

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

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

**Plaintiff,**

**v.**

**BRIGHT FINANCIAL GROUP, LLC,  
CONQUEST MORTGAGE, LLC,  
FLAGSHIP HOME LOANS, LLC,  
LEGACY MORTGAGE  
PARTNERS, LLC, NITTANY HOME  
LOANS, LLC, MCT FINANCIAL, LLC,  
BARRY NEWHART, CONQUEST  
HOLDINGS, LLC, and NEWHART  
HOLDINGS, LLC,**

**Defendants.**

Case No.

**COMPLAINT**

The Commonwealth of Pennsylvania by Attorney General Michelle A. Henry (“Commonwealth”) brings this action pursuant to the Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1, *et seq.* (“Consumer Protection Law”) and the Consumer Financial Protection Act, 12 U.S.C. § 5481, *et seq.* (“CFPA”) based on violations of the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601, *et seq.* (“RESPA”) and its implementing regulation, Regulation X, 12 C.F.R. part 1024. The Commonwealth brings this action against the following entities: Bright Financial Group, LLC; Conquest Mortgage, LLC; Flagship Home Loans, LLC; Legacy Mortgage Partners, LLC; Nittany Home Loans, LLC; MCT Financial, LLC; Barry Newhart; Newhart Holdings, LLC; and Conquest Holdings, LLC (“Defendants”).

The Commonwealth believes it serves the public interest to seek a permanent injunction from this Honorable Court to restrain the unlawful 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. Settlement services providers—the organizations that provide title searches, title examinations, title insurance, inspections, and other similar real estate services to homebuyers in relation to residential real estate purchases and mortgage originations and refinancings—are generally prohibited from giving any fee, kickback, or thing of value to individuals or organizations who refer them business. 12 U.S.C. § 2607(a).

2. Defendant Barry Newhart and the other Defendants—which he owned and controlled—violated this prohibition in at least three ways.

3. First, through a complex and multilayered corporate structure, Newhart and the other Defendants sought to and did transfer things of value—specifically, underpriced, nonvoting stock in Newhart-owned mortgage brokerages—to real estate professionals (specifically, real estate agents and real estate brokers, referred to herein as “Real Estate Professionals”) who, in exchange, referred their clients back to the Newhart-owned mortgage brokerages.

4. Through this setup, Newhart and the other Defendants attempted to mask the kickbacks they paid to Real Estate Professionals as sales of stock and profit distributions to

shareholders. But the underpriced nature of the stock, and the large, outsized profit distributions that Newhart and the other Defendants distributed directly to referring Real Estate Professionals, belied the scheme.

5. Second, Newhart and the other Defendants also paid for event tickets and expensive dinners for the Real Estate Professionals.

6. The total value of these kickbacks—profit distributions, tickets, dinners, and other things—surpassed \$500,000 and potentially amounted to close to or more than a million dollars in total.

7. Third, Defendants failed to adhere to disclosure requirements and other requirements that are necessary to qualify for an exception that allows settlement services providers to transfer certain things of value to entities as part of an “affiliated business arrangement.”

8. Defendants’ scheme violated the Consumer Protection Law, the CFPA, and RESPA.

### **JURISDICTION AND VENUE**

9. 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.

10. 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 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 . . . .” 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).

11. 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).

12. The Court has personal jurisdiction over Defendants because Defendants are located, reside, and do business in this district.

13. Venue is proper because Defendants are located, reside, and do business in this district, 12 U.S.C. § 5564(f), because Defendants reside in this district and all Defendants are residents of the Commonwealth of Pennsylvania, 28 U.S.C. § 1391(b)(1), and because a substantial part of the events or omissions giving rise to the claims occurred in this district, 28 U.S.C. § 1391(b)(3).

#### **PARTIES**

14. Plaintiff is the Commonwealth of Pennsylvania, acting by Attorney General Michelle A. Henry, with offices located at 15th Floor, Strawberry Square, Harrisburg, PA 17120 and 1600 Arch St, Floor 3, Philadelphia PA 19103.

15. Defendant Bright Financial Group, LLC is a limited liability company organized under the laws of Pennsylvania (Pennsylvania Department of State No. 7050015). Its principal place of business is 1251 S. Cedar Crest Boulevard, Suite 107, Allentown, Pennsylvania 18103.

16. Defendant Bright Financial Group, LLC is a residential mortgage broker (Nationwide Mortgage Licensing System ("NMLS") No. 1993302) formerly licensed to do business in Pennsylvania (Pennsylvania Mortgage Broker License No. 75576). Bright Financial Group, LLC's Pennsylvania Mortgage Broker License is currently inactive; it operates as a residential mortgage broker as Conquest Mortgage, LLC, Allentown, PA Branch (NMLS No. 2490247), which is licensed to do business in Pennsylvania (Pennsylvania Mortgage Broker License No. 44159.003).

17. Defendant Bright Financial Group, LLC provides real estate settlement services to consumers and brokers loans in the form of residential mortgage loans. “[R]eal estate settlement services,” 12 U.S.C. § 5481(15)(A)(iii), and brokering mortgage loans, 12 U.S.C. § 5481(15)(A)(i), are “consumer financial product[s] or service[s]” under the CFPA because they are a “financial product or service,” 12 U.S.C. § 5481(15), that “is offered or provided for use by consumers primarily for personal, family, or household purposes,” 12 U.S.C. § 5481(5)(A). Accordingly, Defendant Bright Financial Group, LLC is a “covered person” under the CFPA because Defendant Bright Financial Group, LLC “engages in offering or providing a consumer financial product or service.” 12 U.S.C. § 5481(6)(A).

18. Defendant Conquest Mortgage, LLC, formerly known as Parkway Financial, LLC, is a limited liability company organized under the laws of Pennsylvania (Pennsylvania Department of State No. 4214993). Its principal place of business is 4623 Berwyn Lane, Macungie, PA 18062.

19. Defendant Conquest Mortgage, LLC, is a residential mortgage broker (NMLS No. 1121654) licensed to do business in Pennsylvania (Pennsylvania Mortgage Broker License No. 44159).

20. Defendant Conquest Mortgage, LLC provides real estate settlement services to consumers and brokers loans in the form of residential mortgage loans. “[R]eal estate settlement services,” 12 U.S.C. § 5481(15)(A)(iii), and brokering mortgage loans, 12 U.S.C. § 5481(15)(A)(i), are “consumer financial product[s] or service[s]” under the CFPA because they are a “financial product or service,” 12 U.S.C. § 5481(15), that “is offered or provided for use by consumers primarily for personal, family, or household purposes,” 12 U.S.C. § 5481(5)(A). Accordingly, Defendant Conquest Mortgage, LLC is a “covered person” under the CFPA

because Defendant Conquest Mortgage, LLC “engages in offering or providing a consumer financial product or service.” 12 U.S.C. § 5481(6)(A).

21. Defendant Flagship Home Loans, LLC is a limited liability company organized under the laws of Pennsylvania (Pennsylvania Department of State No. 7380538). Its principal place of business is 1251 S. Cedar Crest Boulevard, Suite 107, Allentown, PA 18103.

22. Defendant Flagship Home Loans, LLC is a residential mortgage broker (NMLS No. 2302220), which is licensed to do business in Pennsylvania (Pennsylvania Mortgage Broker License No. 95436).

23. Defendant Flagship Home Loans, LLC provides real estate settlement services to consumers and brokers loans in the form of residential mortgage loans. “[R]eal estate settlement services,” 12 U.S.C. § 5481(15)(A)(iii), and brokering mortgage loans, 12 U.S.C. § 5481(15)(A)(i), are “consumer financial product[s] or service[s]” under the CFPA because they are a “financial product or service,” 12 U.S.C. § 5481(15), that “is offered or provided for use by consumers primarily for personal, family, or household purposes,” 12 U.S.C. § 5481(5)(A). Accordingly, Defendant Flagship Home Loans, LLC is a “covered person” under the CFPA because Defendant Flagship Home Loans, LLC “engages in offering or providing a consumer financial product or service.” 12 U.S.C. § 5481(6)(A).

24. Defendant Legacy Mortgage Partners, LLC is a limited liability company organized under the laws of Pennsylvania (Pennsylvania Department of State No. 7473041). Its principal place of business is 1251 S. Cedar Crest Boulevard, Suite 107, Allentown, PA 18103.

25. Defendant Legacy Mortgage Partners, LLC is a residential mortgage broker (NMLS No. 2341447) licensed to do business in Pennsylvania (Pennsylvania Mortgage Broker License No. 98263). Legacy Mortgage Partners, LLC’s Pennsylvania Mortgage Broker License

is currently inactive; it operates as a residential mortgage broker as Conquest Mortgage, LLC, Allentown, PA Branch (NMLS No. 2490347), which is licensed to do business in Pennsylvania (Pennsylvania Mortgage Broker License No. 44159.004).

26. Defendant Legacy Mortgage Partners, LLC provides real estate settlement services to consumers and brokers loans in the form of residential mortgage loans. “[R]eal estate settlement services,” 12 U.S.C. § 5481(15)(A)(iii), and brokering mortgage loans, 12 U.S.C. § 5481(15)(A)(i), are “consumer financial product[s] or service[s]” under the CFPA because they are a “financial product or service,” 12 U.S.C. § 5481(15), that “is offered or provided for use by consumers primarily for personal, family, or household purposes,” 12 U.S.C. § 5481(5)(A). Accordingly, Defendant Legacy Mortgage Partners, LLC is a “covered person” under the CFPA because Defendant Legacy Mortgage Partners, LLC “engages in offering or providing a consumer financial product or service.” 12 U.S.C. § 5481(6)(A).

27. Defendant Nittany Home Loans, LLC is a limited liability company organized under the laws of Pennsylvania (Pennsylvania Department of State No. 7604205). Its principal place of business is 1251 S. Cedar Crest Boulevard, Suite 107, Allentown, PA 18103.

28. Defendant Nittany Home Loans, LLC does business under the fictitious name Nittany Mortgage, LLC (Pennsylvania Department of State No. 3582100). Nittany Mortgage, LLC is a residential mortgage broker (NMLS No. 2420486) licensed to do business in Pennsylvania (Pennsylvania Mortgage Broker License No. 102907). Nittany Mortgage, LLC’s Pennsylvania Mortgage Broker License is currently inactive; it operates as a residential mortgage broker as Conquest Mortgage, LLC, Allentown, PA Branch (NMLS No. 2471245), which is licensed to do business in Pennsylvania (Pennsylvania Mortgage Broker License No. 44159.002).

29. Defendant Nittany Home Loans, LLC provides real estate settlement services to consumers and brokers loans in the form of residential mortgage loans. “[R]eal estate settlement services,” 12 U.S.C. § 5481(15)(A)(iii), and brokering mortgage loans, 12 U.S.C. § 5481(15)(A)(i), are “consumer financial product[s] or service[s]” under the CFPA because they are a “financial product or service,” 12 U.S.C. § 5481(15), that “is offered or provided for use by consumers primarily for personal, family, or household purposes,” 12 U.S.C. § 5481(5)(A). Accordingly, Defendant Nittany Home Loans, LLC is a “covered person” under the CFPA because Defendant Nittany Home Loans, LLC “engages in offering or providing a consumer financial product or service.” 12 U.S.C. § 5481(6)(A).

30. Defendant MCT Financial, LLC is a limited liability company organized under the laws of Pennsylvania (Pennsylvania Department of State No. 3614035). Its principal place of business is 1251 S. Cedar Crest Boulevard, Suite 107, Allentown, PA 18103. MCT Financial, LLC does business under the registered fictitious name “MCT Financial” (Pennsylvania Department of State No. 3630539).

31. Defendant MCT Financial, LLC is a residential mortgage broker operating as Conquest Mortgage, LLC, Allentown, PA Branch (NMLS No. 2462920), which is licensed to do business in Pennsylvania (Pennsylvania Mortgage Broker License No. 44159.001).

32. Defendant MCT Financial, LLC provides real estate settlement services to consumers and brokers loans in the form of residential mortgage loans. “[R]eal estate settlement services,” 12 U.S.C. § 5481(15)(A)(iii), and brokering mortgage loans, 12 U.S.C. § 5481(15)(A)(i), are “consumer financial product[s] or service[s]” under the CFPA because they are a “financial product or service,” 12 U.S.C. § 5481(15), that “is offered or provided for use by consumers primarily for personal, family, or household purposes,” 12 U.S.C. § 5481(5)(A).



Accordingly, Defendant MCT Financial, LLC is a “covered person” under the CFPA because Defendant MCT Financial, LLC “engages in offering or providing a consumer financial product or service.” 12 U.S.C. § 5481(6)(A).

33. Defendants Bright Financial Group, LLC, Conquest Mortgage, LLC, Flagship Home Loans, LLC, Legacy Mortgage Partners, LLC, Nittany Home Loans, LLC, and MCT Financial, LLC are referred to herein as “Defendant Mortgage Brokerages.”

34. Defendant Barry Newhart is an adult individual residing at 4623 Berwyn Lane, Macungie, PA 18062.

35. Defendant Newhart controlled, directed, supervised or otherwise participated in the actions and practices alleged herein through ownership, management, and operational control over the other Defendants.

36. Specifically, Defendant Newhart is the sole member of Defendant Newhart Holdings, LLC, a single-member limited liability company that operates as a holding company. Defendant Newhart Holdings is the sole member of Defendant Conquest Holdings, LLC, which is, on information and belief, a single-member S corporation that also operates as a holding company. Defendant Conquest Holdings, LLC directly owns and controls Defendants Nittany Home Loans, LLC, MCT Financial, LLC, and Conquest Mortgage, LLC. Defendant Conquest Holdings, LLC owns the majority of and controls management companies (either directly or through intermediary wholly-owned holding companies VC Associates, LLC and CE Associates)—LMP Management, LLC; Mortgage Affiliated Services Group, LLC; and Home Lending Partners, LLC—that own and control Defendants Legacy Mortgage Partners, Bright Financial Group, LLC, and Flagship Home Loans, LLC.

37. Defendant Newhart is also listed as the NMLS Branch Manager (NMLS No. 136114) for each of the Defendant Mortgage Brokerages.

38. Defendant Conquest Holdings, LLC is, on information and belief, a single-member S corporation whose sole member is Defendant Newhart Holdings, LLC. Defendant Conquest Holdings, LLC operates as a holding company. Defendant Conquest Holdings, LLC is incorporated in the state of Pennsylvania. Its principal place of business is 4623 Berwyn Lane, Macungie, PA 18062.

39. Defendant Conquest Holdings, LLC is a “covered person” under the CFPA. Specifically, Defendant Conquest Holdings, LLC is a “related person” under the CFPA because Defendant Conquest Holdings, LLC directly owns and is “a controlling shareholder of” Nittany Home Loans, LLC, MCT Financial, LLC, and Conquest Mortgage, LLC, each of which is a “covered person.” 12 U.S.C. § 5481(25)(C)(i). None of the Defendants is 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).

40. Defendant Newhart Holdings, LLC is a single-member limit liability corporation organized under the laws of Pennsylvania (Pennsylvania Department of State No. 6990969). The sole member of Newhart Holdings, LLC is Defendant Barry Newhart. Its principal place of business is 4623 Berwyn Lane, Macungie, PA 18062.

41. Defendant Newhart Holdings, LLC is a “covered person” under the CFPA. Specifically, Defendant Newhart Holdings, LLC is a “related person” under the CFPA because Defendant Newhart Holdings, LLC directly owns and is “a controlling shareholder of” Conquest Holdings, LLC, which is a “covered person.” 12 U.S.C. § 5481(25)(C)(i). None of the Defendants is 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).

42. Defendant Newhart is a “covered person” under the CFPA. Specifically, Defendant Newhart is a “related person” under the CFPA because Defendant Newhart is the beneficial controlling shareholder in the Newhart Holdings, LLC, Conquest Holdings, LLC, and each of the Mortgage Broker Defendants, each of whom is a “covered person.” 12 U.S.C. § 5481(25)(C)(i). Defendant Newhart is also a “related person” because he is a beneficial shareholder in the Mortgage Broker Defendants and he “materially participates in the conduct of the affairs of such covered person,” 12 U.S.C. § 5481(25)(C)(ii). None of the Defendants is 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).

43. Defendants are interconnected and have jointly and severally engaged in the common scheme and enterprise attributed to Defendants as described herein. Unless otherwise specified, whenever reference is made in this Complaint to any act of one of the Defendants, the allegation shall be deemed to mean the act of that Defendant acting jointly, severally, or in concert with the other Defendants.

44. At all times relevant and material hereto, the 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 estate settlement services, including mortgage brokerage services, to consumers.

**FACTUAL BACKGROUND**

**I. DEFENDANTS PERFORMED MORTGAGE SETTLEMENT SERVICES IN THE COMMONWEALTH IN RELATION TO FEDERALLY RELATED MORTGAGES.**

45. Defendant Newhart and his former business partner, Rafael Trinidad<sup>1</sup>—collectively, “Newhart and Trinidad”—created various corporate entities to hold, manage, and otherwise control and benefit from the operations of Defendant Mortgage Brokerages that provided settlement services to homebuyers.

46. Specifically, Newhart and Trinidad owned holding companies—Newhart Holdings, LLC and Trinidad Holdings, LLC, respectively—which each owned fifty percent of a third holding company—Defendant Conquest Holdings, LLC. As of August 2024, when Newhart bought out Trinidad’s ownership interest, Newhart Holdings, LLC owned 100% of Conquest Holdings, LLC. Thus, Defendant Conquest Holdings, LLC is solely owned by Defendant Newhart Holdings, LLC.

47. Defendant Conquest Holdings, LLC owns the majority of and controls management companies (either directly or through intermediary wholly-owned holding companies VC Associates, LLC and CE Associates)—LMP Management, LLC; Mortgage Affiliated Services Group, LLC; and Home Lending Partners, LLC—that own and control Defendants Legacy Mortgage Partners, Bright Financial Group, LLC, and Flagship Home Loans, LLC. Defendant Conquest Holdings, LLC also directly owns and controls Mortgage

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<sup>1</sup> Mr. Trinidad is an adult individual residing at 4801 Meadowview Terrace, Zionsville, PA 18092. On information and belief, Mr. Trinidad no longer owns, manages, or otherwise interacts with Defendants because Mr. Newhart and/or Newhart Holdings, LLC purchased Mr. Trinidad’s remaining interest(s) in the Defendants.

Brokerage Defendants Nittany Home Loans, LLC, MCT Financial, LLC, and Conquest Mortgage, LLC.

48. Defendant Mortgage Brokerages performed “settlement services” as defined by the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601, *et seq.*, including: rendering of credit appraisals; taking of loan applications in relation to the origination of federal related mortgage loans; conducting other loan processing and mortgage brokerage functions; and conducting other activities relating to the handling of the processing and closing of settlement. *See* 12 U.S.C. § 2602(3).

49. Defendant Mortgage Brokerages’ settlement services were performed in relation to federally related mortgage loans, *i.e.*, loans that were (1) secured by a first or subordinate lien on residential real property upon which either one-family to four-family structure was located or was to be constructed using proceeds of the loan and (2) were made by a financial institution either regulated by or whose deposits or accounts are insured by an agency of the federal government or creditors that make or invest in residential real estate loans aggregating more than \$1,000,000 per year. *See* 12 U.S.C. § 2602(1).

50. Newhart and Trinidad controlled and largely beneficially owned the Defendant Mortgage Brokerages, all of which acted in a common scheme and under common control in relation to the allegations described in this Complaint.

## **II. SETTLEMENT SERVICES PROVIDERS MAY NOT GIVE THINGS OF VALUE IN EXCHANGE FOR REFERRALS.**

51. RESPA, the CFPB, and Pennsylvania’s Consumer Protection Law regulate the provision of mortgage settlement services in the Commonwealth.

52. RESPA Section 8(a) prohibits giving or accepting any “fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or

a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person.” 12 U.S.C. § 2607(a); *see also* 12 C.F.R. § 1024.14(b) (“No person shall give and no person shall accept any fee, kickback or other thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or part of a settlement service involving a federally related mortgage loan shall be referred to any person. Any referral of a settlement service is not a compensable service, except as set forth in § 1024.14(g)(1). A company may not pay any other company or the employees of any other company for the referral of settlement service business.”).

53. RESPA does, however, permit settlement service providers to enter into “affiliated business arrangements” with other entities who may refer business to the settlement service providers. An “affiliated business arrangement” means an arrangement in which:

(A) a person who is in a position to refer business incident to or a part of a real estate settlement service involving a federally related mortgage loan, or an associate of such person, has either an affiliate relationship with or a direct or beneficial ownership interest of more than 1 percent in a provider of settlement services; and (B) either of such persons directly or indirectly refers such business to that provider or affirmatively influences the selection of that provider.

12 U.S.C. § 2602(7).

54. Referrals pursuant to an “affiliated business arrangement” must comply with specific statutory and regulatory requirements. For instance, to be compliant with RESPA, such referral arrangements must be properly disclosed to consumers, generally on a separate sheet of paper no later than the time of the referral and subject to certain conditions. *See* 12 U.S.C. § 2607(c)(4)(A); 12 C.F.R. § 1024.15(b)(1). Unintentional and bona fide errors to provide proper referral disclosures are excusable only if procedures reasonably adopted to result in compliance have been maintained. 12 U.S.C. § 2607(d)(3); 12 C.F.R. § 1024.15(b)(1)(iii).

55. In a compliant affiliated business arrangement, affiliates can lawfully exchange things of value under two specific circumstances: (1) the payment is permitted under 12 U.S.C. § 2607(c) and 12 C.F.R. § 1024.14(g); and (2) the thing of value is a bona fide “return on the ownership interest or franchise relationship.” 12 U.S.C. § 2607(c)(4)(C); 12 C.F.R. § 1024.15(b)(3).

56. However, even within an affiliated business arrangement, apart from transfers of things of value expressly allowed under 12 U.S.C. § 2607(c)(4)(C) and 12 C.F.R. § 1024.15(b)(3), all other transfers of value between parties referring business incident to mortgage settlement services are prohibited by RESPA.

### **III. DEFENDANTS VIOLATED RESPA, THE CFPA, AND THE PENNSYLVANIA CONSUMER PROTECTION LAW.**

#### **A. Newhart and Trinidad organized the Corporate Defendants to allow Newhart and Trinidad to give Real Estate Professionals things of value in exchange for settlement services referrals.**

57. Newhart and Trinidad organized the Defendant Mortgage Brokerages in order to affiliate with Real Estate Professionals and provide a means to pay the Real Estate Professionals for referrals of potential mortgage brokerage customers.

58. Under Newhart and Trinidad’s scheme, the Defendant Mortgage Brokerages were to be jointly owned by Newhart and Trinidad and the referring Real Estate Professionals. This joint ownership allowed Newhart and Trinidad to give the referring Real Estate Professionals profit distributions that were out of proportion to the price at which the Real Estate Professionals bought their equity ownership interests in the Defendant Mortgage Brokerages.

59. Newhart and Trinidad organized the scheme by structuring Defendant Mortgage Brokerages as limited liability companies with two classes of membership shares: Class I Units and Class II Units.

60. Owners of Class I Units own 50% of the Mortgage Brokerage Defendants. Owners of Class I Units are defined in the Operating Agreement as “real estate industry professionals, such as real estate brokers or agents (including entities which are, or are owned by individuals who are real estate brokers or agents) and mortgage lenders.” Fifty percent of the ownership shares of these Defendant Mortgage Brokerages are thus specified for purchase and ownership by Real Estate Professionals.

61. The other 50% of the shares, Class II Units, are owned by entities controlled and largely beneficially owned by Newhart and Trinidad.

62. Class I Units of the Defendant Mortgage Brokerages were purchased by Real Estate Professionals in direct sales from the Defendant Mortgage Brokerages, which were in turn beneficially owned and controlled by Newhart and Trinidad.

63. Defendants offered to sell these Class I Units in Defendant Mortgage Brokerages to real estate agents and brokers only. Members of the general public or other non-Real Estate Professionals had no opportunity to purchase such Class I Units.

64. Since these Real Estate Professionals were part owners of Defendant Mortgage Brokerages, Defendant Mortgage Brokerages would transfer profits back to Real Estate Professionals in regular profit distributions.

65. Specifically, profits from the shares of the Defendant Mortgage Brokerages were ordinarily distributed on a quarterly basis.

66. Fifty percent of profits were distributed to the Class II Members—*i.e.*, entities controlled by Defendant Newhart and Trinidad. The other 50% were divided among the owners of Class I Units—*i.e.*, the referring Real Estate Professionals—on a percent ownership basis.



**B. Defendants transferred a thing of value—namely, drastically underpriced shares in the Defendant Mortgage Brokerages—to Real Estate Professionals.**

67. Defendants created this structure specifically to give things of value to Real Estate Professionals in exchange for referring their clients to the Mortgage Brokerage Defendants. Defendants' organized arrangement provided financial incentives (both upfront and on a continuing basis) for Real Estate Professionals to refer their clients to Defendant Mortgage Brokerages.

68. In general, as part-owners, the Real Estate Professionals received profits proportional to their ownership shares. And those profits increased with the number of clients each Real Estate Professional referred for mortgage settlement services. When the mortgage brokerages profited, so would the Real Estate Professionals.

69. Defendants initially sold the Class I Units to the Real Estate Professionals at a price far below a reasonable market price. Class I Units had a set price of \$450 per share, but each share returned hundreds or thousands of dollars per share in distributions most quarters. The value of these shares as determined by the expected and actual profit distributions was therefore far higher than the original sale price. The annual rate of return for owners of Class I Units reached upwards of 900%. The Real Estate Professionals thus received the excess value of the shares as a transfer (in the form of a discounted price) from Defendant Mortgage Brokerages.

70. Newhart and Trinidad communicated to prospective investor Real Estate Professionals that although their investment would be in the hundreds of dollars, their expected annual return would be more than \$10,000.

71. Because the shares were sold at a large discount, Real Estate Professionals purchasing shares effectively received a thing of value with each share purchase: the discounted sale was a transfer of a thing of value—the excess of fair market value over the sales price—

from Defendants to the Real Estate Professionals. 12 C.F.R. § 1024.14(d) (defining “Thing of value” to include, among other things, “discounts, . . . stock, the opportunity to participate in a money-making program, . . . [and] increased equity in a parent or subsidiary entity . . .”).

72. The Defendant Mortgage Brokerages did not have initial capital and net worth amounts that would have been sufficient to operate as independent mortgage brokerages. In other words, without the guaranteed flow of referrals from the Real Estate Professionals who owned Class I Units, the Defendant Mortgage Brokerages could not have operated as profitable mortgage brokerage businesses.

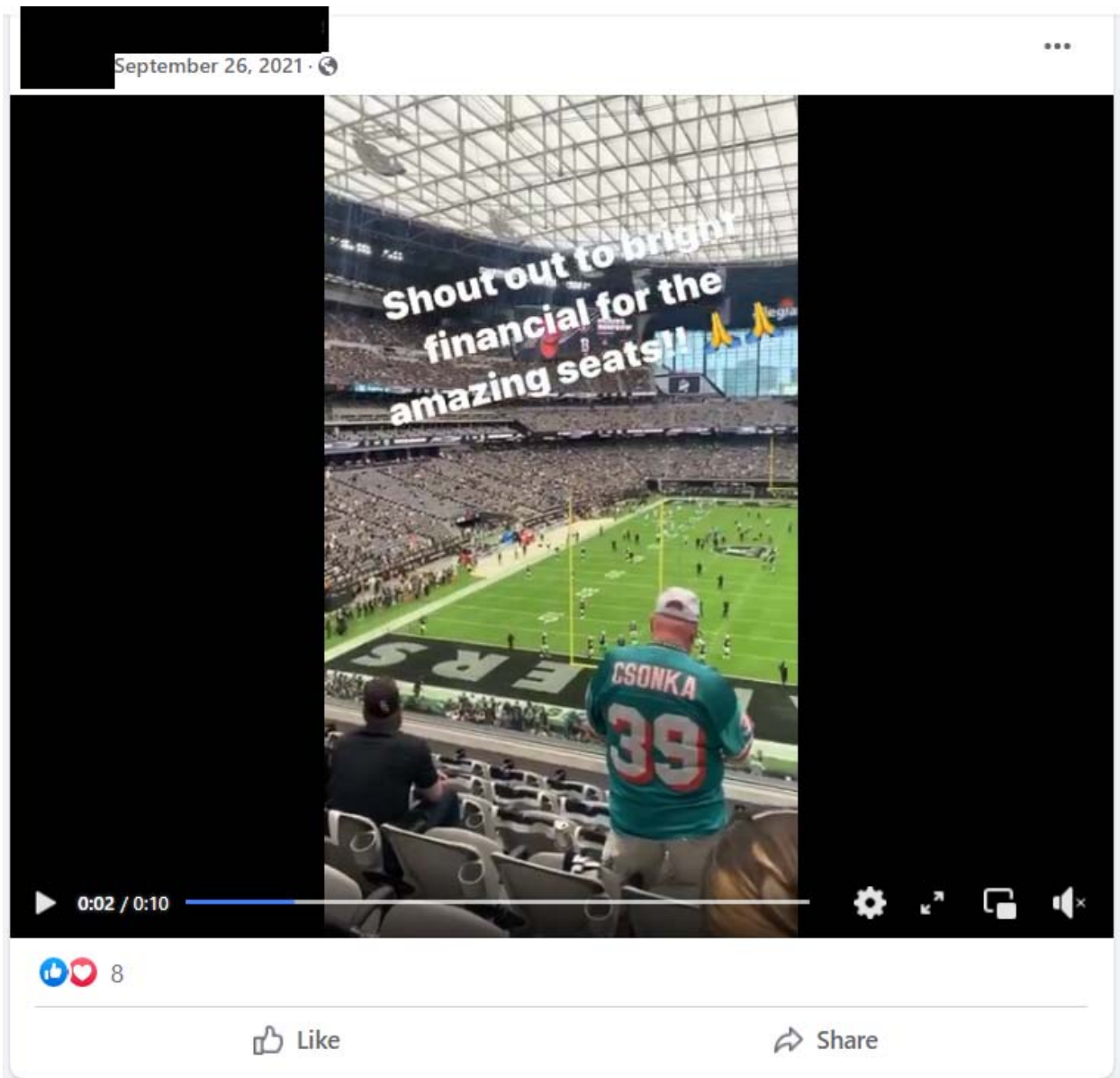
73. If the Defendant Mortgage Brokerages had needed to compete for customer leads on the open market instead of relying on referrals from their part owners, they would have had to spend far more money on advertising and marketing, and this would have required far more initial capital.

**C. Defendants also transferred other things of value—event tickets, food, and drinks—to Real Estate Professionals.**

74. In addition to the underpriced ownership shares and payments from the Defendant Mortgage Brokerages, Defendant Newhart and Trinidad also gave other things of value to owners of Class I Units that were not permitted under § 1024.15(b)(3), including tickets to sporting events.

75. For instance, in September 2021, a Real Estate Professional and owner of Class I Units posted a picture from an NFL game between the Las Vegas Raiders and the Miami

Dolphins in Las Vegas, Nevada with the caption, “Shout out to [B]right [F]inancial for the amazing seats!!”:



76. On January 8, 2022, a Real Estate Professional and owner of Class I units posted a picture from an NBA game between the Philadelphia 76ers and the San Antonio Spurs in

Philadelphia, PA with the caption “Thank you [B]right [F]inancial for these awesome club box tickets:”

The screenshot shows a Facebook post from a user whose name is partially redacted, dated January 8, and shared with Barry Newhart. The post's caption reads: "Thank you bright financial for these awesome club box tickets 🌟". The main content is a video showing a sports arena at night with a "Date night" text overlay. Below the video, the post has 8 likes and 3 comments. The visible comments and replies are:

- Comment: "Gotta go to another game soon." (14w)
- Reply: "agreed" (14w)
- Reply: "let's do it 🍷🍷" (14w)

77. Defendants hosted dinner meetings with the Real Estate Professionals who owned Class I Units and who referred business to Defendant Mortgage Brokerages. Defendants paid for food and drinks at these meetings for the referring Real Estate Professionals.

78. Defendants held gatherings on a quarterly basis to hand out the profit distribution checks to the referring Real Estate Professionals. At these gatherings, Defendants provided food and alcohol to the referring Real Estate Professionals. At least one of the gatherings took place at an upscale steakhouse.

79. The total value of Defendants' distributions to owners of Class I Units described in this section and the previous section surpassed \$500,000 and potentially amounted to close to or more than a million dollars in total.

**D. Defendants and the Real Estate Professionals who owned Class I Units had an understanding that the underpriced shares were transferred in exchange for referrals.**

80. As a partial exception to the general prohibition on settlement services providers giving things of value to referrers, RESPA permits settlement services providers to enter into "affiliated business arrangements" as long as they adhere to a variety of restrictions and obligations to ensure that consumers have the information necessary to engage in an informed decision about their settlement service providers.

81. Specifically, the provisions of 12 U.S.C. § 2607(c)(4) describe the legal requirements that these "affiliated business arrangements" must meet in order to qualify. These requirements include, for instance, that "a disclosure is made of the existence of such an arrangement to the person being referred" including a "written estimate of the charge or range of charges generally made by the provider to which the person is referred." 12 U.S.C. § 2607(c)(4)(A). Additionally, the consumer may not be required by the Real Estate Professional to "use any particular provider of settlement services." 12 U.S.C. § 2607(c)(4)(B).

And the only thing of value that may be received by the real estate professional is “a return on an ownership interest or franchise relationship.” 12 U.S.C. § 2607(c)(4)(C).

82. Critically, under Regulation X, “a return on an ownership interest does not include,” *inter alia*, “[a]ny payment which has as a basis of calculation no apparent business motive other than distinguishing among recipients of payments on the basis of the amount of their actual, estimated or anticipated referrals.” 12 C.F.R. § 1024.15(b)(3)(ii).

83. Defendants did not act in accordance with RESPA’s requirements for “affiliated business arrangements” and, accordingly, Defendants’ transfer of underpriced stock to referrers did not qualify for this exception. Therefore, Defendants’ transfers of underpriced ownership shares and other things of value were not permissible under RESPA.

84. Defendants engaged in a variety of practices indicating that the underpriced Class I Units were largely, if not exclusively, payments which had “as a basis of calculation no apparent business motive other than distinguishing among recipients of payments on the basis of the amount of their actual, estimated or anticipated referrals.” 12 C.F.R. § 1024.15(b)(3)(ii).

85. For instance, in order to ensure that every recipient of discounted shares would refer mortgage customers, Defendants put the following provisions in each Subscription Agreement that governed the shares of the Defendant Mortgage Brokerages: (1) Class I Units may only be purchased by real estate agents selected by Newhart and Trinidad; and (2) in order to remain an owner of Class I Units, the owners of Class I Units must continue to work full time in the real estate industry.

86. Newhart and Trinidad also offered the Real Estate Professionals Class I Units in proportion to each Real Estate Professional’s anticipated volume of referrals.

87. Prior to offering underpriced shares to a Real Estate Professional in return for referrals, Newhart and Trinidad requested, inquired about, and/or researched the Real Estate Professional's business history.

88. Newhart and Trinidad then analyzed the Real Estate Professional's business history to estimate their future referral volumes. Newhart and Trinidad would also use publicly available information from the Mortgage Mobility Market Intelligence service to conduct this analysis.

89. Based on this estimate, Newhart and Trinidad then offered a specific number of underpriced shares at which they "felt comfortable with [the Real Estate Professional's] participation level." In other words, Newhart and Trinidad linked the number of underpriced shares offered to a Real Estate Professional directly to that Real Estate Professional's ability to refer settlement services business to the Defendant Mortgage Brokerages. Newhart and Trinidad would then explicitly convey this expectation in writing—on behalf of the Defendant Mortgage Brokerages—to the new Real Estate Professional. Specifically, Newhart and Trinidad would generally convey tables linking the number of shares offered, the new Real Estate Professional's "monthly volume estimate," and his or her "yearly profits estimate."

90. After this initial intake process, Defendants tracked and communicated actual referral volumes and referral volume expectations to the Real Estate Professionals who owned Class I Units. Defendants regularly created spreadsheets with this information and circulated the spreadsheets in quarterly emails to all of the Real Estate Professionals who owned Class I Units.

91. For instance, in May 2022, Trinidad sent a “Bright Financial Group—April Recap” to Real Estate Professionals who owned Class I Units:

Good afternoon everyone. Below is a recap of April's funded loan production. Thank you everyone. I've kept this email copied to our chain from last week so you can see that Q1 snapshot as well. To the right of the snapshot below, I have included May/June Submitted Volume. This number represents the loans that we have in process with closing dates in May and June. This does not include any preapproved clients who have yet to go under contract. As you can see, May and June are looking light. Please keep us in mind with any additional referrals and see if we can get involved with any pricing meet or beat scenarios for buyers who have a preapproval with another lender.

In mid-June we will reach out to each partner individually regarding participation levels. Some partners have reached out regarding additional shares which may be possible through this reassessment process. While we reevaluate our initial fairness factor, we may also determine whether or not a share repurchase is most appropriate for some. Our intent with the fairness factor is to always act on the best interests of all partners involved.

The same email contained a table linking each “partner” to their “shares,” “actual units,” “actual volume,” and “submitted volume,” a reference to each Real Estate Professional’s commitment to refer a specific volume of referrals in coming months:

Partner	Shares	Actual Units	Actual Volume	Capture %	May/June Submitted Volume
	4	1	\$464,400	116.00%	\$0
	7	1	\$161,250	23%	\$0
	5	5	\$622,235	124.44%	\$220,924
	2	1	\$128,000	64.00%	\$376,000
	2	1	\$380,000	190.00%	\$202,400
	7	5	\$1,290,095	184.29%	\$642,900
	2	1	\$274,928	137.46%	\$0
	2	2	\$370,109	185.05%	\$0
	5	6	\$961,890	192.37%	\$1,033,676
	6	1	\$264,000	44.00%	\$228,000
	0	5	\$1,599,860	1599.00%	\$1,804,500
	3	0	\$0	0.00%	\$0
	2	0	\$0	0.00%	\$0
	6	0	\$0	0.00%	\$0
	2	0	\$0	0.00%	\$286,150
	2	0	\$0	0.00%	\$160,000
	2	0	\$0	0.00%	\$0
	5	0	\$0	0.00%	\$0
		29	\$6,516,767		\$4,954,550

92. Mr. Trinidad’s use of the terms “reassessment,” “repurchase,” and “fairness factor” sheds further light on the true nature of Defendants’ scheme. Defendants had an ongoing procedure for “reassessing” the referral volume of each owner of Class I Units, “re-evaluating”



their eligibility for certain numbers of shares, and redistributing the shares according to a “fairness factor” that tied the two metrics together. These metrics formed a seemingly complex but ultimately quite simple “basis of calculation” for shares and distributions that had “no apparent business motive other than distinguishing among recipients of payments on the basis of the amount of their actual, estimated or anticipated referrals,” as prohibited by RESPA and its implementing regulations. 12 C.F.R. § 1024.15(b)(3)(ii).

93. Other aspects of the Defendants’ contracts with the Real Estate Professionals who were owners of Class I Units served to make the Defendants’ scheme more effective. For instance, in order to be able to remove owners of Class I Units who ceased acting as real estate agents or real estate brokers—and therefore could no longer refer business—Defendant Mortgage Brokerages’ Subscription Agreements allowed Newhart and Trinidad (when he was an owner) to terminate the ownership interest of any owner of Class I Units by withdrawing the owner’s shares through a forced sale at a set price, if the owner no longer held a valid real estate or mortgage broker license. In other words, if the owner of Class I Units was no longer in a position to refer business, the Defendants could buy back the discounted shares at the same discounted price of \$450, thereby terminating that Real Estate Professional’s ability to receive the unlawful kickbacks.

94. The ability to kick out owners of Class I Units who were generating insufficient referrals or conduct a “reassessment” to allocate more shares to other owners of Class I Units who referred larger volumes than anticipated allowed the Defendants to calibrate the ownership precisely based on actual referral amounts. Thus, Defendants’ Subscription Agreements enabled the Defendants to give (or take away) discounted shares and the corresponding profit

distributions “on the basis of the amount of their actual, estimated or anticipated referrals.” 12 C.F.R. § 1024.15(b)(3)(ii).

95. Additionally, the Subscription Agreements prohibited owners of Class I Units from selling, transferring, assigning or encumbering any part of their Units without first obtaining the prior written consent of the Manager, or entering into a redemption agreement with the Company. The Subscription Agreements specifically forbade subscribers from transferring or assigning the ownership interest. This requirement prevented Real Estate Professionals from passing on their shares to individuals who were unable to refer as much (or any) business to Defendants.

96. Defendants also required Real Estate Professionals to enter Defendants’ scheme exclusively. Owners of Class I Units were prohibited from engaging any another business venture or owning any interest in another business venture that engages in any “Restricted Activities,” without the prior written consent of Defendants. Restricted Activities are defined as “the provision of mortgage financing services within a 50-mile radius of the Company’s principal office and any other offices of the Company.” In other words, Defendants made sure that the Real Estate Professionals could only get kickbacks for mortgage referrals from them.

97. Real Estate Professionals that owned Class I units in Defendants regularly referred clients to Defendants. These professionals often rotated referrals between different mortgage brokerages, or recommended more than one mortgage brokerage in the referral. The actions of these Real Estate Professionals reflect a pattern of referrals of business incident to federally related mortgage settlement services to Defendants.

**E. Neither Defendants nor the Real Estate Professional referrers disclosed the referral scheme to consumers.**

98. As described above, for any referral pursuant to a legitimate affiliated business arrangement, RESPA and its implementing regulations require the referred customer to receive a disclosure, generally on a separate piece of paper at or before the time of the referral. 12 U.S.C. § 2607(c)(4)(A); 12 C.F.R. § 1024.15(b)(1). The Defendant Mortgage Brokerages were not legitimate affiliated business arrangements because the amount of discounted shares given to each Real Estate Professional (and therefore each Real Estate Professional's profit distribution payments) were "payments on the basis of the amount of their actual, estimated or anticipated referrals." 12 C.F.R. § 1024.15(b)(3)(ii).

99. But even if the Defendant Mortgage Brokerages had been legitimate affiliated business arrangements, Defendants still violated RESPA because they routinely failed to provide the required affiliated business arrangement disclosure or to ensure that the Real Estate Professionals who owned Class I Units provided the disclosures to consumers.

100. Such disclosure must include "the nature of the relationship (explaining the ownership and financial interest) between the provider of settlement services (or business incident thereto) and the person making the referral and of an estimated charge or range of charges generally made by such provider." 12 C.F.R. § 1024.15(b)(1). The disclosure must include the percentage of the ownership interest and disclose that the referral may provide a financial or other benefit to the referring party. *Id.* And the disclosure must inform the borrower that he or she is not required to use the listed provider as a condition for the purchase, sale, or refinance of the subject property, and that frequently other service providers are available who provide similar services. *Id.*

101. Real Estate Professionals who owned Class I Units referred borrowers to Defendants pursuant to the ownership arrangement described above, but many borrowers did not receive compliant affiliated business arrangement disclosures.

**COUNT I**

**VIOLATION OF THE CFPA BASED ON VIOLATION OF RESPA: DEFENDANTS VIOLATED RESPA BY GIVING THINGS OF VALUE TO REAL ESTATE PROFESSIONALS PURSUANT TO AGREEMENTS OR UNDERSTANDINGS FOR MORTGAGE BROKERAGE REFERRALS**

**AGAINST ALL DEFENDANTS**

102. Plaintiff incorporates by reference and restates the allegations in the paragraphs above.

103. The Defendant Mortgage Brokerages provided “settlement services” and/or engaged in business incident to real estate settlement services in respect of “federally-related mortgage loans,” *see* 12 U.S.C. §§ 2602(1), (3).

104. Because all allegations at issue in the instant complaint relate to transactions that are incident to or part of real estate settlement services involving federally related mortgage loans, the transactions are subject to the provisions of RESPA, 12 U.S.C. § 2601, *et seq.*

105. “[R]eal estate settlement services” are a “consumer financial product or service” because they are a “financial product or service,” 12 U.S.C. § 5481(15)(A)(iii), that “is offered or provided for use by consumers primarily for personal, family, or household purposes,” 12 U.S.C. § 5481(5)(A).

106. Brokering mortgage loans, 12 U.S.C. § 5481(15)(A)(i), is a “consumer financial product or service” under the CFPA because it is a “financial product or service,” 12 U.S.C. § 5481(15), that “is offered or provided for use by consumers primarily for personal, family, or household purposes,” 12 U.S.C. § 5481(5)(A).

107. Because Defendant Mortgage Brokerages provide real estate settlement services and broker mortgage loans, they are each a “covered person” under the CFPA because they “engage[] in offering or providing a consumer financial product or service.” 12 U.S.C. § 5481(6)(A); *see also* Paragraphs 15-33, *supra*.

108. Defendants Newhart, Newhart Holdings, LLC, and Conquest Holdings, LLC are each a “covered person” under the CFPA because they are each a “related person” under the CFPA. 12 U.S.C. § 5481(25); *see also* Paragraphs 34-42, *supra*.

109. In connection with transactions involving federally-related mortgage loans, Defendants:

- A. gave fees, kickbacks, or things of value, including but not limited to giving or accepting payment of another person’s expenses, such as food, drink, entertainment, or sporting or event tickets, as part of an agreement or understanding to create, maintain, or strengthen mortgage referral relationships, and pursuant to an agreement or understanding that business incident to or a part of a real estate settlement service involving a federally related mortgage loan would be referred to the Mortgage Brokerage Defendants, 12 U.S.C. 2607(a); 12 C.F.R. § 1024.14(b), (d);
- B. were referred business incident to or a part of a real estate settlement service involving a federally related mortgage loan pursuant in relation to what was intended to be an affiliated business arrangement, but failed to ensure compliance with requirements for referrals among affiliated businesses as set out in 12 C.F.R. § 1024.14, including, but not limited to, failing to disclose, or receive documentation reflecting the timely

disclosure of, the precise nature of the affiliate relationship, using the form from Regulation X, Appendix D to Part 1024;

- C. offered and gave to referrers things of value other than payments listed in 12 C.F.R. § 1024.14(g) or a bona fide return on ownership interest or franchise relationship as set forth in 12 C.F.R. § 1024.15(3); and
- D. offered and sold ownership interests based on actual, estimated or anticipated volumes of business or referrals of the offeree, 12 C.F.R. § 1024.15(b)(3)(ii)(A).

110. RESPA and Regulation X are Federal consumer financial laws. *See* 12 U.S.C. § 5481(14); 12 U.S.C. § 5481(12)(M).

111. Defendants are therefore “covered persons” that violated RESPA and Regulation X by offering or providing a consumer financial product or service not in conformity with Federal consumer financial law. Therefore, Defendants violated the CFPA. 12 U.S.C. § 5536(a)(1)(A).

## COUNT II

### **VIOLATION OF THE PENNSYLVANIA UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION LAW**

#### **AGAINST ALL DEFENDANTS**

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

113. As described above, Defendants offered and provided discounted shares and large profit distributions to Real Estate Professionals who owned Class I Units in exchange for referrals of mortgage customers. These discounted shares and profit distributions were illegal kickbacks prohibited by RESPA.

114. Defendants caused a likelihood of confusion or misunderstanding by misrepresenting, explicitly or implicitly, that it was legal for Defendants to offer and provide mortgage loans to residents of the Commonwealth. In fact, the Defendant Mortgage Brokerages were designed and built as illegal kickback schemes.

115. In addition, Defendants' failure to disclose to consumers that the Defendants were participating in the illegal kickback scheme constituted an omission of a material fact which caused a likelihood of confusion or misunderstanding. At all times relevant and material hereto, Defendants' conduct described herein 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. causing likelihood of confusion or of misunderstanding as to the affiliation, connection or association with, or certification by, another; and
- B. engaging in any other fraudulent or deceptive conduct which creates a likelihood of confusion or of misunderstanding.

73 P.S. § 201-2(4)(iii), (xxi).

116. 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.

117. 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.

**PRAYER FOR RELIEF**

**WHEREFORE**, the Commonwealth requests that the Court:

1. permanently enjoin Defendants from committing future violations of Section 8(a) of RESPA, 12 U.S.C. § 2607(a), including prohibiting Defendants from:
  - a. giving or accepting any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any Defendants, 12 C.F.R. § 1024.4(d);
  - b. receiving referrals of business incident to or a part of a real estate settlement service involving a federally related mortgage loan pursuant to an affiliated business arrangement, without ensuring that referrers comply with requirements for referrals among affiliated businesses as set out in 12 C.F.R. § 1024.14(b)(1), including but not limited to disclosing, or receiving documentation reflecting the timely disclosure of, the precise nature of the affiliate relationship, using the form from Regulation X, Appendix D to Part 1024;
  - c. offering anything of value other than payments listed in 12 C.F.R. § 1024.14(g) or a bona fide return on ownership interest or franchise relationship as set forth in 12 C.F.R. § 1024.15(3);
  - d. creating any sham affiliated business arrangements, such as creating an affiliate that is not actually a “provider” of settlement services or is



- designed in a way that facilitates kickbacks or unearned fees in violation of 12 U.S.C. § 2607(a) or 12 C.F.R. § 1024.14;
- e. constructing a franchise agreement to insulate against kickbacks or referral fees, *see* 12 C.F.R. § 1024.15(b)(iv);
  - f. restricting the purchase of shares in any settlement services provider or other related entity to Real Estate Professionals;
  - g. retaining the right to terminate a shareholder or member's ownership interest by withdrawing the shareholder or member's shares through a forced sale at a set price, if the owner no longer holds a valid real estate or mortgage broker license;
  - h. requiring Real Estate Professionals to enter Defendants' affiliated business arrangement exclusively; and
  - i. offering or selling ownership interests based on actual, estimated or anticipated volumes of business or referrals of the offeree.
2. order Defendants to establish, implement, and maintain policies, procedures, and standards, and technology reasonably designed to create a compliance management system that will monitor the notation in records and delivery of forms that disclose any affiliated business arrangement or arrangements, as appropriate under RESPA Section 8 or its implementing regulation, and signed confirmations evidencing consumers' receipt of those forms, where (a) Defendant refers business to an affiliate; or (b) Defendant is referred business from an affiliate;

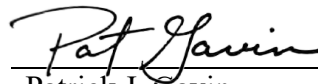
3. order disgorgement, refund, return, and/or restitution of all income, revenue, proceeds, or profits received by Defendants in connection with settlement services provided as a result of or in connection with a referral made in violation of RESPA, including distribution paid by the Defendant Mortgage Brokerages and fees paid by customers referred to the Defendants for closing services;
4. award Plaintiff costs and attorney's fees;
5. direct Defendants to pay to Plaintiff appropriate civil penalties and restitution pursuant to the Consumer Protection Law, and
6. award additional relief as the Court may determine to be just and proper.

Respectfully Submitted,

COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF ATTORNEY GENERAL

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