumstances in which they were made and within the context of the overall offer and sale.

244. The misrepresentations and omissions concerned a central characteristic of the lots, and thus were both material to consumers' understanding of the characteristics, risks, and value of the lots, including the value of the financing, and likely to mislead consumers acting reasonably under the circumstances.

245. Double Diamond—Delaware, Inc. and Eagle Rock Resort Co., LLC have therefore, with respect to the sale of a land sales governed by ILSA, obtained money by means of untrue statements of a material fact or omissions of material fact necessary in order to make the statements made (in light of the circumstances in which they were made and within the context of the overall offer and sale or lease) not misleading, with respect to any information pertinent to the lot or Eagle Rock Resort subdivision.

246. The Eagle Rock Defendants therefore have violated ILSA. 15 U.S.C. § 1703(a)(2)(B).

247. Because the Eagle Rock Defendants are “covered persons” that violated ILSA by offering or providing a consumer financial product or service not in conformity with Federal consumer financial law, these Defendants also violated the CFPA. 12 U.S.C. § 5536(a)(1)(A).

COUNT III

VIOLATIONS OF THE CFPA BY ALL DEFENDANTS

DEFENDANTS ENGAGE IN DECEPTIVE ACTS AND PRACTICES BY MISREPRESENTING THE CHARACTERISTICS OF UNDEVELOPED LOTS TO CONSUMERS

248. The Commonwealth incorporates the preceding paragraphs as though the same were fully set forth herein.

249. Section 1036(a)(1)(B) of the CFPA prohibits covered persons from engaging in “any unfair, deceptive, or abusive act or practice.” 12 U.S.C. § 5536(a)(1)(B).

250. As described above, in advertising and offering seller financing (mortgage loans) to purchase lots, at all times relevant and material hereto, Defendant engaged in conduct including, but not limited to, the following:

- A. Misrepresenting to consumers that Eagle Rock was offering the undeveloped lots for sale at a price that was at or below the lots’ secondary-market resale value. Eagle Rock actually priced its undeveloped lots far higher than the secondary-

market resale value. Eagle Rock supported its misrepresentations with false or misleading data, including misleading information about the value “comparable properties” or “comps,” and the existence of any secondary market for undeveloped lots;

- B. Misrepresenting that lots could serve as an investment vehicle that would potentially grow in value even though Eagle Rock sold lots at prices that far exceeded the resale value. Few, if any, consumers could expect to break even, let alone see growth in the value of their undeveloped lot over the purchase price;
- C. Misrepresenting to consumers that lot prices were temporarily lower during a limited time promotion when, instead, the promotion was neither a discount nor offered for a limited time;
- D. Misrepresenting the terms and conditions of Eagle Rock’s property trade-in program and representing to consumers that Eagle Rock has property repurchase and resale programs when it does not; and
- E. Otherwise using high-pressure sales tactics to push consumers to make the purchase without shopping around or otherwise researching the value of the undeveloped lots.

251. These misrepresentations concerned a central characteristic of the only product consumers could purchase with Eagle Rock's seller financing and were thus both material to the consumers' understanding of the seller financing offered and likely to mislead consumers acting reasonably under the circumstances.

252. Defendants therefore have engaged in deceptive acts or practices in violation of the CFPA. 12 U.S.C. §§ 5531, 5536.

253. The CFPA empowers this Court to grant any appropriate legal or equitable relief with respect to violations of Federal consumer financial law, including, without limitation, a permanent or temporary injunction, rescission or reformation of contracts, the refund of moneys paid, restitution, disgorgement or compensation for unjust enrichment, and other relief. 12 U.S.C. § 5565.

COUNT IV

VIOLATIONS OF THE CFPA BY ALL DEFENDANTS

DEFENDANTS ENGAGE IN UNFAIR ACTS AND PRACTICES BY CREATING AND TAKING ADVANTAGE OF AN INFORMATIONAL ASYMMETRY ABOUT THE VALUE OF UNDEVELOPED LOTS, TARGETING TO VULNERABLE CONSUMERS, AND USING HIGH PRESSURE SALES TACTICS

254. The Commonwealth incorporates the preceding paragraphs as though the same were fully set forth herein.

255. Section 1036(a)(1)(B) of the CFPA prohibits covered persons from engaging in “any unfair, deceptive, or abusive act or practice.” 12 U.S.C. § 5536(a)(1)(B).

256. Defendants’ acts and practices relating to misrepresenting the potential resale value of the lots compared to “comps” and misrepresenting that the lots had a potential to grow in value as an investment caused, or were likely to cause, substantial consumer injury. The misrepresentations regarding the temporary promotion and the property repurchase and resale programs caused, or were likely to cause, substantial consumer injury because they pressured consumers into making a purchase without doing further research or shopping for a better deal.

257. As described above, in advertising and offering seller financing to purchase lots, at all times relevant and material hereto, Defendants engaged in conduct including, but not limited to, the following, all of which is likely to cause substantial consumer injury:

- A. Misrepresenting to consumers that Eagle Rock was offering the undeveloped lots for sale at a price that was at or below the lots’ secondary-market resale value. Eagle Rock actually priced its undeveloped lots far higher than the secondary-market resale value. Eagle Rock supported its

misrepresentations with false or misleading data, including misleading information about the value “comparable properties” or “comps,” and the existence of any secondary market for undeveloped lots;

- B. Misrepresenting that lots could serve as an investment that would potentially grow in value even though Eagle Rock sold lots at prices that far exceeded the resale value. Few, if any, consumers could expect to break even, let alone see growth in the value of their undeveloped lot over the purchase price;
- C. Misrepresenting to consumers that lot prices were temporarily lower during a limited time promotion when, instead, the promotion was neither a discount nor offered for a limited time;
- D. Misrepresenting the terms and conditions of Eagle Rock’s property trade-in program and representing to consumers that Eagle Rock has property repurchase and resale programs when it does not;
- E. Otherwise using high-pressure sales tactics to push consumers to make the purchase without shopping around or otherwise researching the value of the undeveloped lots;
- F. Targeting vulnerable groups of consumers.

258. These practices related to a central characteristic of the only product consumers could purchase with Eagle Rock's seller financing.

259. These acts and practices caused substantial injury by causing consumers to substantially overpay for undeveloped lots, including overpaying in interest charges and other financing costs related to the seller financing.

260. The consumer injury from Eagle Rock's misrepresentations was not reasonably avoidable because Eagle Rock engaged in high pressure sales tactics; targeted vulnerable groups of consumers; and created and abused an information asymmetry, including but not limited to an informational asymmetry relating to the value of Eagle Rock undeveloped lots on the resale market. The substantial injury from Eagle Rock's misleading use of "comps" was not reasonably avoidable because "comps" in an ordinary real estate transaction are a good indicator of the likely resale value.

261. The substantial consumer injury caused or likely caused by Eagle Rock's conduct was not outweighed by countervailing benefits to consumers or to competition.

262. Defendants therefore have engaged in unfair acts or practices in violation of the CFPA. 12 U.S.C. §§ 5531, 5536.

263. The CFPA empowers this Court to grant any appropriate legal or equitable relief with respect to violations of Federal consumer financial law,

including, without limitation, a permanent or temporary injunction, rescission or reformation of contracts, the refund of monies paid, restitution, disgorgement or compensation for unjust enrichment, and other relief. 12 U.S.C. § 5565.

COUNT V

VIOLATIONS OF THE CFPA BY ALL DEFENDANTS

DEFENDANTS ENGAGE IN ABUSIVE ACTS AND PRACTICES BY USING HIGH PRESSURE SALES TACTICS

264. The Commonwealth incorporates the preceding paragraphs as though the same were fully set forth herein.

265. Section 1036(a)(1)(B) of the CFPA prohibits covered persons from engaging in “any unfair, deceptive, or abusive act or practice.” 12 U.S.C. § 5536(a)(1)(B).

266. The CFPA defines an “abusive” act or practice as one that “materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service.” 12 U.S.C. § 5531(d).

267. As described above, in advertising and offering seller financing to purchase lots, at all times relevant and material hereto, Defendants engaged in abusive conduct including, but not limited to, the following:

- A. Misrepresenting to consumers that Eagle Rock was offering the undeveloped lots for sale at a price that was at or below the lots’ secondary-market resale value. Eagle Rock actually

priced its undeveloped lots far higher than the secondary-market resale value. Eagle Rock supported its misrepresentations with false or misleading data, including misleading information about the value “comparable properties” or “comps,” and the existence of any secondary market for undeveloped lots;

- B. Misrepresenting that lots could serve as an investment vehicle that would potentially grow in value even though Eagle Rock sold lots at prices that far exceeded the resale value. Few, if any, consumers could expect to break even, let alone see growth in the value of their undeveloped lot over the purchase price;
- C. Misrepresenting to consumers that lot prices were temporarily lower during a limited time promotion when, instead, the promotion was neither a discount nor offered for a limited time;
- D. Misrepresenting the terms and conditions of Eagle Rock’s property trade-in program and representing to consumers that Eagle Rock has property repurchase and resale programs when it does not; and

E. Otherwise using high-pressure sales tactics to push consumers to make the purchase without shopping around or otherwise researching the value of the undeveloped lots.

268. These practices related to a central characteristic of the only product consumers could purchase with Eagle Rock's seller financing.

269. These practices materially interfered with the ability of a consumer to understand a term or condition of the seller financing—that is, the value of the product they were purchasing—and thereby deprived consumers of the opportunity to make a meaningful, informed decision about whether to purchase an undeveloped lot at Eagle Rock and whether to finance their purchase through Eagle Rock's seller financing.

270. Defendants therefore have engaged in abusive acts or practices in violation of the CFPA. 12 U.S.C. §§ 5531, 5536.

271. The CFPA empowers this Court to grant any appropriate legal or equitable relief with respect to violations of Federal consumer financial law, including, without limitation, a permanent or temporary injunction, rescission or reformation of contracts, the refund of monies paid, restitution, disgorgement or compensation for unjust enrichment, and other relief. 12 U.S.C. § 5565.

PRAYER FOR RELIEF

WHEREFORE, the Commonwealth respectfully requests that this Honorable Court order the following relief:

- A. declare that Defendants' acts and practices constitute violations of the CFPA, 12 U.S.C. §§ 5531, 5536, ILSA, and the Consumer Protection Law;
- B. permanently enjoin Defendants from committing future violations of the CFPA, 12 U.S.C. §§ 5531, 5536, ILSA, and the Consumer Protection Law;
- C. award damages, restitution, and other monetary relief against Defendants under 12 U.S.C. § 5565(a);
- D. direct Defendants to make full restitution pursuant to Section 201-4.1 of the Consumer Protection Law to all interested persons from whom the Defendants may have acquired moneys or property by means of any violations of the Consumer Protection Law;
- E. direct Defendants to pay to the Commonwealth civil penalties under the Consumer Protection Law of One Thousand and 00/100 Dollars (\$1,000.00) for each instance of a past or present violation of the Consumer Protection Law, and Three

Thousand and 00/100 Dollars (\$3,000.00) for each instance of a past or present violation of the Consumer Protection Law involving consumers age sixty (60) or older as victims;

- F. direct the Defendants to disgorge and forfeit all ill-gotten monies and revenues they have received as a result of their unfair and deceptive acts and practices as set forth in this Complaint;
- G. direct the Defendants to pay the Commonwealth for the costs of its investigation and prosecution of this action, including but not limited to attorney's fees;
- H. award additional injunctive relief;
- I. award prejudgment interest;
- J. award consumers and aggrieved persons redress;
- K. order the rescission or reformation of contracts obtained by the abusive or deceptive practices alleged therein; and
- L. grant such other relief as the Court deems just and proper.

Respectfully Submitted,

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL

Michelle A. Henry
Attorney General

January 9, 2025

A handwritten signature in cursive script that reads "Pat Gavin".

Patrick J. Gavin
Deputy Attorney General
PA Attorney I.D. No. 323044
Pennsylvania Office of Attorney General
1600 Arch Street, Third Floor
Philadelphia, Pennsylvania 19103
Telephone: (717) 497-2837
pgavin@attorneygeneral.gov
Attorney for the Commonwealth

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

Commonwealth of Pennsylvania, by Attorney General
Michelle A. Henry

(b) County of Residence of First Listed Plaintiff Dauphin
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

Patrick J. Gavin (717 497 2837)
1600 Arch Street, Third Floor, Philadelphia PA 19103

DEFENDANTS

Eagle Rock Resort Co., LLC, United Equitable Mortgage
Corp., and Eagle Rock Real Estate Co., et al.

County of Residence of First Listed Defendant Luzerne
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF
THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
☒ 3 Federal Question (U.S. Government Not a Party)
☐ 2 U.S. Government Defendant
☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: [Nature of Suit Code Descriptions.](#)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice PERSONAL INJURY <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 INTELLECTUAL PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 835 Patent - Abbreviated New Drug Application <input type="checkbox"/> 840 Trademark <input type="checkbox"/> 880 Defend Trade Secrets Act of 2016 SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit (15 USC 1681 or 1692) <input type="checkbox"/> 485 Telephone Consumer Protection Act <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input checked="" type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education PRISONER PETITIONS Habeas Corpus: <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty Other: <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement			

V. ORIGIN (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
☐ 2 Removed from State Court
☐ 3 Remanded from Appellate Court
☐ 4 Reinstated or Reopened
☐ 5 Transferred from Another District (specify)
☐ 6 Multidistrict Litigation - Transfer
☐ 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
Section 1042 of the Consumer Financial Protection Act of 2010, 12 U.S.C. § 5552(a)

Brief description of cause:

Alleged violations of Pennsylvania Unfair Trade Practices and Consumer Protection Act and the federal Consumer Financial Protection Act

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☐ Yes ☒ No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

1/9/2025

Pat Gavin

FOR OFFICE USE ONLY

RECEIPT #

AMOUNT

APPLYING IFP

JUDGE

MAG. JUDGE