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ATTORNEY GENERAL MASTO SETTLES WITH TRICOR DRUG MAKERS

Las Vegas, NV—Nevada Attorney General Catherine Cortez Masto announced a \$22.5 million multi-state settlement with Abbott Laboratories (“Abbott”), Fournier Industrie et Sante and Laboratories Fournier, S.A. (“Fournier”), resolving claims involving TriCor, a popular drug used to reduce high levels of triglycerides and cholesterol.

The settlement stems from an antitrust lawsuit Nevada and 25 other states filed in 2008 in federal court in Delaware. The states alleged that Abbott and Fournier thwarted generic competition to TriCor using a variety of strategies including a practice called “product hopping.” Under this practice, the companies made various clinically insignificant changes in the dosage and form of TriCor, abandoned the promotion of and removed older versions of TriCor from the market, and manipulated the drug codes used to facilitate generic substitution.

“I am pleased to work with other states on these anti-competitive issues,” said Attorney General Masto. “Anti-competitive behavior by drug companies ultimately cost consumers money when they prevent access to generic versions of their drugs.”

The states also alleged that Abbott and Fournier engaged in sham litigation regarding patents they knew were invalid, unenforceable, or inequitably obtained for the purpose of preventing or delaying generic competition. Due to Abbott and Fournier’s conduct, Nevada state agencies had to pay higher prices for TriCor because their conduct blocked the lower-priced therapeutically equivalent generic versions of TriCor from the market.

Under the settlement, Nevada and other states will be reimbursed for certain overcharges they paid for TriCor. Abbott and Fournier also can not delete the drug codes for the latest version of TriCor in the event a generic manufacturer seeks FDA approval of a generic version of TriCor, until after a specified time has lapsed. The settlement also reimburses the states its fees and costs.



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ATTORNEY GENERAL MASTO ANNOUNCES THE U.S. SUPREME COURT HAS RULED IN FAVOR OF NEVADA IN THE McDANIEL V TROY DON BROWN CASE

Carson City, NV: Attorney General Catherine Cortez Masto announced today the U. S. Supreme Court has ruled in favor of the State of Nevada in *McDaniel v. Troy Don Brown*.

"Troy Brown should not have had his conviction overturned by the federal courts," said Attorney General Masto. "The Nevada Attorney General's office is dedicated to assuring that every case will be tried in keeping with the letter of the law. We are prepared to argue to the highest court of the land to keep this commitment."

In the 1997 Elko County case, a jury convicted Troy Don Brown of two counts of sexual assault on a child under 14. Brown was sentenced to life imprisonment with the possibility of parole after 10 years. Brown subsequently filed a petition for a writ of habeas corpus, claiming insufficient evidence to convict, but the Nevada Supreme Court found the record evidence was sufficient to sustain Brown's conviction. In subsequent proceedings in Federal Court, it was held that the evidence was insufficient to sustain the conviction.

At issue before the U.S. Supreme Court was the standard by which a federal habeas court should assess a sufficiency of the evidence claim under *Jackson v. Virginia*, 443 U.S. 307 (1979). *Jackson v. Virginia* limits consideration of the evidence to that evidence presented at trial. In the per curiam decision issued today, the U.S. Supreme Court reversed the Ninth Circuit Court of Appeals determination that there was not sufficient evidence to convict Troy Brown and directed the Ninth Circuit Court of Appeals to consider Brown's remaining claim of ineffective assistance of counsel.



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ATTORNEY GENERAL MASTO ANNOUNCES CRIMINAL CONVICTION AND SENTENCING ON PARENTAL ABDUCTION CASE

Las Vegas: Attorney General Catherine Cortez Masto announced today that Richard S. Haddad was sentenced to a maximum sentence of 48 months imprisonment with minimum parole eligibility of 18 months for his felony convictions resulting from the international parental abduction of a two year old child from Las Vegas to Calgary, Alberta, Canada.

“Abductions of children pose innumerable dangers to those taken from their homes, as they are isolated from their families and familiar surroundings at a time when stability is so important to their development”, said Attorney General Cortez Masto. “Missing children’s investigations always take immediate priority in police departments and law enforcement agencies actively work to locate missing children and reunite them with their left-behind parents.”

Haddad and the mother of the child had separated when the child was two months old in 2006, and it was alleged in the Criminal Information that the Family Court had ordered the parents to exercise joint physical and legal custody. The relationship between the parents was tense, and a witness in the trial described the custody dispute as a high-conflict custody case. Evidence in the trial included testimony that Haddad had engaged in multiple incidents of domestic violence against the child’s mother and had taken the child from her for a week in 2006 when she was eight weeks old.

The defendant testified at trial and admitted that he took the child to Canada in violation of the terms of the custody order. He claimed the child’s mother neglected her medical care and that the abduction was necessary to protect the child. However, two pediatricians testified they had treated the child regularly during her first two years and there was no evidence the child had ever been neglected. One of the child’s pediatricians testified the mother of the child was an excellent care-giver who saw that the child received regular medical care in his office. Other witnesses testified the child was healthy and happy and exhibited no signs of neglect.

The child was missing from her home in Las Vegas for six weeks after the abduction and multiple agencies were involved in the investigation to find her, including the Henderson Police Department, the F.B.I., the State Department, U.S. Immigration and Customs Enforcement, Canada Border Services, the Calgary, Alberta police, Child Find Canada, and the National Center for Missing and Exploited Children and Nevada Child Seekers. The abducting parent was located and arrested in a casino in Calgary, Alberta, after he had placed the child in a day care center and left to gamble.

In his testimony, the defendant admitted that, in order to take the child across the border into Canada, he had forged the mother's signature on a passport application for the child and had submitted the fraudulent application to the State Department for the issuance of the passport.



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**FOR IMMEDIATE RELEASE
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ATTORNEY GENERAL MASTO WARNS NEVADANS TO AVOID HAITIAN RELIEF SCAMS BY CONTRIBUTING TO LEGITIMATE FUND RAISERS

Las Vegas, NV:- Attorney General Catherine Cortez Masto cautions citizens to beware of possible scams that invariably follow efforts to assist victims of disasters. Therefore, the Attorney General is providing information to Nevadans on how to contribute and assist with Haitian Earthquake Relief efforts.

Beware of scams

The Attorney General urges people who are looking for ways to help with earthquake relief to be wary of solicitations that could be from scam artists. In past tragedies and natural disasters, individuals with criminal intent have solicited contributions purportedly for a charitable organization. The following tips are offered to protect the public from these scams:

- Ignore unsolicited e-mails, and do not click on links within those messages.
- Be skeptical of individuals representing themselves as survival victims or officials asking for donations via e-mail or social networking sites.
- Be cautious of e-mails that claim to show pictures of the disaster areas in attached files, because the files may contain computer viruses. Open attachments only from known senders.
- Decline to give personal or financial information to anyone who solicits contributions.
- Make contributions directly to known organizations, rather than relying on others who claim in e-mails that they will channel the donation to established groups.

How Can You Help

"Nevadans have always demonstrated their generosity and support during these natural disasters," said General Masto. "It is important that citizens have guidance on how to be sure their contributions go to those in need. Our office suggests contacting an independent organization like the Better Business Bureau to determine if a charity has a good reputation."

Nevadans should direct their contributions to recognized organizations such as the Red Cross and the Salvation Army or to organizations identified below.

Humanitarian Organizations Working in the Disaster Region

The most efficient and effective way to help those affected by a disaster overseas is to make a monetary donation to a humanitarian organization that is implementing relief programs in the affected region. There are several different ways to go about identifying such organizations:

- Check the White House's and USAID's home page for information on the situation in Haiti and look for the "Learn More" or "How Can I Help?" boxes.
- The Center for International Disaster Information (CIDI) has links to various lists of organizations that are responding to the earthquake.
- InterAction, an association of non-profit humanitarian organizations, has a list of responding members on its website. Check InterAction Members Respond to Earthquake in Haiti for a list.
- Global Giving has specific disaster-recovery projects listed that can be supported.
- The United Nations maintains a website called ReliefWeb, which is a repository of information, listed by disaster, submitted by responding humanitarian organizations.

Monetary Donations

Monetary donations are the most effective form of assistance because they allow humanitarian organizations to purchase (often within the affected region itself) the exact type and quantity of items needed by those affected by the crisis.

Drug Donations

According to the World Health Organization (WHO), donated drugs are often inappropriate for the emergency to which they are sent or level of care available. For more information, see [WHO's Guidelines for Drug Donations](#) and [drugdonations.org](#).

Volunteering

Volunteer opportunities in disaster settings are extremely rare, and are usually limited to people with prior disaster experience and technical skills (such as health, engineering, etc.). To register your skills and experience for a possible volunteer opportunity, go to the [Center for International Disaster Information's](#) registration page.

For More Information

For more information on donations, see the following:

[Guidelines for Appropriate International Disaster Donations](#), produced by [The Center for International Disaster Information \(CIDI\)](#). CIDI can also be reached by telephone at (703) 276-1914.

[How to Help](#) guidelines for giving and volunteering in Haiti, produced by [InterAction](#)
[Tips on Charitable Giving](#), produced by the Better Business Bureau's [Wise Giving Alliance](#)

[A Guide for Effective Aid](#), produced by the [Pan American Health Organization](#)
[Donor Information](#), produced by [GuideStar](#)

[Tips for Giving Wisely](#), produced by the [American Institute of Philanthropy](#)
[Tips and Resources](#), produced by [Charity Navigator](#)



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ATTORNEY GENERAL MASTO ANNOUNCES GUILTY VERDICT FOR STATE EMPLOYEE WHO STOLE MORE THAN \$50,000 FROM VICTIMS OF CRIME PROGRAM

Las Vegas, NV: Attorney General Catherine Cortez Masto announced today the convictions of three defendants accused of stealing more than \$50,000 from the Victims of Crime Program.

Tonya Walker was convicted of four (4) Felony counts of Theft; her husband, Prentice Lamar Walker, was convicted of one (1) count of Felony Theft, Aiding and Abetting; and her mother, Ernestine Hunter Walker, was convicted of one (1) count of Felony Theft, Aiding and Abetting.

Tonya Walker, who was employed by the Victims of Crime Program, created fake victim claims files for her codefendant family members from which they embezzled in excess of \$50,000 from the VOC Program. After creating the phony claim files, Walker submitted them for payment to the Nevada Victims of Crime Program.

"The Victims of Crime Program is in place to assist crime victims in paying their medical and other related bills associated with the crime," said Attorney General Masto. "Stealing from this program is particularly reprehensible when the offender is a State employee whose job it is to assist victims recover from these crimes."

A jury trial in Department 17 concluded today with the jury finding all defendants guilty of all charges.



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ATTORNEY GENERAL ANNOUNCES INDICTMENTS IN FORECLOSURE RESCUE SCAM

Las Vegas, NV – Nevada Attorney General Catherine Cortez Masto announced today the indictments against Jason Todd Wilhite, Ronald Quilang and Benjamin Moraleda for allegedly operating a foreclosure rescue scam in Las Vegas between June 2008 through January 2009 under the business name of Rescorp.

The indictment alleges that Wilhite, Quilang and Moraleda operated Rescorp, a document preparation and loan modification business that charged between \$1,200.00 to \$2,200.00 for loan modification and document preparation services and misled customers by falsely claiming that their services would prevent foreclosures on their homes and/or that they would obtain loan modifications. The State alleges that the services were not performed. The State further alleges that Wilhite, Quilang and Moraleda further defrauded consumers by having them sign bogus Deeds of Trust that gave the Defendants liens on the victims homes based on bogus promissory notes, which falsely claimed that loans had been made on the properties, when in fact, the loans had not been made. The State alleges that this was done to cloud the title to the home and prevent the legitimate lenders from foreclosing on the victims properties.

“This scam is another in a long line of similar fraudulent loan rescue scams that my office is aggressively prosecuting,” said Attorney General Masto. “My office will continue to prosecute these crimes and send the message that this type of conduct will not be tolerated in our State.”

Jason Todd Wilhite was indicted on three (3) B felony counts of Theft – Obtaining Money in Excess of \$2,500 by material misrepresentation in violation of NRS 205.832 (1)(c) and NRS 205.0835; Ronald Quilang was indicted on three (3) B felony counts of Theft—Obtaining Money in Excess of \$2500 by Material Misrepresentation in violation of NRS 205.0832(1) (c) and NRS 205.0835; and Benjamin Moraleda was indicted on four (4) B felony counts of Theft—Obtaining Money in Excess of \$2500 by Material Misrepresentation in violation of NRS 205.0832(1) (c) and NRS 205.0835.

The case was investigated and is being prosecuted by the Attorney General's Mortgage Fraud Task Force and Bureau of Consumer Protection after the AG's office received numerous complaints about misrepresentations made by Wilhite and Quilang. These include several clients who paid thousands of dollars to the Rescorp with no contact ever being made with the victims' lenders for the purpose of obtaining loan modifications.

The indictment is not a determination of guilt or innocence but is just a finding of probable cause that a crime was committed. The defendants are presumed innocent until proven guilty. A District Court arraignment has been scheduled for February 3 in Las Vegas District Court Department 23.

Anyone who has information regarding this case should contact the Attorney General's Office at 486-3777 in Las Vegas or 684-1180 in Carson City.



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ATTORNEY GENERAL MASTO ANNOUNCES SETTLEMENT PRESERVING COMPETITION IN TICKETING INDUSTRY

Las Vegas, NV – Nevada Attorney General Catherine Cortez Masto is requiring Ticketmaster Entertainment, Inc. ("Ticketmaster") and Live Nation, Inc. ("Live Nation") to make significant changes to their proposed merger in order to preserve competition in the ticketing industry. In a lawsuit filed today, settlement papers require Ticketmaster and Live Nation to license their ticketing software and divest major ticketing assets to new competitors, as well as other relief that protects major concert venues.

"Nevada's tourism industry relies heavily on the purchase of tickets to shows and concerts," said General Masto. "Stimulating competition in this industry benefits Nevada's citizens and tourists, as well as the local concert venues that use Ticketmaster or other firms to help them sell tickets for their live events."

In February 2009, Ticketmaster and Live Nation announced their proposed merger valued at about \$2.5 billion. At that time, Ticketmaster and Live Nation were the largest and second largest competitors nationwide for the provision of primary ticketing services, which involves the initial sale of tickets to concertgoers. Thereafter, Nevada and other states participated in a joint investigation with the United States Department of Justice ("DOJ") to study the pending merger's effects, and whether it violated antitrust laws. The merger as originally proposed would have substantially lessened competition in primary ticketing throughout the United States. This would result in higher prices and less innovation for consumers.

As a result, Nevada, DOJ, and other states filed a civil lawsuit in federal court today in the District of Columbia. At the same time, settlement papers were filed that would resolve the lawsuit's concerns. The settlement terms include:

- Ticketmaster and Live Nation must provide a new competitor in the primary ticketing service business, Anschutz Entertainment Group, Inc. ("AEG") with its own branded website based on Ticketmaster's ticketing software platform. AEG already has a presence in concert promotions, artist management, and managing venues, but not in selling tickets. This requirement will enable AEG to sell tickets

under its own brand to consumers for live events at AEG and new venues. The settlement also provides the option for AEG to acquire a perpetual license to Ticketmaster's ticketing software platform which allows AEG to assume full responsibility for operating its own primary ticketing business over time.

- Ticketmaster must divest its Paciolan ticketing software platform (used by venues to sell tickets through the venues' own websites) to Comcast-Spectacor, L.P. or another acquirer subject to later approval. This requirement will establish a second, viable primary ticketing competitor to a merged Ticketmaster and Live Nation. Prior to the divestiture sale, Ticketmaster and Live Nation must hold separate the Paciolan business from other parts of their business to ensure Paciolan's economic and competitive viability.
- Ticketmaster and Live Nation cannot retaliate against venues that contract or consider contracting for primary ticketing services with another firm. Also, Ticketmaster and Live Nation cannot require venues to take their primary ticketing services if the venues only want to obtain concerts that Ticketmaster and Live Nation promote or manage on behalf of their artists. Beyond protecting venues, these terms preserve the ability of primary ticketing firms that are not involved in promoting concerts or managing artists to continue competing with Ticketmaster and Live Nation.

Court approval of the settlement is pending.

The other states beyond Nevada participating in this settlement are Arizona, Arkansas, California, Florida, Iowa, Illinois, Louisiana, Massachusetts, Nebraska, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, and Wisconsin.



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ATTORNEY GENERAL ANNOUNCES GUILTY PLEA IN FORECLOSURE RESCUE SCAM OPERATED FROM THE PHILIPPINES

Las Vegas, NV— Nevada Attorney General Catherine Cortez Masto announced today that defendant Michael Sinclair has pled guilty to one (1) Category B felony count of Mortgage Fraud in violation of NRS 205.372(2), for fraudulently operating a foreclosure rescue scam in Las Vegas under the business name of Federal Housing Aid.

In addition, Sinclair must pay \$60,000 in restitution to the victims of the scam. Sinclair was recently extradited from the Philippines, where he fled after learning of the indictment against him.

"This is one more example of how mortgage fraud scammers prey on Nevadans," said Attorney General Masto. "We will continue to send the message that these scammers are unwelcome in our State. We will find you and extradite you, if necessary, to see that justice is served."

Using a call center located in the Philippines, Sinclair and his business partner, William Vargas, operated Federal Housing Aid, a company that claimed to offer loan modification services to assist victims in avoiding foreclosure on their homes. The operation had been in business since February 2007. The two defendants charged the victims between \$899 and \$1500 in upfront fees and offered a 100% money back guaranty, claiming their company would refund the money if the foreclosure could not be stopped. After paying for services, the defendants failed to provide the services paid for and failed to provide refunds as promised in their advertisements.

On November 3, 2009, Vargas pled guilty to one (1) Count of Theft-Obtaining Money in Excess of \$250 by Material Misrepresentation from a person over the age of 60, a Category B Felony in violation of NRS 205.0832(1)(c), NRS

205.0835(3) and NRS 193.167 and one (1) Count of Attempted Theft-Obtaining Money in Excess of \$250 by a material misrepresentation, a Gross Misdemeanor in violation of NRS 205.0832(1)(c), NRS 205.0835(3) and NRS 193.330. As part of his guilty plea, Vargas is required to pay restitution to the victims in the amount of \$21,000.

Sentencing is scheduled for June 3, 2010 before Judge Villani in District Court Department 17

The case was investigated and prosecuted by the Attorney General's Mortgage Fraud Task Force, which was created by Attorney General Masto in early 2008 to address mortgage fraud scams throughout Nevada. The task force works closely with other State agencies, including the Mortgage Lending Division, to investigate and prosecute mortgage fraud crimes in Nevada.

Consumers who wish to report mortgage fraud are asked to contact the Attorney General's Bureau of Consumer Protection in Las Vegas at 702.486.3194 to obtain a complaint form.



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ATTORNEY GENERAL MASTO ANNOUNCES SENTENCING IN INSURANCE FRAUD CASE

Carson City, NV: Attorney General Catherine Cortez Masto announced Bradley D. Buchanan was sentenced to 12 to 32 months suspended sentence, placed on probation and ordered to pay \$5,000 in restitution for Felony Insurance Fraud. The charges stemmed from Buchanan's writing fake insurance policies for friends and relatives without their knowledge to gain commissions and bonuses.

Buchanan, 38 years old, pled guilty to the charges in December and was sentenced in Washoe District Court by Judge Patrick Flanagan. The policies were written between October and December 2008. The Nevada Insurance Commission revoked Buchanan's license in October 2009.

"This is a particularly insidious fraud because it uses friends and relatives without their knowledge for the defendant's gain," said Attorney General Masto.

The fraud scheme was discovered when Buchanan's sister began receiving notices demanding payment on an insurance policy which she did not know existed. Buchanan also wrote policies on his stepfather, common-law wife, her ex-husband and their two children. Buchanan used a Social Security number and fake information to complete insurance policy applications and used his wife's checking account to send initial payment on the policies. These checks bounced.

Victims who did not know about the policies underwent billing, collections and damage to their credit. There was also a substantial cost to the insurance companies because of the investigations and auditing necessary to uncover this case.



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ATTORNEY GENERAL MASTO ANNOUNCES CIVIL AGREEMENT IN MORTGAGE FRAUD CASE

Carson City, NV— Nevada Attorney General Catherine Cortez Masto announced today that an agreement has been reached with Focus 2000 Financial Corporation regarding its unlicensed loan modification program.

The State of Nevada has alleged that Focus 2000 Financial Corporation operated a loan modification service without the proper licensing by the Nevada Mortgage Lending Division and took payment for services prior to the completion of the loan modification in violation of Nevada deceptive trade law.

“All loan modification services must be licensed and operate within the regulations established during the last Legislative Session,” said Attorney General Masto. “Any violators of this law will face consequences.”

As a result of the settlement, Focus 2000 Financial Corporation will agree to refund all monies paid by homeowners who did not have their loan modification completed and to pay a civil penalty of \$5000. Focus 2000 Financial Corporation will provide documentation to show that refunds were paid as promised and has agreed not to engage in any loan modification or other credit repair activities without the proper licenses and permits.



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ATTORNEY GENERAL MASTO ANNOUNCES MULTI-STATE WHISTLEBLOWER SUIT FOR INFERIOR PVC PIPE USED IN WATER AND SEWER SYSTEMS

Carson City, NV: Attorney General Catherine Cortez Masto announced today a multi-state whistleblower lawsuit against J-M Manufacturing Company and its parent company, Formosa Plastics Corp. (USA), for supplying substandard pipes for water and sewer systems to states and municipalities.

Nevada, Delaware, Tennessee, Virginia, the city of San Diego, California, 21 other California municipalities and 21 water districts have joined the lawsuit seeking millions of dollars in damages for supplying pipes that J-M knew were substandard.

"We will hold anyone who cheats Nevada taxpayers accountable," said Nevada Attorney General Catherine Cortez Masto. "For safety, economic and health reasons, water and sewer lines need to be reliable and sustainable to meet the needs of Nevada's citizens."

The PVC (polyvinyl chloride) pipes currently in the water and sewer systems will have to be replaced sooner than expected -- a budget nightmare for cash-strapped states, cities and local agencies. It is anticipated that the pipes will leak or break.

As a result of the investigation into the quality of PVC pipe that JM Eagle has provided, the Nevada Department of Public Works, the cities of San Diego and Sparks, Nevada, as well as at least three water districts in Nevada and California (Truckee Meadows Water Authority, North Marin Water District and Alameda County Water District) have removed JM products from its approved-products lists for purchases.

The "qui tam" (whistleblower) lawsuit was unsealed and made public after the states and other government entities investigated the allegations and elected to intervene in the case, which is filed in federal district court in Los Angeles.

The whistleblower lawsuit states that from at least 1997 through 2005, more than half of the PVC pipe J-M manufactured and sold to distributors and contractors had "tensile strengths" below the minimum required by applicable industry standards and J-M's contracts. The pipe is used in water and sewer systems that, for the most part, are owned and operated by municipalities and public water districts.

The tensile strength of the pipe is the limit at which stress or pressure on the material will cause the pipe to break. Pipes with weaker tensile strengths have a shorter life span, are more likely to fail and will need to be replaced more quickly than pipes manufactured to specification.

The lawsuit alleges J-M deceived its customers by cherry-picking the pipe samples tested by outside certification agencies such as Underwriters Laboratories (UL), International Plumbing and Mechanical Officials and NSF International, while continuing in its day-to-day operations to use a cheaper manufacturing process that produced weaker pipes and enabled the company to increase its profits.

J-M is now part of JM Eagle, the world's largest manufacturer of plastic pipe. Formosa Plastics USA is part of Taiwan's Formosa Plastics Corp., one of the world's largest PVC suppliers. Those two companies and J-M Manufacturing (now JM Eagle) are largely controlled by the family of the late Taiwanese billionaire Y.C. Wang.

The lawsuit also alleges that after Mr. Wang's then-25-year-old son, Walter Wang, became president of J-M Manufacturing, J-M substituted cheaper and lower quality ingredients in its PVC compound and used shortcuts to speed up the manufacturing process even though this decreased the pipes' tensile strength. Despite these significant production changes, J-M failed to re-qualify its pipe as industry standards require and instead falsely represented that the pipes were unchanged.

Formosa Plastics required J-M to use its resins and compounds for much of the PVC pipe at issue in this case, according to the lawsuit.

The whistleblower, John Hendrix, was an engineer in J-M's product assurance division in New Jersey. J-M fired him less than two weeks after he wrote a memo to company management with concerns that the tensile strength of J-M's PVC pipe was below that required by UL to qualify for the UL mark stamped on its pipes.

Hendrix filed his qui tam lawsuit in 2006. Federal and state false claims laws allow private individuals to sue companies that are defrauding government entities and recover damages on the government's behalf. Under those laws, liable companies may be required to pay as much as three times damages plus penalties.

"The decisions by so many states, cities and water districts to join this case show just how serious these allegations are," said Mary A. Inman, a San Francisco attorney with Phillips & Cohen LLP, which represents the whistleblower. "With government entities struggling to meet their budgets, it's particularly important for them to recover their losses from any fraud."

The government entities that intervened in the whistleblower case are Nevada, Delaware, Tennessee, Virginia, 22 separate California municipalities and 21 water districts.

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Case citation: United States and States of California et al. ex rel. John Hendrix v. J-M Manufacturing Company, Inc. and Formosa Plastics U.S.A., Case No. ED CV-06-0055-GW (C.D. of CA).



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ATTORNEY GENERAL MASTO AND SECRETARY OF STATE MILLER ISSUE 2010 CENSUS SCAM ALERT

Carson City, NV: Secretary of State Ross Miller, Chair of the Statewide Complete Count Committee, and Attorney General Catherine Cortez Masto today issued a consumer advisory alert concerning various 2010 Census scams occurring throughout the country.

The scams include official-looking requests for personal financial information. The requests could come in the form of an email, direct mail, or even someone knocking on the door of a household.

While state officials are urging Nevadans to participate in the 2010 Census when they receive their questionnaires next month, they are also advising people to watch out for scams.

"Unfortunately, scammers are using the opportunity of the 2010 Census to illegally obtain personal information from our citizens," Attorney General Masto said. "Nevadans must know that the U.S. Census Bureau is seeking only demographic information and would not ask for highly personal information like social security, bank account, or credit card numbers."

"Nevadans should feel completely confident about participating in the 2010 Census," added Secretary of State Miller. "It is very important that every household participates. At the same time, we should always watch out for the crafty crooks who will try to take advantage of any situation. We must all use common sense and not give out financial account information that would give someone else easy access to our money."

According to the U.S. Census Bureau, the official questionnaires will be dropped at household doors in many rural areas of the state beginning in early March. The questionnaires will start showing up in urban mailboxes in mid March. Census Bureau workers will start visiting group homes, such as assisted living facilities and dormitories, in late March. On about May 1st, workers will begin knocking on doors of single family households that have not mailed in their questionnaires or failed to properly complete the form. 2010 Census workers will never make contact by email and will carry an ID badge when out in the field.

Individuals can avoid being visited at home by a census worker by promptly and completely filling out and mailing back the questionnaire.

Census Bureau officials also remind Nevadans that the agency conducts ongoing targeted surveys that are distinct from the 10-year census. Only a small percentage of the population would be targeted at any one time in those surveys, often referred to as the American Community Survey (ACS). Individuals with questions about the ACS can contact the Western Regional office of the U.S. Census Bureau at 1-800-852-6159 or visit http://www.census.gov/survey_participants/.

The official questionnaire of the 2010 Census can be viewed at <http://2010.census.gov/2010census/how/interactive-form.php>. Complete information about Nevada Census 2010 can be found at www.nevadacensus2010.com.

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INFOGRAM

An Information service of the Denver Regional Census Center

Census Scams Are In The News:

There were two recent mailings we know of that were **NOT** sent by the U.S. Census Bureau but have "Census" on the document:

- Republican Party letter (asks for money at the end)
- Census of Senior Citizens

Facts About the Census Bureau and Data Collection:

- Census workers never ask for money or bank account information.
- Census workers will always have an official ID badge.
- An advance letter is typically sent to the household before census workers show up in person.
- Census workers do collect data other than the 2010 Census, The unemployment rates, housing starts, consumer price index numbers, and other statistics are all collected by the U.S. Census Bureau through monthly surveys, conducted door to door by interviewers called field representatives. They also carry official ID badges.

2010 Census:

- 2010 Census advance letters will be sent the first week of March.
- The official 2010 Census questionnaire will be delivered by mail the week of March 15.
- Individuals in rural areas will have their questionnaire delivered in person to their household between March 1 and March 30.

Questions/Concerns Contact #:

To make sure an individual is a legitimate census worker within the Denver region call 1 -800-852-6159

Most census forms will arrive in the mail, prominently displaying the "Census 2010" logo
Census workers wear an official identification badge which may or may not have a picture
Many census workers carry U.S. Census Bureau bags, making them easier to identify
<http://2010.census.gov>



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FOR IMMEDIATE RELEASE
DATE: February 19, 2010

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ATTORNEY GENERAL MASTO ANNOUNCES INDICTMENT WITH FIVE FELONY COUNTS IN MORTGAGE FORECLOSURE RESCUE SCAM

Las Vegas, NV – Nevada Attorney General Catherine Cortez Masto announced today the indictment of Jeffery Tye Brown, 50, of Henderson, on charges of four felony counts of theft and one felony count of forgery in connection with the operation of DB Financial Services, a foreclosure rescue business located in Henderson.

The State alleges Brown misled customers into believing that, for a fee, he would guarantee resolution of a victim's pending mortgage foreclosure.

"My mortgage fraud task force is aggressively prosecuting loan modification scams," said Attorney General Masto. "Scammers should know we will use all our resources to extradite, indict and convict you if you attempt to perpetrate these schemes upon Nevada's consumers."

The indictment alleges that between December 2007 and February 2008, Brown contacted victims whose homes were going into foreclosure and obtained advance payments of \$999.00 for foreclosure rescue services that he never performed. He failed to give refunds despite promising refunds in his contracts and advertising. He also forged documents to the Mortgage Lending Division to cover up the criminal activity.

Shortly after execution of a search warrant on the DB Financial offices in 2008 by the Attorney General's mortgage fraud task force, Brown fled the country. He has been extradited back to the U.S. from the Philippines, where he was in hiding to evade authorities.

A District Court arraignment has been scheduled for February 25, 2010, in the Lower Level Arraignment Court of the Las Vegas District Court.

The indictment is not a determination of guilt or innocence but is just a finding of probable cause that a crime was committed. The Defendant is presumed innocent until proven guilty.

Anyone who has information regarding this case should contact the Attorney General's Office at 702-486-3777 in Las Vegas or 775-684-1180 in Carson City



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FOR IMMEDIATE RELEASE
DATE: February 23, 2010

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ATTORNEY GENERAL MASTO ANNOUNCES RESOLUTION OF TIRE WORKS LITIGATION

Las Vegas, NV: Attorney General Catherine Cortez Masto announced today that the parties in the State's civil action filed against Tire Works have agreed, by mutual stipulation, to dismiss their respective cases against each other.

The investigation and compliance checks leading to the original lawsuit were conducted by the Nevada Consumer Affairs Division, not the Attorney General's office. The Consumer Affairs Division was disbanded during the past legislative session and is no longer in existence. It was the plaintiff in the case

"The complaints against Tire Works represented only a tiny fraction of the automotive complaints received by the State and represented a miniscule number of cases relative to the total number of customers that Tire Works has served," said Senior Deputy Attorney General Robert Giunta. "The Consumer Affairs Division's decision to permit the news media to accompany them on the compliance checks was the reason the case was so exaggerated and received so much publicity. The net effect was that the allegations were made to appear much larger than they were."

The Consumer Affairs Division sold the vehicle used in the compliance checks after it referred the case to the Attorney General's office for prosecution, thereby preventing the parties from inspecting the vehicle and depriving Tire Works of the immediate opportunity to clear the company's reputation. As a result, the Attorney General's office voluntarily dismissed the counts in its complaint pertaining to the compliance checks.

"The remaining issues pertained to a handful of concerns that were better suited for small claims court," said Giunta.

Tire Works has entered into an Assurance of Compliance that it will act in accordance with all requirements under Nevada law pertaining to the repair of automobiles.

“As far as my office is concerned, this settlement brings this matter to a conclusion,” said Attorney General Masto

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FOR IMMEDIATE RELEASE
DATE: February 24, 2010

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ATTORNEY GENERAL MASTO ANNOUNCES HEALTHCARE WORKER SENTENCED FOR MEDICAID FRAUD

LAS VEGAS, NV – Attorney General Catherine Cortez Masto announced today Beulah Upshaw, age 35, was sentenced for Medicaid Fraud. Upshaw pled guilty to Failure to Maintain Adequate Records, a gross misdemeanor offense.

In 2007, information was obtained that personal care aid services were not being provided to a Medicaid recipient. Medicaid has a personal care aid program to keep people living independently in their own homes by providing basic services, including bathing dressing, cleaning and meal preparation. Medicaid contracts with home care companies that in turn employ individuals to provide the actual day-to-day care. An investigation found that Upshaw was not at patients' homes for the time period she claimed to be providing services.

District Court Judge Elissa Cadish sentenced Upshaw to 60 days in jail, suspended; payment of \$4,400 in restitution, penalties and costs; and three years probation.

"The continued prosecution of this type of crime is sending a message to the health care community that fraudulent activities involving Medicaid recipients will not go unpunished," said General Masto.

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes instances of elder abuse or neglect. The unit also investigates and prosecutes financial fraud by those providing health care services or goods to Medicaid patients. Anyone wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson City 775.684.1191 or in Las Vegas 702.486.3187. Medicaid fraud information can also be found on the Attorney General's web site: <http://ag.state.nv.us>.



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FOR IMMEDIATE RELEASE
DATE: March 1, 2010

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ATTORNEY GENERAL ANNOUNCES MULTI-STATE AND FTC SETTLEMENT IN DECEPTIVE TRADE CASE

Carson City, NV— Nevada Attorney General Catherine Cortez Masto announced today that a settlement has been reached in the deceptive trade case the State of Nevada filed against Tarzeneia Dixon, Chief Executive Officer of Your Money Access (YMA.)

The State of Nevada and six other states, joined the Federal Trade Commission in charging that Tarzeneia Dixon, on behalf of YMA, played a critical role in helping many of its clients carry out these illegal schemes by providing access to the banking system and the means to extract money from consumers' bank accounts.

YMA processed remotely-created checks and Automated Clearing House ("ACH") debits from consumer accounts, which are supposed to be authorized by the customers, and debited them directly from customers' accounts. YMA is charged with the processing of unauthorized debits and remotely-created checks on behalf of deceptive telemarketers and Internet-based schemes in violation of Nevada deceptive trade statutes and federal trade laws.

"We will continue to pursue these cases to protect Nevadans," said Attorney General Masto. "Standing up to these types of telemarketing and Internet-based schemes stops the victimization of unsuspecting citizens."

Between June 23, 2004, and March 31, 2006, YMA processed more than \$200 million in debits and attempted debits nationwide. More than \$69 million of the attempted debits were returned or rejected by consumers or their banks for various reasons, an indication that, in many cases, consumers had never authorized the charges. In many instances, the merchants either failed to deliver the promised products or services or sent consumers relatively worthless items.

In addition to permanently banning Dixon from any payment processing, the settlement order bans her from substantially aiding any marketer when she knows, or consciously avoids knowing, that it is violating the Telemarketing Sales Rule. The order imposes a \$22 million judgment that is stayed based on her inability to pay. The full judgment will become due immediately if she is found to have misrepresented her financial condition.

On October 28, 2008, the court entered a default judgment against the corporate defendants, Your Money Access, LLC and YMA Company, LLC, barring them from payment processing for any client whose business practices are deceptive, unfair, or abusive within the meaning of the FTC Act, the Telemarketing Sales Rule, and the state consumer protection laws. Litigation against YMA's President Derrelle Janey continues in Federal District Court.

In December 2008, the Office of the Comptroller of the Currency announced a settlement with Wachovia Bank, N.A. to issue more than \$150 million in redress checks to victims of telemarketing fraud. The checks reimbursed consumers for funds deducted from their accounts by three payment processors that maintained accounts with Wachovia, including Your Money Access, which were part of the above-described telemarketing schemes. Over 5,000 Nevada residents were reimbursed as a result of the Wachovia Bank settlement.

Stipulated final judgments and orders are for settlement purposes only and do not constitute an admission by the defendants of a violation of the law. Such settlements have the force of law when signed by the judge.

Consumer protection information can also be found on the Attorney General's website at www.ag.state.nv.us, the Nevada Fight Fraud website at www.fightfraud.gov, and at the Federal Trade Commission website at www.ftc.gov.



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FOR IMMEDIATE RELEASE
DATE: March 2, 2010

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ATTORNEY GENERAL ANNOUNCES DISTRIBUTION OF \$3 MILLION IN FORECLOSURE RELIEF TO NEVADA RESIDENTS AS PART OF COUNTRYWIDE FINANCIAL SETTLEMENT

Carson City, NV-Attorney General Catherine Cortez Masto announced that more than 1,500 people will receive foreclosure relief payment checks totaling more than \$ 3 million stemming from a multistate settlement reached in principle with Countrywide and previously announced by this office on October 6, 2008. All eligible Nevada consumers received claim forms and instructions in 2009.

Important information for check recipients:

- The checks must be cashed on or before May 13, 2010.
- The payment under this settlement may be taxable, and recipients should consult a tax advisor if they have any questions concerning their possible tax liabilities as a result of this payment.

"The foreclosure relief being distributed this week is one part of a multi-million dollar effort to assist Nevadans who have suffered because of Countrywide's lending practices," said Attorney General Masto.

The Countrywide settlement agreement includes various forms of assistance for other borrowers, including:

- Affordable, streamlined loan modification offers to qualified subprime mortgage borrowers in Nevada;
- Waivers of default/delinquency fees, loan modification fees and prepayment penalties under specified conditions; and
- Relocation assistance in the form of cash payments to qualified consumers to help in their transition to a new residence.

Recipients with any questions about their checks or other matters relating to the settlement should contact the settlement administrator, Rust Consulting, toll free at 1-866-411-6987, or visit <http://www.countrywidesettlementinfo.com>.



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FOR IMMEDIATE RELEASE
DATE: March 3, 2010

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MEDICARE SUSPENDS MARKETING AND ENROLLMENT FOR FOX INSURANCE COMPANY DRUG PLAN AFFECTING NEVADANS

Las Vegas, NV: The Centers for Medicare & Medicaid Services (CMS) on Friday, February 26, 2010, directed Fox Insurance Company of New York to immediately suspend marketing and enrollment of new members in the organization's Medicare Part D prescription drug plans. Fox Insurance provides Medicare Part D Drug plans in 12 of Nevada's 17 counties affecting over 4,100 Medicare beneficiaries, many of whom qualify for the low-income subsidy under Part D.

CMS imposed this immediate sanction because the Fox drug plan has not been able to meet the prescription drug needs of some of its newest members, actions which could pose serious threats to their health and safety.

"Our office is very concerned that Nevada's Medicare beneficiaries are protected and safe from unscrupulous companies," said Attorney General Masto. "We will continue working with the federal government and closely monitor any complaints that are filed with the Nevada SMP, located within this office."

According to CMS, the plan has failed to fully meet its obligations to Medicare beneficiaries, particularly new enrollees, by failing to provide timely access to Part D drugs by imposing prior authorization and step therapy requirements that were not approved by CMS, not meeting the necessary appeals deadlines, and not meeting the requirements to transition new enrollees to the covered drugs.

These failures could result in improper delays in therapies and/or preventing access to medically necessary drugs and therapies. Threats to enrollee health and safety relate to Fox's non-Medicare compliant coverage determinations involving protected class drugs and other needed drugs for the treatment of cancer, HIV/AIDS and seizure disorders; as well as drugs for diabetes and respiratory disease.

Fox' problems were raised to CMS by both plan members and their physicians. CMS will closely monitor the plan to determine that corrective actions have been taken. If Fox is not in compliance to Medicare requirements, penalties that range from fines to the possibility of termination of the Fox contract with Medicare could be imposed.

Attorney General Masto and CMS encourage plan members who may have any concerns or complaints with their Fox Insurance Company's Prescription Drug Plan (PDP) to contact the Nevada Attorney General's Senior Medicare Patrol Program at 1-888-838-7305, Nevada's State Health Insurance Assistance Program (SHIP) at 1-800-307-4444, or 1-800-MEDICARE (1-800-633-4227) to help get them resolved.



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FOR IMMEDIATE RELEASE
DATE: March 4, 2010

ATTORNEY GENERAL MASTO JOINS BROAD COALITION TO SPONSOR 12th ANNUAL NATIONAL CONSUMER PROTECTION WEEK

Las Vegas, NV Nevada Attorney General Catherine Cortez Masto has joined federal, state and local government agencies and consumer protection organizations to announce the 12th Annual [National Consumer Protection Week \(NCPW\)](#), March 7-13. This coordinated consumer education campaign encourages individuals across the country to take full advantage of their consumer rights.

"I am pleased to join federal, state and local government agencies and national consumer advocacy organizations in consumer education efforts in the fight against fraud in communities across the nation," said Attorney General Masto. "As part of this program, our Bureau of Consumer Protection will be issuing a daily consumer advisory during Consumer Protection Week regarding issues particularly relevant to Nevada consumers."

The theme for National Consumer Protection Week is "Dollars & Sense: Rated 'A' for All Ages" and highlights the importance of using good consumer sense at every stage of life – from grade school to retirement. In recognition of NCPW 2010, the Nevada Attorney General's Office and its partners are promoting free resources to help people protect their privacy, manage money and debt, avoid identity theft, understand credit and mortgages, and steer clear of frauds and scams.

"The message of National Consumer Protection Week 2010 is simple: It's never too early or too late to become a more informed and empowered consumer," said Attorney General Masto. "Regardless of your age or financial situation, there are useful lessons to learn about spending and managing money wisely. I encourage everyone to visit the NCPW website, www.consumer.gov/ncpw, for tips about making smarter decisions in the marketplace."

This year, NCPW organizations are reaching out to kids, focusing on websites, videos and games designed for a younger audience. Kids under 12 spend billions of dollars on goods and services each year, and it makes sense to provide them with tools to make good decisions. It is essential that kids understand key consumer and business concepts, like credit and identity theft, banking and fraud, and marketing and advertising. The resources

highlighted on the NCPW website introduce these concepts and teach kids practical lessons about the role of business and government in their everyday lives.

In addition, for the first time, the NCPW website features a blog, where visitors can discover new consumer resources in an informal and interactive environment. Here, visitors have the opportunity to connect directly with representatives of public and private consumer protection organizations.

National organizers of this year's NCPW include AARP, the Comptroller of the Currency, the Consumer Federation of America, the Council of Better Business Bureaus, the Federal Citizen's Information Center, the Federal Communications Commission, the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Federal Trade Commission, the National Association of Attorneys General, the National Association of Consumer Agency Administrators, the National Consumers League, the U.S. Department of the Treasury, the U.S. Postal Inspection Service, and the U.S. Postal Service.

For more information about NCPW, visit www.consumer.gov/ncpw.

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FOR IMMEDIATE RELEASE
DATE: March 8, 2010

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THE ATTORNEY GENERAL TO PARENTS AND TEACHERS: IT'S NEVER TOO EARLY TO TEACH KIDS ABOUT CONSUMER PROTECTION

Las Vegas, NV – Attorney General Catherine Cortez Masto's Bureau of Consumer Protection, in conjunction with the launch of the 12th Annual National Consumer Protection Week, March 7-13, 2010, is issuing a series of daily consumer advisories. The theme of the Consumer Protection Week is Dollars & Sense: Rated "A" for All Ages.

"Unfortunately, when the economy is in a downturn, scam artists seem to come out in droves to victimize unwary consumers. Fortunately, when people are alert to this fact, it provides teachable opportunities for the youngest members of our society – our children and teenagers," said Masto.

The Attorney General's Bureau of Protection reminds Nevadans it's never too early to become an informed and empowered consumer. Teachers and parents should know there are some valuable resources available free of charge that will not only teach kids to be alert consumers, but will also ensure they are better protected from predators.

For elementary and middle school aged kids, there is a fun, informative, interactive site sponsored by the Federal Trade Commission ("FTC") which can be found at www.ftc.gov/YouAreHere. This site teaches kids about important consumer concepts such as target advertising and spotting deception. It also teaches about privacy and identity theft, fraud and other scams as well as competition and antitrust law. The site uses avatar peers to provide easy-to-understand instruction in a way that kids will enjoy and remember.

By utilizing this site and others that are available on the FTC's National Consumer Protection Week 2010 website at www.consumer.gov/ncpw, parents and teachers can ensure that our kids do not become victims of fraudsters looking for an easy target.

Another valuable resource can be found either through a link on the FTC website above or directly at www.onguardonline.gov. This website provides important information for kids and adults to ensure personal internet on-line safety. From the website, parents and educators can download a free copy of *Net Cetara* – a guide for Chatting with Kids about Being On-line.

The guide is designed to protect kids of varying ages from inappropriate conduct, inappropriate contact, or inappropriate content which can occur through the Internet or through cell phones. The guide suggests parents and teachers talk with teens and “tweens” (ages 8 to 12) about Internet and mobile telephone safety. Recently defined terms such as “sexting,” “cyberbullying,” “phishing,” and “P2P file sharing” can be found in the guide along with suggestions on how to avoid becoming a victim through social networking.

More sites and information can be found through the FTC by selecting the “For Kids and Parents” link at the top of the website. These sites include Federal Reserve for Kids, FDIC Learning Bank, and Kids.gov, the official kids’ website from the U.S. (federal) government, linking to over 2,000 web pages from government agencies, schools, and educational organizations, which are divided by age group and topic.

“I am pleased to join federal, state and local government agencies and national consumer advocacy organizations in consumer education efforts in the communities across the nation,” said Attorney General Masto. “As part of this program, we will be issuing a daily consumer advisory regarding issues particularly relevant to Nevada consumers.”

Consumer protection information can also be found on the Attorney General’s website at www.ag.state.nv.us, the Nevada Fight Fraud website at www.fightfraud.gov, and at the Federal Trade Commission website at www.ftc.gov.

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FOR IMMEDIATE RELEASE
DATE: March 9, 2010

ATTORNEY GENERAL ANNOUNCES NEVADA JOINS FTC, 34 STATES TO REACH AGREEMENT WITH LIFELOCK FOR MISLEADING ADVERTISING AND SALES TACTICS

Identity Theft Protection Provider Agrees to \$11 Million for Consumers

Carson City, NV- Today Attorney General Catherine Cortez Masto joined the U.S. Federal Trade Commission (FTC) and 34 states in announcing an agreement reached with LifeLock, Inc., a Tempe, Ariz.-based identity theft protection provider, that resolves an investigation into the company's misleading advertising practices.

"Deceptive claims by companies who offer protection against identity theft are particularly cynical and dangerous for consumers," said Attorney General Masto. "Identity theft is on the rise and consumers must learn how to protect their own identities and privacy and not depend upon companies who offer bogus protection."

The FTC and states began jointly investigating LifeLock amid allegations that the company made a range of deceptive claims that misled consumers to believe its services were a "proven solution" that would protect against all forms of identity theft, including criminal, mortgage and child identity theft. The settlement also resolves allegations that the company misrepresented the nature of specific services it provided to protect or alert consumers when their personal information had been compromised.

Although the FTC and state attorneys general share jurisdiction to investigate unfair and deceptive practices against consumers, a joint enforcement action of this magnitude is unprecedented.

LifeLock sells identity theft services which past advertisements claimed were "guaranteed" to protect consumers' personal information and prevent criminals from using it to open accounts in their names. Some ads even included CEO Todd Davis' Social Security Number, which Davis said, showed "how confident I am in LifeLock's proactive identity theft protection." LifeLock's advertisements also implied that individuals with fraud alerts on their consumer reports will always receive a phone call prior to the opening of new accounts, when in fact a phone call is not required by federal law.

Under the agreement, LifeLock is prohibited from misrepresenting that its services:

- Protect against all types of identity theft;
- Constantly monitor activity on each of its customers' consumer reports;
- Always prompt a call from a potential creditor before a new credit account is opened in the customer's name; and
- Eliminate the risk of identity theft.

LifeLock is also prohibited from overstating the risk of identity theft to consumers, including whether a particular consumer has become or is likely to become a victim. Past marketing materials have warned consumers about their heightened risk of identity theft when LifeLock did not have information to warrant such a warning.

LifeLock agreed to pay \$11 million in restitution to consumers. The FTC and states will jointly send letters to eligible consumers, notifying them of the agreement and how they can opt-in to the settlement. LifeLock also agreed to pay \$1 million to cover the costs of the states' investigation. Nevada will receive \$15,000 as its share of the settlement.

Federal and state laws provide consumers with a variety of tools to help protect themselves against identity theft. Consumers who have a reasonable suspicion that they are or are about to become victims of identity theft can place free fraud alerts on their credit reports by contacting one of the three major credit reporting agencies. In addition, consumers can obtain free copies of their credit reports to review their own credit histories and identify errors and inaccuracies, such as unauthorized accounts. Consumers are also best-positioned to monitor their own bank accounts and credit card statements for unauthorized withdrawals or charges.

States participating in today's agreement include: Alaska, Arizona, California, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Missouri, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington and West Virginia.



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ATTORNEY GENERAL MASTO WARNS CONSUMERS TO PREVENT IDENTITY THEFT AND PROTECT PRIVACY

Las Vegas, NV: Nevada Attorney General Catherine Cortez Masto's Bureau of Consumer Protection, in conjunction with the launch of the 12th Annual National Consumer Protection Week, March 7-13, 2010, is issuing a series of daily consumer advisories. The theme of Consumer Protection Week is Dollars & Sense: Rated "A" for All Ages.

"Identity theft and the resulting fraud continue to increase," said Attorney General Masto. "Children, adolescents, adults and business can be victims. It is important for everyone to be informed consumers and protect our own identities and privacy and to teach our children to protect theirs."

Thieves use a variety of methods to steal consumers' personal information, violate their privacy and use it to commit fraud or other crimes. These methods include:

- "Stealing" wallets and purses that often carry documents such as driver's licenses, social security cards and credit or debit cards. Only necessary documents should be carried in a wallet or purse. Social security cards should not be kept in your wallet. Thieves also steal mail from unsecured mailboxes and get personal information from utility and credit card bills, preapproved credit card information, new checks or tax information. Consumers should mail their bill payments from a secure mailbox, check their unsecured mailboxes regularly and arrange to pick new checks up at their financial institutions.
- "Dumpster Diving." Here thieves rummage through trash looking for personal information. Anything containing personal information should be cut or shredded before it is placed in the trash.
- "Skimming" occurs when thieves steal credit/debit card information by using a special storage device when processing your card. Protect yourself by closely reviewing your monthly credit card bill and questioning any unfamiliar transactions that are listed.

- “Phishing” occurs when identity thieves try to steal your personal information by e-mail. Thieves send spam pretending to be legitimate financial institutions or companies or pop up messages on your computer asking for personal information. A good way to combat this is to not open e-mails unless you have solicited them and even then, be sure they are from legitimate companies. When done by telephone text messages, this practice is called “pretexting.” Also beware of persons calling on the telephone and asking for information in surveys and other questionnaire types of calls.
- “Changing Your Address.” Often thieves will complete a change of address form and divert your mail to a different address. It may take a while to realize there is a problem and identity thieves will use this time to commit fraudulent transactions using your stolen identity. Protect yourself by knowing when your bills are due to arrive and call the companies to inquire if bills have not arrived when expected.

Privacy issues are an ongoing and growing problem. The popularity of social networking continues to grow among children. While social networking sites can provide a secure way for children to communicate with each other, they can also be exploited for a number of malicious reasons. Children of all ages are participating in social networking. The number of users on Facebook between 13 and 18 grew by approximately 88 percent in 2009 to 10.7 million. My Space and Twitter are also sites that are frequently used by consumers of all ages. It is important to teach children about the various threats that exist online. Parents must supervise their child’s computer use in the house and to educate their children on how to be safe online.

A few tips on how to protect privacy and keep safe while online include:

- Teach your children to never share personal information such as phone numbers, address, bank account numbers, passwords or their Social Security numbers.
- “Never talk to strangers” applies online too. Chatting on line with a stranger online can lead to a relationship with that stranger, who can eventually earn your child’s trust and ultimately exploit it. Social networking sites allow users to determine with whom they share information. Set strict privacy settings by restricting your child’s access to his or her profile to only friends or users on safe networks such as their school, clubs or church groups.

Remember, as consumers you are in the best position to prevent identity theft and protect your privacy, as well as to educate your children to learn to protect themselves.

“I am pleased to join federal, state and local government agencies and national consumer advocacy organizations in consumer education efforts in the communities across the nation,” said Attorney General Masto. “As part of this program, we will be issuing a daily consumer advisory regarding issues particularly relevant to Nevada consumers.”

Consumer protection information can also be found on the Attorney General’s website at www.ag.state.nv.us, the Nevada Fight Fraud website at www.fightfraud.gov, and at the Federal Trade Commission website at www.ftc.gov.



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**FOR IMMEDIATE RELEASE
DATE: March 10, 2010**

ATTORNEY GENERAL MASTO WARNS HOMEOWNERS OF LOAN MODIFICATION SCAMMERS

Las Vegas, NV – Attorney General Catherine Cortez Masto's Bureau of Consumer Protection, in conjunction with the launch of the 12th Annual National Consumer Protection Week, March 7-13, 2010, is issuing a series of daily consumer advisories. The theme of the Consumer Protection Week is Dollars & Sense: Rated "A" for All Ages.

"Homeowners should arm themselves with information about the loan modification process. Unfortunately, several unscrupulous businesses, and attorneys, have 'sprung up' making unrealistic promises about their success rates in obtaining loan modifications," said Masto.

Loan modifications typically involve a reduction in the interest rate on the loan, an extension of length of the term of the loan, a different type of loan, or any combination of the three. A lender might be open to modifying a loan because the cost of doing so is less than the cost of default. Many homeowners facing foreclosure currently have a variable rate loan. Such a loan can be converted to a fixed-rate loan. Moreover, any arrearages can be "rolled-into," or added to the principal of the modified loan, the result being a larger principal, but lower monthly payments for the borrower over the life of the loan. Thus, loan modifications may be made by a lender in response to a homeowner's inability to repay the loan.

Scammers promise to obtain loan modifications for unsuspecting homeowners. In many cases, clients are advised by "their representatives" to forego making their monthly mortgage payments, ostensibly to allow the company to obtain a better negotiating posture with the lender. In actuality, these loan assistance companies are more interested in directing their clients' limited resources toward payment of their fees rather than toward paying the mortgage. This practice is particularly damaging to the homeowner as it does not increase the likelihood of a successful modification, rather, his or her credit history now reflects a delinquency which will impact negatively on the homeowner's ability to qualify for a modification.

Under the provisions of NRS Chapter 107, homeowners can have a representative or an attorney present with them at the mediation. However, it is not necessary to have either. Unscrupulous representatives have one primary concern – generating fees for themselves.

Consumers who wish to report mortgage fraud are asked to contact the Attorney General's Bureau of Consumer Protection in Las Vegas at 702.486.3194 to obtain a complaint form.

Consumer protection information can also be found on the Attorney General's website at www.ag.state.nv.us, the Nevada Fight Fraud website at www.fightfraud.gov, and at the Federal Trade Commission website at www.ftc.gov.

"I am pleased to join federal, state and local government agencies and national consumer advocacy organizations in consumer education efforts in the communities across the nation," said Attorney General Mastro. "As part of this program, we will be issuing a daily consumer advisory regarding issues particularly relevant to Nevada consumers."



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FOR IMMEDIATE RELEASE
DATE: March 11, 2010

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ATTORNEY GENERAL MASTO WARNS NEVADANS: DON'T FALL FOR THE GRANT SCAM

Carson City, NV – Attorney General Catherine Cortez Masto's Bureau of Consumer Protection, in conjunction with the launch of the 12th Annual National Consumer Protection Week, March 7-13, 2010, is issuing a series of daily consumer advisories. The theme of the Consumer Protection Week is Dollars & Sense: Rated "A" for All Ages.

"In these times of economic downturn, small businesses in particular are searching for funds to grow or just stay afloat. One financial resource is Grant funding. Unfortunately, a cottage industry of grant scammers has sprung up to bilk these organizations out of precious funds in their pursuit of grant funding," said Masto.

The scenario is deceptively simple. A telemarketer calls a small business with an incredible offer indicating that the business is eligible for a "guaranteed" grant. All the business needs to do is pay several hundred dollars for the writing of the grant. To begin the process, the business must provide its credit card number. The credit card number is given, the money is deducted from the business' credit card account, and then nothing happens. In truth, nothing will ever happen, because there are no such grants available. There are no government or private grants available just for the asking. If anything is provided to the target business by the scammers, it will be limited to receiving a notice of websites and other places where grant information can be obtained.

Even if a business does receive a governmental grant, it is hardly free money. There are strict reporting requirements showing how the money is spent. If the money is not spent for the exact purposes stated in the grant, there are usually claw-back provisions.

Sometimes the telemarketer indicates that there are private organizations sponsoring the grants. Private grant agencies do not give away money to small businesses without specific purposes. Most private grants are directed to art organizations, medical research, educational

research, medical treatment groups or to feed the poor in foreign lands. There is no free money for small businesses operating outside these areas.

The bottom line in each of these grant schemes is the same: you are asked to pay money to get money. The Nevada Attorney General warns Nevadans to never pay money to get money. If you are interested in finding out true information about grants, go to www.grants.gov or www.govbenefits.gov, which are government-run websites with free information about grant programs. No advance payment is necessary.

“I am pleased to join federal, state and local government agencies and national consumer advocacy organizations in consumer education efforts in the communities across the nation,” said Attorney General Mastro. “As part of this program, we will be issuing a daily consumer advisory regarding issues particularly relevant to Nevada consumers.”

Consumer protection information can also be found on the Attorney General’s website at www.ag.state.nv.us, the Nevada Fight Fraud website at www.fightfraud.gov, and at the Federal Trade Commission website at www.ftc.gov.



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FOR IMMEDIATE RELEASE
DATE: March 11, 2010

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ATTORNEY GENERAL MASTO ANNOUNCES NINTH CIRCUIT COURT DECISION LIMITING BROTHEL ADVERTISING

Carson City, NV: Nevada Attorney General Catherine Cortez Masto announced today that the Ninth Circuit Court of Appeals has upheld Nevada state laws that limit brothel advertising.

"I am glad to see common sense has prevailed," said Attorney General Masto. "This state has had restrictions on brothel advertising for 40 years. Nevada should have the right to have reasonable limitations on this type of activity. I am pleased the 9th Circuit Court of Appeals corrected the decision by the lower federal court to overturn those long standing restrictions as violating the First Amendment."

The laws had been challenged by the American Civil Liberties Union, together with the Shady Lady Ranch, a brothel in Nye County, and two newspapers, the High Desert Advocate and Las Vegas City Life. The federal district court in Reno had upheld the challenge and invalidated the laws that prohibit brothel advertising in counties where prostitution is illegal. The laws also prohibit brothel advertising in theaters and on streets and public highways.

"We are pleased that our State's policies were acknowledged and our laws were upheld," Masto said. "Free speech is perhaps our most cherished right. But prostitution is a difficult issue in every state. The Circuit's decision proves there are different ways to deal with the issue without trampling on First Amendment rights."

The Ninth Circuit reversed the lower court's decision. It wrote: "Nevada has, uniquely for this country, delineated a more nuanced boundary [than total criminalization of prostitution], but still seeks to closely confine the sale of sex acts, geographically . . . and through the advertising restrictions. We conclude that the interest in preventing the commodification of sex is substantial."

General Masto added there has been no indication yet whether the ACLU and the other challengers will seek a rehearing, or whether they might appeal to the U.S. Supreme Court.



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FOR IMMEDIATE RELEASE
DATE: March 12, 2010

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ATTORNEY GENERAL WARNS: DON'T FALL FOR CASHIER'S CHECK SCAMS

Carson City, NV – Attorney General Catherine Cortez Masto's Bureau of Consumer Protection, in conjunction with the launch of the 12th Annual National Consumer Protection Week, March 7-13, 2010, is issuing a series of daily consumer advisories. The theme of the Consumer Protection Week is Dollars & Sense: Rated "A" for All Ages.

"Nevada residents should be alert to counterfeit, forged or stolen cashiers' checks being sent as either lottery or sweepstakes winnings or used to purchase Internet auction items," said General Masto.

In each case, the recipient is sent what appears to be an authentic-looking check, usually appearing to be either a bank check or cashier's check. The recipient is asked to cash the check and wire money back to the sender or the sender's agent. If the check is deposited, it will be found to be either fraudulent or stolen. If money is wired to the sender, the victim will have forfeited the amount of the money sent, any bank charges for the bounced check and any other fees incurred in the transaction.

This scam has been seen in three different versions. The most prevalent is the lottery or sweepstakes winner scam. In this case, recipients are told they are the winner of a lottery or sweepstakes and the enclosed check represents the first or initial payment of the prize. Many times the lottery or sweepstakes is located in a different country. The recipient is advised that taxes or fees need to be paid before the full amount can be awarded. They are further instructed to immediately cash the check and wire money so that the taxes or fees can be paid and the award can be processed.

Another common use of forged or counterfeit checks is related to Internet auction sales. In this scheme the seller is sent an official-looking check for an amount greater than the sales price of the item. When contacted, the buyer asks the seller to cash the check, and then send the difference back to the seller with the item purchased. This scam results in the seller being out the item purchased and any money sent to the alleged buyer.

The third variation is the mystery shopper scam, in which case the recipient is mailed an unsolicited offer to become a mystery shopper. The recipient is sent an official-looking check for a large sum of money and is advised to use a portion of the money to make a mystery purchase. Further, the recipient is instructed to keep part of the money for a salary and to wire the excess back to the sender. Later, the check bounces and the recipient is out the amount wired to the scammer as well as the amount of any purchases which cannot be returned for a refund.

In each case, the recipient is sent an official-looking check, usually in the amount of several thousand dollars, and is instructed to wire money back to the sender or the sender's agent. This is the best identification that the recipient is the target of a scam.

The Nevada Attorney General warns Nevada citizens to never wire money to anyone who is not personally known to the sender. Scammers use wire transfers, usually via Western Union or MoneyGram, because those transfers cannot be traced. The person picking up the money for the scam is many times just someone hired to pick up the money and transfer it to someone else. Money sent by wire transfer cannot be traced or refunded and, if sent out of the country, cannot be retrieved. In almost all of the cases referred to the Attorney General's Bureau of Consumer Protection, the payee listed on the check does not match the name of the so-called lottery, sweepstakes or mystery shopping service. This is a quick indication that the checks are probably stolen.

Before cashing a lottery, sweepstakes or mystery shopper check, call the Attorney General's Bureau of Consumer Protection for information on a possible scam in progress. Because wired money is untraceable and not recoverable, especially if it is wired out of the country, there is little the Attorney General's Bureau of Consumer Protection can do to help consumers who have already fallen victim to this scam.

"I am pleased to join federal, state and local government agencies and national consumer advocacy organizations in consumer education efforts in the communities across the nation," said Attorney General Mastro. "As part of this program, we will be issuing a daily consumer advisory regarding issues particularly relevant to Nevada consumers."

Consumer protection information can also be found on the Attorney General's website at www.ag.state.nv.us, the Nevada Fight Fraud website at www.fightfraud.gov, and at the Federal Trade Commission website at www.ftc.gov.



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FOR IMMEDIATE RELEASE
DATE: March 17, 2010

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ATTORNEY GENERAL MASTO ANNOUNCES INDICTMENTS IN SECURITIES FRAUD SCAM INVOLVING BOGUS CHARITIES

Las Vegas, NV – Nevada Attorney General Catherine Cortez Masto today announced multiple felony charges filed for securities fraud involving investments on behalf of bogus charities in support of the Native American community, battered women and abused children.

Mark D. Jones, age 43, formerly of Las Vegas, Nevada, has been indicted on multiple felony charges including one (1) count of Securities Fraud in violation of NRS 90.570, one (1) count of Offering to Sell or Sale of an Unregistered Security in violation of NRS 90.460, one (1) count of Transacting Business as an Unlicensed Broker-dealer and/or Sales Representative in violation of NRS 90.310 and one (1) count of Theft with the Value of Property in Excess of \$2500, in violation of NRS 205.0832. All of the pending charges are Category B felonies and carry a possible prison sentence of one (1) to twenty (20) years.

The Indictment alleges that in June 2004, the defendant offered an unregistered investment opportunity to a Nevada resident through a company known as Eaglefinger Enterprises, Inc. ("EEI"). The defendant told the victim that EEI was involved in projects to support the Native American community, battered women and abused children.

"It is especially egregious that this scam claimed to assist Native Americans, battered women and abused children," said Attorney General Masto. "This scam preyed on the sympathies of victims who believed their investments were helping underserved populations."

Secretary of State Ross Miller says due diligence is always an essential element when investing in anything. "The potential to use an investment to help someone in need can make an investment all the more attractive to a lot of people," said Miller. "But the promise of helping others is not a guarantee that the investment is genuine. We use every opportunity like this to remind Nevadans that there are

resources like our website: www.nvsos.gov, and other resources to do some background checking before making an investment.”

The Indictment alleges that Jones also claimed he had financial backers and EEI was subsidized by the United States government, which would insure the victim’s investment in the form of a stock purchase.

All charges were investigated by the Nevada Secretary of State Securities Division and referred to the Attorney General’s Bureau of Consumer Protection for prosecution.

The Investigation revealed that on or about June 23, 2004, the victim invested approximately \$130,000 to purchase stock in EEI. The Investigation also revealed that the victim’s investment money was not used to support any programs to help Native American Indians, battered women or abused children, but was spent by Jones on personal expenses and large cash withdrawals. The State’s investigation did not show any subsidies from any government agency as claimed by Jones.

Jones was recently arrested in Colorado and booked under a Nevada arrest warrant filed in 2007 when the State originally filed its criminal complaint. The defendant’s whereabouts had been unknown since 2007 and it is believed that Jones intentionally evaded arrest for several years prior to his capture last month.

An indictment is not a determination of guilt or innocence, but is a finding of probable cause that a crime was committed. As with all defendants, Jones is presumed innocent until proven guilty.

Jones is scheduled to appear in Las Vegas for an arraignment on April 1 in District Court Department II.

Anyone who has information regarding this case should contact the Attorney General’s Office at 486-3221 in Las Vegas or 684-1180 in Carson City.

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**FOR IMMEDIATE RELEASE
DATE: March 26, 2010**

GUILTY PLEAS IN MORTGAGE SCAM AGAINST SENIOR CITIZENS

Las Vegas, NV – Nevada Attorney General Catherine Cortez Masto announced today that Thomas F. Gentile age 56 of Las Vegas, Nevada, and Justin Sabo age 30, of Huntington Beach, California have both pled guilty to one (1) count each of Theft in an Amount in Excess of \$2500, Category B felonies in connection with their involvement in a scheme to fraudulently obtain a mortgage loan against a property owned by Gentile's former employer without the knowledge or consent of the former employer.

The felonies carry a potential prison sentence of one (1) to twenty (20) years in prison. A third Defendant Julio C. Martinez age 61, of Las Vegas, has pled guilty to a gross misdemeanor in connection with fraudulently notarizing documents that allowed Gentile and Sabo to complete the fraudulent transaction. In addition, Defendants Sabo and Gentile are required to pay restitution to the victims in the amount of \$65,000.

"Victimizing seniors is especially egregious," said Attorney General Masto. "We must put a stop to the continual targeting of the most vulnerable groups by these scammers."

The case resulted from an investigation by the Attorney General's Mortgage Fraud Task Force, which uncovered that between January 2009 and March of 2009, Sabo and Gentile fraudulently obtained and used the identifying personal information of Gentile's former employer, to obtain a \$65,000 mortgage loan against the property owned by the victim. The victim and his wife are senior citizens, who had paid cash for their home and did not hold a mortgage on the property.

The loan was obtained from a group of hard money lenders who were also victimized when they approved the loan without knowledge that the loan application was fraudulent. The victim homeowner and his wife were not aware that the suspects had fraudulently obtained a loan against their home until they

received a notice of foreclosure for non payment, at which time they reported it to the Attorney General's office.

A sentencing date has been scheduled for July 23, 2010 in Las Vegas District Court, Department 7.

Anyone who has information regarding mortgage loan modification or mortgage fraud scams should contact the Attorney General's Office at 486-3221 in Las Vegas or 684-1180 in Carson City.



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FOR IMMEDIATE RELEASE
DATE: April 7, 2010

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MORTGAGE FORECLOSURE RESCUE SCAM GUILTY PLEA ANNOUNCED

Las Vegas, NV – Nevada Attorney General Catherine Cortez Masto announced today that Jeffery Tye Brown, 50, of Henderson, has pled guilty to felony mortgage fraud in violation of NRS 205.372, in connection with the operation of DB Financial Services, a foreclosure rescue business located in Henderson.

The crime is a Category C felony and carries a potential jail sentence of one (1) to ten (10) years and/or a fine of up to \$10,000. In addition, the plea agreement requires Brown to execute Confessions of Judgment to the individual victims in an amount totaling \$19,407.00.

“In 2007, the Nevada Legislature enacted legislation creating the crime of mortgage lending fraud, which previously, did not exist in Nevada,” said Attorney General Masto. “The new law is a powerful tool for my mortgage fraud task force in its battle to investigate and prosecute mortgage fraud crimes in Nevada.”

The State charged Brown with falsifying loan applications which he submitted to lenders by inflating the incomes of his victims in order to demonstrate a better financial condition or ability to pay a monthly mortgage. In other cases, he misled customers into believing that, for a fee, he would guarantee resolution of a victim's pending mortgage foreclosure.

The State's case against Brown was based on an investigation by the Attorney General's mortgage fraud task force which revealed that between December 2007 and February 2008, Brown contacted victims whose homes were going into foreclosure and obtained advance payments upwards of \$999.00 for foreclosure rescue services that he never performed. He failed to give refunds despite promising refunds in his contracts and advertising. He also forged documents to the Mortgage Lending Division to cover up the criminal activity.

Shortly after execution of a search warrant on the DB Financial offices in 2008 by the mortgage fraud task force, Brown fled the country. He was extradited back to the U.S. from the Philippines, where he was in hiding to evade authorities. The plea agreement requires Brown to forfeit monies seized from his company to pay for the costs of his extradition from the Philippines.

A sentencing date has been scheduled for June 9, 2010, in front of District Court Judge Kenneth Cory. Under the terms of the agreement is not eligible for probation and will serve a minimum of 12 to 30 months in the Nevada State Prison.

Anyone who has information regarding loan modification or mortgage fraud scams should contact the Attorney General's Office at 702-486-3777 in Las Vegas or 775-684-1180 in Carson City



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FOR IMMEDIATE RELEASE
DATE: April 19, 2010

HEALTHCARE WORKER SENTENCED FOR MEDICAID FRAUD

Las Vegas – Attorney General Catherine Cortez Masto announced today that Vanessa Ortiz, age 26, was sentenced for Medicaid Fraud. Ortiz pled guilty to a gross misdemeanor offense: Failure to Maintain Adequate Records. District Court Judge Elissa Cadish sentenced her to 90 days in jail, suspended, 60 hours of community service, payment of \$2,530.00 in restitution, penalties, and costs, plus 3 years probation. The case was investigated and prosecuted by the Attorney General's Medicaid Fraud Control Unit (MFCU).

Attorney General Cortez Masto said "Punishment of this type of crime helps to ensure that Medicaid patients are receiving needed services as well as sending a message that fraud against the Medicaid system will not be tolerated," said Attorney General Masto.

The investigation began in 2008 after information was obtained that personal care aid services were not being provided to Medicaid recipients. Medicaid has a personal care aid program to keep people living independently in their own homes by providing basic services, including bathing, dressing, cleaning and meal preparation. Medicaid contracts with home care companies that in turn employ individuals to provide the actual day-to-day care. The investigation developed information that Ortiz was not at patients' homes for the time periods she claimed to be providing services.

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes financial fraud by those providing healthcare services or goods to Medicaid patients. The unit also investigates and prosecutes instances of elder abuse or neglect. Anyone wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson City (775) 684-1191 or in Las Vegas (702) 486-3187. Medicaid fraud information can also be found on the Attorney General's web site: <http://ag.state.nv.us>



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**FOR IMMEDIATE RELEASE
DATE: April 20, 2010**

MEDICAID FRAUD BY HEALTHCARE WORKER SALLY SAEI

Carson City, NV--Attorney General Catherine Cortez Masto announced today that Sally Saeli, age 48, was sentenced for Failure to Maintain Adequate Records, a gross misdemeanor offense to which Saeli had pled guilty. District Court Judge James T. Russell sentenced Saeli to 60 days in jail, suspended; payment of \$5,093.00 in restitution, penalties and costs; and three years probation.

"The continued prosecution of this type of crime is sending a message to the health care community that fraudulent activities involving Medicaid recipients will not go unpunished," said General Masto.

The investigation alleged Saeli, then a personal care aide, moved to Arizona in September 2006. While living in Arizona she submitted documentation to her Nevada based employer stating she performed personal care services for a Nevada Medicaid recipient who resided in Gardnerville, Nevada. This continued until early 2007.

Medicaid has a personal care aid program to keep people living independently in their own homes by providing basic services, including bathing, dressing, cleaning and meal preparation. Medicaid contracts with home care companies that in turn employ individuals to provide the actual day-to-day care.

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes financial fraud by those providing health care services or goods to Medicaid patients. The unit also investigates and prosecutes instances of elder abuse or neglect. Anyone wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson City 775.684.1191 or in Las Vegas 702.486.3187.

Medicaid fraud information can also be found on the Attorney General's web site:
<http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: May 6, 2010

DEFENDANT SENTENCED IN MORTGAGE RESCUE SCAM OPERATED FROM THE PHILIPPINES

LAS VEGAS -- Attorney General Catherine Cortez Masto announced today the sentencing of William Vargas in connection with his involvement with a mortgage foreclosure rescue company, Federal Housing Aid, whose operation included a call center in the Philippines.

District Court Judge Michael Villani sentenced Vargas to a year in the Clark County Detention Center, but suspended the sentence pursuant to a plea agreement. Vargas was allowed to enter a plea to a gross misdemeanor charge of attempted theft but was required to pay half of the restitution owed prior to sentencing. Vargas is required to pay total restitution of \$21,000 to the victims of his crime.

"My office continues to aggressively prosecute these mortgage fraud cases, particularly when senior exploitation is involved," said Attorney General Masto. "Cases like this one are a priority for this office."

Through Federal Housing Aid, Vargas would contact homeowners facing foreclosure and offer to stop the foreclosure proceeding and save their credit. The victims entered into an agreement to pay an up front fee ranging from \$700.00 to \$1,500.00 as compensation for effecting a solution to the foreclosure. Once these fees were forwarded to Federal Housing Aid, no further action was taken. The homeowners, some of whom were over the age of 60, were never provided with assistance in resolving their problems and, in fact, ended up losing their homes.

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**FOR IMMEDIATE RELEASE
DATE: May 14, 2010**

CONTROLLER FOR NEVADA PACIFIC INSURANCE SERVICES INDICTED FOR THEFT OF MORE THAN \$400,000 FROM COMPANY

Las Vegas, NV - Attorney General Catherine Cortez Masto announced today the indictment of Jose Acoymo on 11 counts of Theft and Camille Castillo Acoymo on one count of Theft for creation of fraudulent checks and the diversion of funds from Nevada Pacific Insurance Services, Inc. The indictment states that more than \$400,000 was stolen from Nevada Pacific by Mr. Acoymo.

Mr. Acoymo was the Controller for Nevada Pacific Insurance Services, part of the TOPA Insurance Group. The indictment was developed through a cooperative effort between the Attorney General's Insurance Fraud Unit and the Special Investigations Unit of TOPA.

"The sharing of resources and information between my office and TOPA enabled us to uncover and prosecute this crime," said Attorney General Masto. "These cooperative efforts enable us to bring justice to these situations for the benefit of everyone concerned."

Mr. Acoymo allegedly created fraudulent checks and diverted the funds to pay for multiple credit card accounts, consumer loans, home mortgage, child support obligations and other personal expenses. Records show the thefts began as early as 2001 and continued through March 2008. The amount totaled \$418,251 including \$45,581 in checks sent directly to Camille Castillo and deposited in her personal bank account prior to their marriage. Most of the individual checks were just under \$10,000 to avoid internal controls.

Mr. Acoymo faces a maximum of 10 years imprisonment and/or a \$1,000 for each of the 11 Theft counts. Camille Castillo Acoymo can be sentenced to 10 years and/or a \$10,000 fine for her single Theft count.



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FOR IMMEDIATE RELEASE
DATE: May 19, 2010

NEVADA SUPREME COURT UPHOLDS GUILTY VERDICT FOR LAS VEGAS DOCTOR IN DEATH OF A PATIENT

Las Vegas, NV – Attorney General Catherine Cortez Masto announced today the Nevada Supreme Court has upheld a guilty verdict for Dr. Harrison L. Bass in the death of a patient.

A Las Vegas jury had found Bass guilty of one count of second degree murder, 49 counts of sale of a controlled substance and six counts of possession for sale of a controlled substance. The charges stemmed from Bass' selling a controlled substance that caused the death of his patient, Gina Micali. Bass appealed the conviction but the Nevada Supreme Court found his contentions were without merit and affirmed the judgment of conviction and denied the request for a new trial.

"Dr. Bass put his own interests ahead of the well-being of his patients and this led to the death of one of his patients," said Attorney General Masto. "We are pleased that the Nevada Supreme Court agreed with the findings of the jury. This unfortunate case was based on the illegal sale of prescription drugs to a patient who subsequently overdosed on those drugs."

Bass was sentenced to 10 years to life in the Nevada State prison for the Second Degree Murder conviction. He pays \$14,147 in restitution. Sentencing for other counts range from two to 10 years with some running concurrently. Total sentence is 25 years to life.

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FOR IMMEDIATE RELEASE
DATE: May 28, 2010

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HEALTH SUMMIT TO DISCUSS PRIMARY CARE ACCESS FOR NEVADA FAMILIES AND BUSINESSES

LAS VEGAS: Attorney General Catherine Cortez Masto will sponsor a Health Summit to discuss access to primary care for Nevada families and businesses on June 1 in Las Vegas.

The Summit is the first in a series that will be held to discuss health care issues facing Nevadans and arises out of a Blue Ribbon Panel formed by the Attorney General two years ago.

"This Summit brings together nurses, doctors, hospitals and insurance providers; agencies that deal with health issues; and members of the private business community to discuss realistic ways to improve health care and health insurance coverage in Nevada," said General Masto. "The goal is to establish an ongoing venue for a continuing discussion that will identify potential issues in health care in our state."

The June 1 Summit will include presentations and panels covering "Physician Workforce Trends in Nevada: Implications for Primary Care Access and Public Policy," "Educational Challenges in Providing Primary Care Professionals for Nevada," and "Family Physician Rural Challenges and Educational Issues." Summit presenters include members of the Nevada State Medical Association, educators, members of the Nevada Academy of Family Physicians, members of Nevada Health & Human Services and the Nevada Legislature.

The Summit will take place at the Renaissance Hotel in Las Vegas on June 1 beginning at 9am. Attendance is by pre-registration through the Summit website www.nvhealthsummit.com.

Discussions for future Health Summits include quality of care improvement measures; medical cost containment; antitrust, deceptive trade and Medicare fraud; identifying ongoing health care reform work in the state and coordination of those efforts; and identifying methods used in other states and by private organizations to resolve health care issues. The Summit is funded by a grant from the Office of the Attorney General through the United Health/Sierra Health settlement.

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FOR IMMEDIATE RELEASE
DATE: May 28, 2010

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INCLINE VILLAGE TAXPAYER SUIT RULING FROM NEVADA SUPREME COURT

Carson City: The Nevada Supreme Court has ruled on absolute immunity for the individual members of the State Board of Equalization in an Incline Village taxpayer suit claiming the members had violated their civil rights in failing to equalize property values as required by State law. The case was argued by the Office of the Attorney General on behalf of the State Board of Equalization.

In hearing an appeal from a decision of the Washoe County Board of Equalization on 2007-2008 property valuations for Incline Village and Crystal Bay, the State Board determined that it lacked jurisdiction over claims by taxpayers who had failed to first petition the County Board.

The taxpayers subsequently filed a complaint in district court alleging their civil rights had been violated by the State Board's failure to perform its statutory duty to equalize property valuations.

Based on the record before it, the Nevada Supreme Court found the State Board had refused to equalize property valuations because the taxpayers failed to adhere to the administrative procedures for review and, as such, had engaged in an equalization decision-making process and did not simply fail to equalize as the taxpayers contended.

Upholding the district court's dismissal of the civil rights claim, State Supreme Court stated, "the State Board and its individual members perform a quasi-judicial function when deciding to equalize property valuations and the individual members are entitled to absolute immunity in their performance of this quasi-judicial act."



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FOR IMMEDIATE RELEASE
DATE: June 1, 2010

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AMICUS BRIEF SIGNED TO SUPPORT SANCTITY OF FUNERALS FOR DECEASED MILITARY MEMBERS

Carson City, NV: Today Attorney General Catherine Cortez Masto joined an Amici Curiae brief issued by the Attorney General of Kansas and joined by 47 states and the District of Columbia to protect the privacy and emotional health of grieving families of returning war dead.

The issue concerns the right of a group to picket and protest at military funerals. The United States Court of Appeals for the Fourth Circuit had ruled against the privacy of the family and in favor of the protest group. The brief before the U.S. Supreme Court raises the question: May the States protect the privacy and emotional health of grieving families from the psychological terrorism of persons who target such families with hostile picketing at funerals and internet postings that include personal attacks on the families and their deceased children?

"Honoring our war dead is a tradition that stretches for generations and across cultures and national borders," said Attorney General Masto. "Those who are willing to sacrifice their lives to protect our freedoms deserve our admiration and respect and their grieving families should be spared the added emotional trauma of a political protest at their loved one's military funeral."

The Kansas brief states: "The dignity and sanctity of burial rites far predates the U.S. Constitution. State laws that protect the sanctity of funerals, such as the States' "funeral picketing/protest" laws, are constitutional for at least three reasons. First, the privacy interests inherent in funeral proceedings are at least as strong as the compelling privacy interests in the home which the Court explicitly recognized in *Frisby v. Schultz*, 487 U.S. 474 (1988); accordingly, they should be afforded at least as much protection. Second, those attending funerals are in a very real and important sense a "captive audience" for First Amendment purposes. Parents, siblings, family, close friends, and neighbors cannot be expected to skip a loved one's funeral in order to avoid the malicious and intentionally hurtful messages the Respondents love to use to target mourners. Third, this Court, as well as many lower courts, has recognized that targeted picketing—the primary activity when assaulting mourners at a funeral—is a particularly intrusive and harassing form of speech."

The brief states, "Condemning the conduct here will not open the door to wide-ranging tort liability, because *no one else in the history of this country* has utilized these tactics. No one else in the history of this country has engaged in the targeted picketing of funerals to attack deceased soldiers (and others) and their grieving families, or used internet postings to further terrorize the grieving. No one has engaged in copycat picketing since they began their attacks, in spite of the obvious publicity and notoriety these tactics have gained them. *No one*. Thus, no traditional, necessary or even marginally valuable form of protest will be lost by holding them accountable for their emotional terrorism."

The brief continues that the sanctity and privacy of funerals is unique and no court has ever held that a funeral service is a public forum, and even public cemeteries are not considered public for First Amendment purposes. It continues that mourners attending a funeral are a “captive audience” and targeted picketing is an intrusive and harassing method of expression with limited value in public discourse.

The brief further states the Fourth Circuit erred by ignoring critical distinctions between private citizen plaintiffs and public official/public figure plaintiffs as well as between media and non-media defendants. It states the Fourth Circuit erred by effectively treating all statements that implicate public affairs as involving matters of public concern, and all outrageous and intentionally hurtful statements as “opinion” immunized by the First Amendment.



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**FOR IMMEDIATE RELEASE
DATE: June 2, 2010**

HEALTHCARE WORKER SENTENCED FOR MEDICAID FRAUD

Las Vegas – Healthcare worker Margaret Childs, age 58, was sentenced today for Medicaid Fraud. Childs pled guilty to a gross misdemeanor offense: Failure to Maintain Adequate Records.

District Court Judge Kenneth Cory sentenced Childs to 60 days in jail, suspended, 120 hours of community service, payment of \$15,300.00 in restitution, penalties, and costs, plus 5 years probation. The case was investigated and prosecuted by the Attorney General's Medicaid Fraud Control Unit.

"The continued prosecution of these types of cases is sending a message to the health care community that fraudulent activities involving Medicaid recipients will not go unpunished," said Attorney General Catherine Cortez Masto. "Prosecution of these types of cases gets money back into the Medicaid system for recipients that do need services."

The investigation began in 2008 after information was obtained that personal care aid services were not being provided to a Medicaid recipient. Medicaid has a personal care aid program to keep people living independently in their own homes by providing basic services, including bathing, dressing, house cleaning and meal preparation. Medicaid contracts with home care companies that in turn employ individuals to provide the actual day-to-day care. The investigation developed information that Childs was not at a patient's home for the time periods she claimed to be providing services.

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes instances of elder abuse or neglect. The unit also investigates and prosecutes financial fraud by those providing healthcare services or goods to Medicaid patients. Anyone wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson City (775) 684-1191 or in Las Vegas (702) 486-3187. Medicaid fraud information can also be found on the Attorney General's web site: <http://ag.state.nv.us>



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FOR IMMEDIATE RELEASE
DATE: June 10, 2010

SENIORS WARNED OF MEDICARE REBATE CHECK SCAMS

Las Vegas: - Nevada residents are warned to be aware of fraud schemes tied to the announcement of the first wave of \$250 rebate checks for those who fall into the Medicare "donut hole."

"Seniors need to understand that they do not have to take any action to receive their rebate," said Attorney General Catherine Cortez Masto. "Once you reach the threshold with Medicare, the rebate will be issued automatically. Do not give out personal information to anyone contacting you regarding your check."

Most Medicare drug plans have a coverage gap. This means that after you have spent a certain amount of money for covered drugs, you then pay all further costs out-of-pocket. The Explanation of Benefits notice mailed each month when a prescription is filled indicates how much was spent on covered drugs and whether the beneficiary has entered the coverage gap.

Upon reaching the coverage gap, beneficiaries will receive a one-time \$250 rebate check. The checks will be mailed beginning in mid-June.

Once the plan participant reaches the coverage gap, Medicare will automatically mail a check made out to the beneficiary. There are no forms to fill out and beneficiaries do not need to provide any personal information such as Medicare, Social Security or bank account number to get the rebate check. Seniors are warned not to give personal information to anyone who may call about the \$250 rebate check.

If seniors receive such phone calls or for more general information, call the Nevada SMP in the Nevada Attorney General's Office at 702.486.3403, call 1-800-MEDICARE or visit www.medicare.gov.



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**FOR IMMEDIATE RELEASE
DATE: June 14, 2010**

MORTGAGE FORECLOSURE RESCUE SCAM DEFENDANT SENTENCED TO PRISON

Las Vegas, NV – Jeffery Tye Brown, 50, of Henderson, was sentenced to prison following a plea of guilty to felony mortgage fraud in violation of NRS 205.372, a Category C felony, in connection with the operation of DB Financial Services, a foreclosure rescue business located in Henderson.

Las Vegas District Court Department 1 Judge Kenneth E. Cory sentenced Brown to serve twelve (12) to thirty (30) in the Nevada Department of Corrections. In addition to the prison sentence, the Defendant was ordered to sign civil confessions of judgment agreeing to retribute the victims in the amount of \$23,685.00. The defendant was also ordered to pay extradition reimbursement fees to the State of Nevada in the amount of \$7,046.50. Brown has been in custody since his arrest in the Philippines in February 2010 and will receive credit for time served.

"I am hopeful that prison sentences such as the one imposed in this case, will be a further deterrent to would be scammers who prey on those in need," said Attorney General Masto.

The State charged Brown with falsifying loan applications which he submitted to lenders by inflating the incomes of his victims in order to demonstrate a better financial condition or ability to pay a monthly mortgage. In other cases, he misled customers into believing that, for a fee, he would guarantee resolution of a victim's pending mortgage foreclosure.

The State's case against Brown was based on an investigation by the Attorney General's mortgage fraud task force which revealed that between December 2007 and February 2008, Brown contacted victims whose homes were going into foreclosure and obtained advance payments upwards of \$999.00 for foreclosure rescue services that he never performed. He failed to give refunds despite promising refunds in his contracts and advertising. He also forged documents to the Mortgage Lending Division to cover up the criminal activity.

Shortly after execution of a search warrant on the DB Financial offices in 2008 by the mortgage fraud task force, Brown fled the country. He was extradited back to the U.S. from the Philippines, where he was in hiding to evade authorities. The plea agreement requires

Brown to forfeit monies seized from his company to pay for the costs of his extradition from the Philippines.

Anyone who has information regarding loan modification or mortgage fraud scams should contact the Attorney General's Office at 702-486-3777 in Las Vegas or 775-684-1180 in Carson City

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FOR IMMEDIATE RELEASE
DATE: June 21, 2010

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DOMESTIC VIOLENCE PREVENTION COUNCIL SEEKS NEW MEMBERS

Las Vegas, NV—The Nevada Council for the Prevention of Domestic Violence is seeking new members. The application is brief and submissions will be accepted now through July 31, 2010.

The mission of the Council includes providing direction to the Governor and the Legislature on statewide domestic violence policy and legislation; increasing public awareness of the magnitude and seriousness of domestic violence and sexual assault; advocating appropriate changes in law enforcement procedure and increasing access to legal and medical services to survivors in need.

As this is a statewide Council, it is the Council's goal to be geographically balanced, culturally diverse, and representative of the various disciplines involved in domestic violence issues.

The Council meets quarterly in either Reno or Las Vegas and currently consists of a wide spectrum of community members, including educators, business and health care professionals, service providers, law enforcement, judiciary, prosecutors, and advocates, as well as domestic violence victims and survivors.

Travel and per diem reimbursement are provided for official Council functions.

The application is available on the Attorney General's website at the following link:
http://ag.state.nv.us/dv/dvpc/dvpc_app.pdf.

For more information or to receive the application by mail or fax, please contact: Kareen Prentice, Domestic Violence Ombudsman at 775.688-1818.

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FOR IMMEDIATE RELEASE
June 24, 2010

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\$173 MILLION ANTITRUST SETTLEMENT WITH DRAM MANUFACTURERS

Las Vegas, NV – Nevadans will benefit from a \$173 million settlement involving a price fixing conspiracy performed by six competing international manufacturers of Dynamic Random Access Memory computer chips (DRAM).

DRAM is a common form of memory chip found in desktop computers, laptops, servers, printers and networking equipment. DRAM sales to major electronic manufacturers, including Dell, IBM and Hewlett-Packard, exceed \$5 billion a year.

"These companies conspired to raise prices on an essential computer component, which in turn kept computer equipment prices artificially high," said Attorney General Catherine Cortez Masto. "I am pleased to work with other states to secure this settlement. I also appreciate the assistance of various state and local government agencies in Nevada, such as Nevada's Purchasing Division, Division of Environmental Protection, Department of Education, Clark County, and Clark County School District, which enabled my Office to assess the damages resulting from this conspiracy."

After completing an investigation in July 2006, Nevada and other states filed a lawsuit in federal district court alleging that Nevada's consumers, state agencies, and local governments overpaid for products containing DRAM chips at inflated prices. The investigation revealed that from 1998 to 2002, the companies held numerous meetings among their salespeople and upper management in which they exchanged confidential information and agreed to quote inflated prices on DRAM to their customers.

The DRAM manufacturers named in the lawsuit and subject to this settlement are the American companies Micron Technology, Inc. and NEC Electronics America, Inc., as well as foreign companies Infineon Technologies A.G. in Germany; Hynix Semiconductor, Inc. in South Korea; Elpida Memory Inc. in Japan; Mosel-Vitec Corp. in Taiwan; and their American subsidiaries. Earlier settlements were reached with Samsung Electronics Company Ltd., Winbond Electronics Corporation, and their American subsidiaries. Litigation efforts continue against other DRAM manufacturers.

Under the latest settlement, the six companies will pay \$173 million over two years, plus interest, to 33 states and to private class action plaintiffs that filed similar lawsuits. Subject to

court review and approval, Nevada's share of the settlement will be determined at a later date. The settlement also requires the companies to refrain from illegal price fixing and to conduct employee compliance training.

The other states participating in the settlement are Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Virginia, Washington, West Virginia, and Wisconsin.



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FOR IMMEDIATE RELEASE
DATE: June 29, 2010

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APPLICATIONS AVAILABLE FOR VIOLENCE AGAINST WOMEN GRANT PROGRAM

Carson City, NV – Funds are available for successful applicants from community based nonprofit agencies under the Sexual Assault Service Providers Grant program (SASP).

The SASP Grant Program is a new formula grant from the Federal Office on Violence Against Women. It provides states and territories with funding specifically for developing and enhancing services provided to adult and child victims of sexual assault. SASP builds on the current STOP Violence Against Women Grant Program.

The Attorney General's Office will administer the SASP Grant funds on behalf of programs throughout Nevada. There is no match requirement for this grant funding.

Subgrant application kits are available on the Attorney General web page (listed under Victims of Crime), at <http://ag.state.nv.us>. Applications are due by **July 30, 2010**.

For more information on the grant program, please call Liz Greb, Office of the Attorney General, at (775) 684-1148.



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FOR IMMEDIATE RELEASE
July 1, 2010

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HEALTHCARE WORKER SENTENCED FOR MEDICAID FRAUD & ELDER NEGLECT

Las Vegas – Healthcare worker and rooming house operator Nenita Glover, age 62, was sentenced today for Medicaid Fraud and Elder Neglect. Glover pled guilty to the gross misdemeanor offenses during January 2010.

District Court Judge Kathy Hardcastle sentenced Glover to 12 months in jail for each offense, suspended, and payment of \$10,000 in restitution, penalties, and costs. She must also submit to a DNA genetic marker registration, plus 2 years probation with conditions that she not provide care to the elderly or handle their finances without proper prior authorization or licensure. The case was investigated and prosecuted by the Attorney General's Medicaid Fraud Control Unit.

"We have an obligation to assist our elderly citizens," said Attorney General Catherine Cortez Masto. "Prosecuting these cases promotes safe living environments for our elderly and also returns fraudulently obtained taxpayer dollars to the Medicaid System."

The investigation revealed that Ms. Glover operated rooming houses since 2006 and was also employed as a personal care aid. She was approved to provide care services to three Medicaid recipients. Ms. Glover failed to maintain accurate records as to the care she claimed to have provided. On three occasions she was out of the country, yet claims were submitted as if she was in Nevada providing services.

During August 2008 she accepted an elderly woman as a client-resident at one of her facilities. There was a failure to ensure staff was present at the facility and the woman wandered away. The elderly woman was subsequently found by neighbors and safely escorted back to the facility.

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes instances of elder abuse or neglect. The unit also investigates and prosecutes financial fraud by those providing healthcare services or goods to Medicaid patients. Anyone wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in

Carson City (775) 684-1191 or in Las Vegas (702) 486-3187. Medicaid fraud information can also be found on the Attorney General's web site: <http://ag.state.nv.us>



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FOR IMMEDIATE RELEASE
July 2, 2010

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FOUR FELONY INDICTMENTS IN MORTGAGE FORECLOSURE RESCUE SCAM

Las Vegas, NV – – Today Marisol Perez, 48, of Las Vegas, was indicted on charges of four felony counts of theft in connection with the operation of We Save Your Home, LLC, a foreclosure rescue business located in Las Vegas.

The Indictment alleges that between July 2008 and May 2009, Perez misled customers into believing that, for a fee ranging from \$1350 to \$2000, she would guarantee a loan modification or reduction of the principal of her customer's outstanding mortgage loans. After receiving payment, Perez failed to do any work on behalf of her customers.

"My Mortgage Fraud Task Force continues to investigate, indict and obtain convictions for mortgage related crimes in Nevada," said Attorney General Catherine Cortez Masto. "We want the scammers to know that mortgage and loan modification scams will not be tolerated in our State.

The State alleges that Perez materially misrepresented that she would obtain a loan modification for her customers within 45 to 90 days. However, after receiving payment, Perez failed to negotiate with lenders on behalf of her customers and failed to give refunds despite promising to do so.

A warrant has been issued for the Defendant's arrest.

The indictment is not a determination of guilt or innocence but is just a finding of probable cause that a crime was committed. The Defendant is presumed innocent until proven guilty.

Anyone who has information regarding this case should contact the Attorney General's Office at 702-486-3777 in Las Vegas or 775-684-1180 in Carson City



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FOR IMMEDIATE RELEASE
DATE: July 8, 2010

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NEVADA COUNCIL FOR THE PREVENTION OF DOMESTIC VIOLENCE TO MEETING IN ELKO

Carson City, NV: The Nevada Council for the prevention of Domestic Violence (NCPDV) will hold its next meeting in Elko, Nevada, on July 15, 2010 at 10:30 a.m. at the Great Basin College, High Tech Center, Room 120, located at 1290 Burns Road, Elko, Nevada.

The NCPDV will also be holding a town hall meeting in West Wendover, Nevada, on July 14, 2010 at 5:30 p.m. at the West Wendover City Hall, Council Chambers Room, located at 1111 North Gene L. Jones Way.

The NCPDV, chaired by Attorney General Catherine Cortez Masto, will be discussing, along with other pertinent issues, the need for improvements in domestic violence assistance and prevention efforts among the underserved and rural populations of Nevada.

The mission of the Council includes providing direction to the Governor and the Legislature on statewide domestic violence policy and legislation; increasing public awareness of the magnitude and seriousness of domestic violence and sexual assault; advocating appropriate changes in law enforcement procedure; and increasing access to legal and medical services to survivors in need.

The NDVPC consists of 25 individuals from throughout Nevada who represent a variety of disciplines and systems, including law enforcement, the judiciary, prosecution, victim services, health care, education and others. Survivors of domestic violence are also members of the Council.



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FOR IMMEDIATE RELEASE
July 8, 2010

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FORMER HOME HEALTH CARE OWNER AND WORKER SENTENCED FOR MEDICAID FRAUD

Las Vegas, NV – Nelida Calina, age 55, was sentenced today for Medicaid Fraud. Ms. Calina pled guilty to a felony offense of Submitting False Claims: Medicaid Fraud. District Court Judge Valerie Adair sentenced her to 12 to 30 months in jail, suspended, 16 hours of community service each month if Ms. Calina is unemployed, payment of \$44,000.00 in restitution, penalties, and costs. Ms. Calina will serve five (5) years probation. The case was investigated and prosecuted by the Attorney General's Medicaid Fraud Control Unit (MFCU).

"This prosecution is important and ensures the contracted Medicaid providers are held accountable for claims being submitted to Nevada Medicaid," said Attorney General Masto. "It is also important that money received in fraudulent schemes is returned to Nevada Medicaid. That money can be used for Medicaid recipients services."

The investigation began in 2007 after information was obtained that personal care aid services were not being provided to Medicaid recipients. Medicaid has a personal care aid program to keep people living independently in their own homes by providing basic services, including bathing, dressing, house cleaning and meal preparation. Medicaid contracts with home care companies that in turn employ individuals to provide the actual day-to-day care. The investigation developed information that Ms. Calina, as the owner of ABC Home Care Services, was submitting false claims to Medicaid for services not provided to Medicaid recipients. It was also determined that Ms. Calina herself claimed to have provided home health services to Medicaid recipients. The investigation determined that Ms. Calina was not at patients' homes for the time periods she claimed to be providing services.

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes instances of elder abuse or neglect. The unit also investigates and prosecutes financial fraud by those providing healthcare services or goods to Medicaid patients. Anyone wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson City (775) 684-1191 or in Las Vegas (702) 486-3187. Medicaid fraud information can also be found on the Attorney General's web site: <http://ag.state.nv.us>



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FOR IMMEDIATE RELEASE
July 13, 2010

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FORMER LONG TERM CARE ADMINISTRATOR SENTENCED

Las Vegas, NV – Today, Adelaida Guevarra-Tolentino, age 73, was sentenced for Neglect of Duty in Willful or Wanton Disregard of Safety of Person or Property, a gross misdemeanor offense.

Ms. Guevarra-Tolentino was a formerly licensed administrator for long term care facilities. Judge Melisa De La Garza sentenced Ms. Guevarra-Tolentino to 60 days in jail, suspended, with one year probation with conditions that she not seek employment as a licensed administrator or perform duties as an unlicensed administrator for no less than 3 years. The case was investigated and prosecuted by the Attorney General's Medicaid Fraud Control Unit.

Tolentino was the administrator at Grace Elderly Care Home in June 2008. A licensed social worker responded to a complaint call from one of the residents at the facility. Upon arriving at the facility and surveying the conditions present, the social worker contacted the Aging and Disabilities Service Division (ADSD) and the Bureau of Health Care Quality and Compliance (BHCQC). Both agencies responded and transported residents out of the facility. A referral was then made to the Attorney General's Office, Medicaid Fraud Control Unit (MFCU). MFCU worked in conjunction with ADSD and BHCQC to ensure that Ms. Guevarra-Tolentino was held accountable for the neglectful living conditions present at Grace Elderly Care Home.

"We have an obligation to assist our elderly citizens and to ensure they are receiving proper care and attention," said Attorney General Catherine Cortez Masto. "Prosecuting these cases promotes safe living environments for our elderly."

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes instances of elder abuse or neglect. The unit also investigates and prosecutes financial fraud by those providing healthcare services or goods to Medicaid patients. Anyone who has information regarding this case or wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson City (775) 684-1191 or in Las Vegas (702) 486-3187. Medicaid fraud information can also be found on the Attorney General's web site:

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FOR IMMEDIATE RELEASE
July 15, 2010

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NEVADA MISSING CHILDREN'S CLEARINGHOUSE WINS NATIONAL AWARD

Las Vegas, NV: Nevada's Missing Children's Clearinghouse, which is part of the Office of the Attorney General, has been named Missing Children's Clearinghouse of the Year by the U. S. Department of Justice and the National Center for Missing and Exploited Children.

The award will be accepted today by Senior Deputy Attorney General and Nevada State Children's Advocate Vic Schulze at the annual conference of Missing Children's Clearinghouses in Savannah, Georgia.

The award was based on the Clearinghouse's efforts in international recoveries, support of legislation concerning child abduction and its ongoing actions in rescuing missing Nevada children and children from other states who are abducted to Nevada.

In addition to rescues throughout the United States, Nevada's Missing Children's Clearinghouse assisted in the recoveries of missing children from Australia and Canada. In December 2008, a two year old child was abducted by her father and taken to Canada. The child was located and returned to her mother in Las Vegas. The father had felony criminal charges filed against him for Unlawful Detention, Removal or Concealment of a Child and is currently serving a prison sentence for the crime.

During the 2009 Legislative Session, the Nevada's Missing Children's Unit successfully submitted Assembly Bill 59 which changed the legal presumptions relating to the standards a family court must apply in determining the custody of children. The law created a set of basic presumptions that a judge is required to make in determining the custody. With the passage of AB 59, family court judges have the authority to presume a parent or other person who has previously committed an act of child abduction or kidnapping should not be awarded custody of a minor child.

The Nevada's Missing Children's Clearinghouse was nominated for the award by Nevada Child Seekers organization.

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FOR IMMEDIATE RELEASE
July 26, 2010

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PAYDAY LOAN COLLECTION SCAM ALERT

Carson City, NV - The Office of the Attorney General is warning consumers of a payday loan collection scam currently occurring in Nevada.

Nevada citizens are receiving telephone calls from persons claiming to be from the "Federal Government of Crime and Prevention," "Affidavit Consolidation Services," "Criminal Bureau of Identity," "US Justice Department/Payday Loan Division," "Federal Investigation Bureau," and other fake governmental names. The caller claims that a debt is owed on a payday loan such as "Advance Cash USA" and other fake companies. The callers pose as lawyers, law enforcement officers, investigators or Federal agents. They refuse to disclose their real names and addresses, claiming that such information is "confidential." They use scare tactics such as claiming they are filing a lawsuit or will take action to put the called party in jail. They sometimes call people at their place of employment.

This operation is a scam, probably operating outside of the United States. One consistent pattern the perpetrators follow is frequently changing telephone numbers and using various area codes, which is indicative of internet telephone number usage from outside the country.

If you receive such a call, simply hang up. If they call again, hang up again. Regardless of what information they may give you over the telephone, this is a scam and the caller is just trying to scare you into wiring money to them which you do not owe. If you are concerned about your credit being ruined, you may receive a free copy of your credit report at www.annualcreditreport.com. You may also put a credit freeze on your credit report. Please be warned, however, that a credit freeze is neither free to invoke nor free to remove and you will need to remove the freeze to apply for credit in the future.

You may wish to file a complaint about these telephone calls with the Federal Trade Commission, the agency which enforces the Fair Debt Collection Act. The Federal Trade Commission also offers a consumer collection guide detailing your rights at www.ftc.gov.



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FOR IMMEDIATE RELEASE
DATE: July 27, 2010

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COMMITTEE ON DOMESTIC VIOLENCE SEEKS NEW MEMBERS

Carson City: The State of Nevada Committee on Domestic Violence is currently accepting resumes for potential Committee members. The Committee is currently seeking a victim representative and a mental health representative, but welcomes all applications, should vacancies occur in the future. Please submit all applications by August 12, 2010.

The Committee on Domestic Violence reviews, monitors, and certifies programs for the treatment of persons who commit domestic violence. The Committee meets quarterly, at a minimum, in either Reno or Las Vegas and currently consists of community members, health care professionals, law enforcement, prosecutors, advocates, and domestic violence victims and survivors. For more information on the Committee and its duties, please visit www.cdv.state.nv.us

Travel and per diem reimbursement are provided for official Committee meetings.

For consideration, please submit your resume, a letter of interest describing your personal interest and accomplishments regarding domestic violence issues and what your presence could bring to the Committee as well as a letter of recommendation from an individual or group who knows of your involvement or interest in the area of domestic violence.

Applications for potential vacancies will be kept on file and reviewed as vacancies occur on the Committee. Please mail or e-mail your resume and other requested materials regarding potential vacancies to:

Jennifer Kandt
Office of the Attorney General
5420 Kietzke Lane, Suite 202
Reno, Nevada 89511
jkandt@ag.nv.gov

If you have any questions, please contact Jennifer Kandt, Administrative Coordinator for the Committee at (775) 688-1960



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FOR IMMEDIATE RELEASE
July 27, 2010

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SENTENCING OF THREE DEFENDANTS IN THEFT CASE INVOLVING VICTIMS OF CRIME PROGRAM EMPLOYEE

Las Vegas, NV— Sentencing of three defendants convicted of theft of funds from the State of Nevada's Victims of Crime program were announced today.

On January 15, 2010, following a one week trial, the jury convicted defendant Tonya Walker, a former employee of the State of Nevada Victims of Crime program, of four (4) Felony counts of Theft; her husband, Prentice Lamar Walker, was convicted of one (1) count of Felony Theft, Aiding and Abetting; and her mother, Ernestine Hunter Walker, was convicted of one (1) count of Felony Theft, Aiding and Abetting in connection with their roles in creating fake victim claims files from which they embezzled in excess of \$50,000 from the VOC Program.

"This case is particularly egregious because the real victim is a State agency established to assist legitimate victims in paying their medical and other related bills as a result of being the victim of a crime," said Attorney General Catherine Cortez Masto. "Stealing from this program impacts the State's ability to assist these legitimate victims. The fact that the offender is a State employee whose job it is to assist victims recover from crimes committed against them is particularly reprehensible."

Las Vegas District Court Department 17 Judge Michael P. Villani sentenced defendant Tonya Walker to a term of 24 to 60 months on each count; count 2 to run consecutive to count 1; count 3 to run consecutive to count 2 and count 4 to run concurrent to count 3. The sentence was suspended by the court and probation was granted not to exceed 5 years.

In addition, Walker is to serve 90 days in the Clark County detention center, commencing on August 17th. The Court permitted Walker to begin her sentence on August 17th, rather than immediately remanding her into custody in order to allow her to undergo previously scheduled medical treatment. Walker was also ordered to pay restitution to the State Victims of Crime Program in the amount of \$49,092.44.

Previously, on July 13, 2010, Tonya Walker's husband Prentice Lamar Walker and her mother Ernestine Hunter Walker were each sentenced on one felony

count of Aiding and Abetting Theft to a term of 24 to 60 months, suspended, with probation not to exceed three years. They were remanded into custody to serve the first 30 days of their sentence at the Clark County Detention Center.

Additionally, Prentiss Walker was ordered to pay restitution in the amount of \$9,820.00 and Ernestine Hunter-Walker was ordered to pay restitution in the amount of \$9,400.00 to the State Victims of Crime Program for their part in aiding and abetting Tonya Walker's creation of phony victim claims files and submitting them for payment to the Nevada Victims of Crime Program.

The case was prosecuted by the Nevada Attorney General's Bureau of Consumer Protection. After the January 2010 trial, the jury convicted the defendants on all accounts and found that Tonya Walker created false claims on the VOC computer program and submitted false documentation to substantiate the claims and found her husband and mother cashed the checks issued by the VOC program despite the jury's finding that they were not legitimate victims of crime.

Anyone who has information regarding crimes involving a State Agency should contact the Attorney General's Office at 486-3221 in Las Vegas or 684-1180 in Carson City.



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FOR IMMEDIATE RELEASE
July 29, 2010

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NEVADA JOINS 11 STATES TO URGE UNIFORM FOOD LABELING PROGRAM TO FIGHT DECEPTIVE CLAIMS

Las Vegas: Nevada has joined 11 states to urge the U.S. Food and Drug Administration (FDA), as it considers adopting a uniform labeling program for the front of food packages, to provide unbiased nutritional information and encourage food manufacturers to offer healthier products.

The FDA has proposed developing a national voluntary front-of-package food labeling program.

In formal comments filed with the FDA, Connecticut Attorney General Richard Blumenthal, joined by 11 other states, urged that the FDA's proposed program provide complete nutritional information -- both good and bad -- to empower consumers to make informed choices about the foods that they buy for themselves and their families.

A recent multistate investigation of the Smart Choices Program -- which deemed nutritionally questionable foods smart choices -- demonstrated a clear need for the FDA to formulate a national program to fight deceptive advertising, and to provide meaningful, easy-to-understand information to consumers.

"Making good choices as to the food we eat is key to our health and well-being," said Attorney General Masto. "This labeling program will help people become aware of the nutritional value of food and assist them to choose wisely."

The "Smart Choices" Program was a voluntary labeling program designed by the food industry that claimed to help guide consumer choices by indicating, with a checkmark symbol, whether a product had met certain nutrition criteria.

In some cases, cereals qualified for the healthy symbol because they met the Smart Choices criteria for fiber and vitamins, despite containing 12 grams of sugar per one-cup serving -- approximately 40 percent of the serving by weight. Sugar was the most predominant ingredient in at least one cereal designated a Smart Choice.

The Smart Choices Program appeared to cherry-pick criteria from multiple guidelines in order to include as many products as possible. The states had alleged the program was misleading, confusing and ultimately deceptive under Connecticut's

consumer protection laws. Shortly after the multistate investigation raised concerns, the Smart Choices program was suspended indefinitely.

This industry-run program illustrated the need for a uniform labeling system to provide consumers with an accurate nutrition picture of the products available to them, Blumenthal said.

The attorneys general urged the FDA to follow specific principles in its labeling standards:

- *Transparency of underlying standards.* Any national front-of-package labeling system should be based on publicly-available standards, including an updated version of the Dietary Guidelines for Americans 2005, containing the best available nutritional criteria.
- *Applicability.* Front-of-package labels should apply to as many foods as possible and not require payment by food manufacturers beyond a reasonable licensing fee.
- *Understandability.* Labels should be readily understandable by people of varying educational levels, based on the best consumer research.
- *Helpfulness.* Labels should be designed to facilitate informed and healthy consumer choices.
- *Uniformity.* A national, uniform front-of-package label should be the sole nutritional label on the front of food packages. Competing graphics or messages may confuse mislead consumers and undermine the effort to provide clear information.

States that joined the formal comments to the FDA today included: Arizona, Connecticut, Delaware, Maine, Maryland, Nevada, New Hampshire, New Jersey, Ohio, Oregon, Tennessee and Vermont.



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FOR IMMEDIATE RELEASE
DATE: July 29, 2010

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NINTH CIRCUIT COURT DENIES REHEARING AND UPHOLDS DECISION LIMITING BROTHEL ADVERTISING

Carson City, NV: The Ninth Circuit Court of Appeals has upheld Nevada state laws that limit brothel advertising, ruling today to unanimously deny the petition for rehearing filed by the American Civil Liberties Union.

"I am glad to see that, once again, common sense has prevailed," said Attorney General Masto. "This state has had restrictions on brothel advertising for 40 years. Nevada should have the right to have reasonable limitations on this type of activity."

The petition for rehearing was filed by the American Civil Liberties Union after a decision by the Ninth Circuit Court in March to reverse a lower court's decision. The laws prohibit brothel advertising in counties where prostitution is illegal. The laws also prohibit brothel advertising in theaters and on streets and public highways.

In its March decision, the Ninth Circuit wrote: "Nevada has, uniquely for this country, delineated a more nuanced boundary [than total criminalization of prostitution], but still seeks to closely confine the sale of sex acts, geographically . . . and through the advertising restrictions. We conclude that the interest in preventing the commodification of sex is substantial."

"We are pleased that the Ninth Circuit has acknowledged our State's policies and our laws were upheld," Masto said.



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FOR IMMEDIATE RELEASE
DATE: August 9, 2010

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TOPIX.COM AGREES TO STOP "PAY-TO-POLICE POLICY"

Carson City: Nevada has joined 33 other state and territory Attorneys General in reaching an agreement with Internet message board host Topix.com to improve consumer protections and eliminate the \$19.99 fee to expedite review of abusive or inappropriate posts.

The agreement is the result of an initiative led by Kentucky Attorney General Jack Conway, Connecticut Attorney General Richard Blumenthal and Nebraska Attorney General Jon Bruning to improve consumer protections on the popular web site.

"I am pleased to join with my fellow Attorneys General to reach an agreement with the company to put a stop to the 'pay-to-police' policy to remove abusive posts," said Attorney General Masto. "I appreciate the cooperation of Topix and look forward to continuing to work with the company to ensure that our citizens, particularly our kids, are not being harmed by harassing and abusive posts."

As part of the settlement, all reports of abuse on Topix will be reviewed free of charge. The company will also seek to review and remove inappropriate posts within three working days, rather than its previous policy of seven to 14 days. Additionally, Topix has removed the "flagging" option for reporting abusive posts. The option was ineffective and confusing for consumers as it required multiple users to "flag" a post before it was reviewed. As a result, many inappropriate posts consumers thought they had reported were never reviewed.

The site has also agreed to make technical and human resources improvements in order to better review and block inappropriate posts.

Topix has also agreed to:

- Continue cooperating with law enforcement agencies in combating unlawful activity on its web site
- Consult on an as-needed basis with the Attorneys General to discuss issues of concern, including responsiveness to abuse reports and other consumer complaints
- Continue to explore new technology and processes for preventing misuse of its site.

The 34 Attorneys General joining the initiative to address consumer protection concerns with Topix are: Arizona, Arkansas, Colorado, Connecticut, Florida, Guam, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Northern Mariana Islands, Ohio, Oklahoma, Puerto Rico, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington and West Virginia.

Topix.com of Palo Alto, CA. describes itself as a “top ten online newspaper destination” which encourages readers to post comments about news items or other matters of community interest.



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FOR IMMEDIATE RELEASE
August 12, 2010

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HEALTHCARE WORKER CONSTANCE EDWARDS SENTENCED FOR MEDICAID FRAUD

Las Vegas – Healthcare worker Constance D. Edwards, age 30, was sentenced today for Medicaid Fraud, Failing to Maintain Billing Records. Edwards pled guilty to the gross misdemeanor offense and was sentenced to one year of probation, 3 days in jail and payment of \$3,111.36 in restitution. The case was investigated and prosecuted by the Attorney General's Medicaid Fraud Control Unit.

"The crime in this case covered a three month period," said Attorney General Catherine Cortez Masto. "Detection and prosecution prevented further loss of Medicaid funds."

It was revealed that Ms. Edwards failed to maintain accurate records as to the care she claimed to have provided one of her Medicaid patients. Her billing records were compared to other business records and she was monitored. The investigation showed her to be in locations other than the patient's residence during time periods she claimed to be providing home care service.

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes instances of financial fraud by those providing healthcare services or goods to Medicaid patients. The unit also investigates and prosecutes elder abuse or neglect. Anyone wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson City (775) 684-1191 or in Las Vegas (702) 486-3187. Medicaid fraud information can also be found on the Attorney General's web site: <http://ag.state.nv.us>



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FOR IMMEDIATE RELEASE
August 24, 2010

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DEFENDANT IN MORTGAGE RESCUE SCAM OPERATED FROM THE PHILIPPINES SENTENCED TODAY

LAS VEGAS -- Michael Sinclair was sentenced in Las Vegas today connection with his involvement with a mortgage foreclosure rescue company, Federal Housing Aid, whose operation included a call center in the Philippines.

District Court Judge Michael Villani imposed a sentence of 30 to 90 months in the Nevada State Prison, but suspended the sentence and placed Sinclair on probation for a period not to exceed five years. Sinclair entered a plea to one count of Mortgage Lending Fraud and is required to pay half of the restitution owed prior to sentencing. He is required to pay restitution in the amount of \$29,853.56 to the victims of his crime as well as another \$300 for the cost of his extradition from the Philippines.

“Homeowners need to be aware that mortgage fraud scammers are actively pursuing victims who are desperately seeking avenues to save their homes from foreclosure,” said Attorney General Masto. “Cases like this one are a priority for my office, but consumers must also take steps to protect themselves. Homeowners can call 702.229.HOME to find a local HUD-approved housing counseling agency or can visit www.fightfraud.nv.gov.”

Through Federal Housing Aid, Sinclair would contact homeowners facing foreclosure and offer to stop the foreclosure proceeding and save their credit. The victims entered into an agreement to pay an up-front fee ranging from \$700.00 to \$1,500.00 as compensation for affecting a solution to the foreclosure. Once the victims forwarded these fees to Federal Housing Aid, no further action was taken. The homeowners, some of whom were over the age of 60, were never provided with assistance in resolving their problems and, in fact, ended up losing their homes.

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FOR IMMEDIATE RELEASE
August 30, 2010

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THREE INDICTED IN FORECLOSURE RESCUE SCAM

Las Vegas, NV – Three people were indicted today for allegedly operating a foreclosure rescue scam in Las Vegas during 2008 and 2009.

The indictment alleges that Doninador Palalay a.k.a. Dominador Palalay, Marie Tejada Medina and Benjamin Aquino Moraleda III allegedly operated a foreclosure rescue scam under the business name of PDM Financial Group, Inc.

PDM Financial Group is alleged to have charged one percent of the victims' loan balance(s), or between \$2,600.00 to \$3,700.00 for loan modification and document preparation services and misled customers by falsely claiming that their services would prevent foreclosures on their homes and/or that they would obtain loan modifications. The State alleges that the services were not performed. The State further alleges that Palalay, Medina and Moraleda defrauded consumers by having them sign false Deeds of Trust that gave the defendants liens on the victims homes based on false promissory notes. These deceptively claimed that loans had been made on the properties, when in fact, the loans had not been made. The State alleges that this was done to cloud the title to the home and prevent the legitimate lenders from foreclosing on the victims properties.

"My mortgage fraud strike force is working hard to prosecute loan modification scams that plague our state," said Attorney General Catherine Cortez Masto. "Consumers must also take steps to protect themselves from these scammers. Homeowners who are in a foreclosure situation can call 702.229.HOME to find a local HUD-approved housing counseling agency to answer or can visit www.fightfraud.nv.gov."

According to the indictment, it is alleged that Palalay and Medina defrauded a person over the age of 60 by enticing him to invest a large sum of money in PDM Financial Group, Inc. without disclosing to him that the business was a criminal enterprise. Further, they enticed the victim to open numerous credit cards in his name which they then used for personal expenses leaving the victim with substantial credit card debt that he cannot afford to pay.

Palalay and Medina are indicted on five (5) B felony counts of Theft – Obtaining Money in Excess of \$2,500 by material misrepresentation in violation of NRS 205.832(1)(c) and NRS

205.0835; one (1) B felony count of Theft-Obtaining Money in Excess of \$2,500 from a person over 60 years of age by a material misrepresentation in violation of NRS205.0832(1), NRS 205.0835(4) and NRS 193.167(1)(i); six (6) D felony counts of Forgery in violation of NRS 205.095; one (1) B Felony count of Exploitation of an Older Person in an Amount in Excess of \$5,000 in violation of NRS 200.5092(a) and (b); and one (1) Gross Misdemeanor count of Conspiracy in violation of NRS 199.480.

Benjamin Moraleda is indicted on five (5) B felony counts of Theft – Obtaining Money in Excess of \$2,500 by material misrepresentation in violation of NRS 205.832 (1)(c) and NRS 205.0835; six (6) D felony counts of Forgery in violation of NRS 205.095; and one (1) Gross Misdemeanor count of Conspiracy in violation of NRS 199.480.

The case was investigated and is being prosecuted by the Attorney General's Mortgage Fraud Task Force and Bureau of Consumer Protection after the their office received numerous complaints about misrepresentations made by PDM financial. These include several clients who paid thousands of dollars to PDM Financial with no contact ever being made with the victims' lenders for the purpose of obtaining loan modifications.

The indictment is not a determination of guilt or innocence but is just a finding of probable cause that a crime was committed. The defendants are presumed innocent until proven guilty. Arrest warrants have been issued for each of the defendants.

Anyone who has information regarding this case should contact the Attorney General's Office at 486-3777 in Las Vegas or 684-1180 in Carson City.



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FOR IMMEDIATE RELEASE
September 1, 2010

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Ex-CSN Construction Chief Found Guilty on Eleven Felony Counts

Las Vegas - Former CSN Associate Vice President William Gilbert has been found guilty of eleven Felony Counts by a Las Vegas jury for stealing equipment and materials from the college of Southern Nevada.

The jury found Gilbert guilty of three Category B Felony counts of Theft and eight Category C Felony counts of Theft.

"Corruption by a state official is always egregious and must be investigated and prosecuted," said Attorney General Catherine Cortez Masto. "The jury verdict shows that stealing from the state will not be tolerated by anyone, no matter what their position."

"The investigators in our office did an outstanding job of reviewing the allegations made against Mr. Gilbert and enabled my office put together a strong case that showed the ex-CSN Construction Chief had stolen college materials and college equipment for several years," said Chief Deputy Attorney General Conrad Hafen. "The jury's verdict shows he is being held accountable for his acts."

A sentence hearing has been scheduled for January 3 before Judge Donald Mosley.



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FOR IMMEDIATE RELEASE
September 8, 2010

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FORMER GROUP HOME OWNER ELEANOR LAROCK SENTENCED

Las Vegas, NV – Eleanor Larock, age 49, was sentenced today for Neglect of an Older Person, a gross misdemeanor offense. Ms. Larock was formerly the owner of Grace Elderly Care Home, a residential facility for elderly people. District Court Judge Elissa Cadish sentenced Ms. Larock to 6 months incarceration, suspended, payment of a \$1,000.00 fine, performance of 120 hours of community service, plus 2 years probation.

“We have an obligation to assist our elderly citizens and to ensure they are receiving proper care and attention,” said Attorney General Catherine Cortez Masto. “Residential care homes must be held to standards and provide safe living environments.”

In June 2008, a licensed social worker responded to a complaint from a resident at Grace Elderly Care Home. The social worker observed sub-standard living conditions and contacted the Aging and Disabilities Service Division (ADSD) and the Bureau of Health Care Quality and Compliance (BHCQC). Both agencies responded and a referral was then made to the Attorney General’s Office, Medicaid Fraud Control Unit (MFCU).

The Attorney General’s office worked in conjunction with ADSD and BHCQC and an investigation revealed Ms. Larock was operating without proper licensure and failed to maintain properly qualified caregivers. This included neglectful living conditions at the facility and the disregard Ms. Larock showed to licensing requirements by continuing to admit residents to the home after her facility’s license was revoked.

The Nevada Attorney General’s Medicaid Fraud Control Unit investigates and prosecutes instances of elder abuse or neglect. The unit also investigates and prosecutes financial fraud by those providing healthcare services or goods to Medicaid patients. Anyone who has information regarding this case or wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson City (775) 684-1191 or in Las Vegas (702) 486-3187. Medicaid fraud information can also be found on the Attorney General’s web site:

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FOR IMMEDIATE RELEASE
September 9, 2010

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New Agreement Reached with Publishers Clearing House

Las Vegas, NV- Nevada has joined 31 states and the District of Columbia to announce the filing of a stipulated judgment with sweepstakes company Publishers Clearing House of Port Washington, New York. The "Supplemental Consent Judgment" which will be filed in Clark County District Court modifies the terms of a prior judgment filed in 2000.

Earlier settlements with Publishers Clearing House ("PCH") filed by numerous states in separate state actions in 2000 and 2001 included specific conditions aimed at resolving the states' allegations that PCH engaged in deceptive marketing practices by mailing promotional materials designed to mislead consumers into believing that purchases would increase their odds of winning.

"It's important that consumers understand the terms of the sweepstakes mailings," said Attorney General Catherine Cortez Masto. "The materials must make it clear that purchasing products will not increase the consumer's chances of winning."

The states' recent investigation raised concerns that PCH was not fully complying with the prior agreement and that consumers could still be confused by the nature and language of some of the company's subsequent sweepstakes promotional mailings.

The supplemental judgment includes stronger provisions than the prior agreement and also includes additional conditions to help ensure that consumers are not further misled or confused by the company's sweepstakes promotions. The terms of the new settlement also greatly increase consumer surveys to ensure that consumers understand that purchasing does not increase their chances of winning a sweepstakes prize. In addition, the company agreed to pay \$3.5 million to cover the cost of the states' investigation.

Of the \$3.5 million Publishers Clearing House will pay, \$40,000 will go to each participating state. However, as one of the eight members of the Executive Committee, led by Oregon, that worked on this case for the past four years, Nevada's share will be \$300,000.

A total of 32 states and the District of Columbia have joined the settlement. They include: Alaska, Arizona, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South

Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, and the District of Columbia.

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FOR IMMEDIATE RELEASE
September 10, 2010

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GUILTY PLEA ANNOUNCED IN FORECLOSURE RESCUE SCAM

Las Vegas, NV – Doninador Palalay a.k.a. Dominador Palalay has pled guilty to Theft-Obtaining Money in Excess of \$2500 by Material Misrepresentation, a category B felony, for his role in operating a foreclosure rescue scam in Las Vegas during 2008 and 2009 under the business name of PDM Financial Group, Inc.

“Prosecution of loan modification scams like this by my mortgage fraud strike force sends a message that Nevada will not tolerate its citizens being victimized by mortgage related fraud,” said Attorney General Catherine Cortez Masto. “We strongly encourage citizens to use the services of free, certified HUD counselors whenever possible to obtain loan modifications and to be leery of anyone guaranteeing results.”

On August 30, 2010, Palalay, along with co-defendants Marie Tejada Medina and Benjamin Aquino Moraleda III, were indicted by a Grand Jury for their roles in operating a foreclosure rescue scheme. The Indictment alleges that Palalay and his co-defendants operated a document preparation and loan modification business that charged one percent of the victims’ loan balance(s), or between \$2,600.00 to \$3,700.00, for loan modification and document preparation services. They also misled customers by falsely claiming their services would prevent foreclosures on their homes and/or they would obtain loan modifications. The State alleges that the services were not performed.

The Indictment further alleges that Palalay, Medina and Moraleda defrauded consumers by having them sign false Deeds of Trust that gave the Defendants liens on the victims’ homes based on false promissory notes that deceptively claimed loans had been made on the properties. In fact, the loans had not been made. The Indictment alleges this was done to cloud the title to the home and prevent the legitimate lenders from foreclosing on the victims’ properties.

The indictment also alleges Palalay and Medina defrauded a person over the age of 60 by enticing him to invest a large sum of money in PDM Financial Group, Inc. without disclosing to him that the business was a criminal enterprise. Palalay and Medina are also accused of enticing the victim to open numerous credit cards in his name, which Palalay and Medina used for personal expenses, leaving the victim with substantial credit card debt he cannot afford to pay.

Palalay faces a sentence of one (1) to ten (10) years in prison and/or a \$10,000 fine. He will also be required to make restitution to the victims in the amount of \$36,332.50. Palalay will be sentenced in District Court on January 13, 2011. The Indictment remains pending against Medina and Moraleda for their alleged roles in the foreclosure rescue scheme. Moraleda is a fugitive from justice.

The case was investigated and is being prosecuted by the Attorney General's Mortgage Fraud Task Force and Bureau of Consumer Protection after the office received numerous complaints about misrepresentations made by PDM Financial Group. In several complaints, clients allege they paid thousands of dollars to PDM Financial Group with no contact ever being made with the victims' lenders for the purpose of obtaining loan modifications.

The indictment is not a determination of guilt or innocence but is just a finding of probable cause that a crime was committed. The defendants are presumed innocent until proven guilty. Arrest warrants have been issued for each of the defendants.

Anyone who has information regarding this case or the whereabouts of Benjamin Aquino Moraleda III should contact the Attorney General's Office at (702) 486-3777 in Las Vegas or (775) 684-1180 in Carson City.



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FOR IMMEDIATE RELEASE
DATE: September 16, 2010

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775.684.1148

APPLICATION DUE DATE FOR 2010 STOP VIOLENCE AGAINST WOMEN GRANT PROGRAM

Carson City, NV – Nevada has been allocated funds under the 2010 STOP Violence Against Women Grant program for qualified programs that meet specific federal and state objectives.

The purpose of the STOP Violence Against Women Program is to encourage the development and implementation of more effective law enforcement, court, and prosecution strategies to combat crimes of sexual assault, domestic violence, dating violence, and stalking. It also encourages development and enhancement of victim services in cases involving those crimes.

"The STOP Program envisions partnerships among law enforcement, prosecution, courts and victim services organizations to enhance victim safety and hold offenders accountable for their crimes," said Attorney General Catherine Cortez Masto.

A pre-application webinar will be held Tuesday, **October 5, 2010**. Check Attorney General's web site <http://ag.state.nv.us> for the time. A letter of intent to apply for this funding is due at the Attorney General's Office by **October 8, 2010**. The deadline for the application is Friday, **October 28, 2010 by 5:00 PM**.

The sub-grant Request for Application is available on the Attorney General web site at <http://ag.state.nv.us>. Applications are physically due in the Carson City Office of the Attorney General by the October 28, 2010 deadline.

The Attorney General's Office will administer the STOP Grant funds on behalf of programs throughout Nevada. For more information on the grant program, please call Elizabeth Greb, Office of the Attorney General, at (775) 684-1148.



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September 16, 2010

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SETTLEMENT ANNOUNCED WITH PAYMENT PROCESSING COMPANY FORMER PRESIDENT

Carson City, NV— A settlement has been reached in a case filed by the State of Nevada, six other states, and the Federal Trade Commission (“FTC”) against the former president of a payment processing company arising from his role in an operation that allegedly debited more than \$200 million in bogus charges from consumers’ bank accounts.

Derrelle Janey served as president of Your Money Access, LLC from 2003 to 2006. According to the action filed, the company processed unauthorized debits on behalf of deceptive telemarketers and Internet-based schemes that violated the FTC’s Telemarketing Sales Rule as well as state and federal consumer protection laws. The plaintiffs alleged the company played a critical role in helping many of its clients carry out these schemes by providing access to the banking system and the means to extract money from consumers’ bank accounts.

“Consumers must be protected against those who extract money from unknowing victims’ accounts,” said Attorney General Catherine Cortez Masto. “This filing by me, my fellow Attorneys General and the FTC shows we will not tolerate these deceptive trade activities.”

Between June 23, 2004, and March 31, 2006, Your Money Access, LLC processed more than \$200 million in debits and attempted debits. More than \$69 million of the attempted debits were returned or rejected by consumers or their banks for various reasons, an indication the consumers had never authorized the charges. In many instances, the merchants either failed to deliver the promised products or services or sent consumers relatively worthless items.

Under the settlement order, Janey has agreed to a permanent prohibition on participating in the processing of payments debited from consumers’ bank accounts. He has also agreed to be permanently prohibited from knowingly aiding anyone who is violating the Telemarketing Sales Rule. The order imposes a \$625,000 judgment and requires him to pay \$15,000 of the judgment, based on sworn current financial statements. The remainder of the judgment is stayed and will not be reinstated unless he is found to have misrepresented his financial condition.

The states who participated in the case filing were: Illinois, Iowa, Nevada, North Carolina, North Dakota, Ohio and Vermont.

Stipulated final judgments and orders are for settlement purposes only and do not constitute an admission by the defendants of a law violation. Such settlements have the force of law when signed by the judge.

For more information on how you can help prevent illegal deceptive trade practices, you may contact the Nevada Office of the Attorney General, Bureau of Consumer Protection at (775) 684-1100 in northern Nevada, or (702) 486-3194 in southern Nevada.



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GRANDPARENT SCAM ALERT

Carson City, NV - The following consumer advisory is offered by the Nevada Attorney General's Bureau of Consumer Protection as part of an ongoing effort to educate consumers.

The Attorney General's Bureau of Consumer Protection has received information that Nevada residents are being contacted by phone and told their grandchildren have been arrested in Canada and money must be wired in order to clear them. The first call will be an individual who claims to be a relative or someone claiming to be from the police. A second call will be from someone posing as an attorney. They recipient of the call is asked to wire money to Canada or some other foreign country.

"Consumers are cautioned to not fall for these scams," said Attorney General Catherine Cortez Masto. "A few telephone calls to the individuals supposedly in trouble can save a lot of worry and will prevent you from being a victim."

This is similar to a scam making the rounds last year where the grandchild was supposedly arrested in England or had their wallet stolen in Ireland and needed money wired to them. The constant thread in this scam is the request for the victim to wire money to another country.

Never wire money to a foreign country because if it is a scam, there is no way to retrieve the cash. If you feel compelled to send money by wire transfer, first consider whether losing that money would be acceptable and second, make a call to the grandchild, their parents, or the supposed individual in trouble at their local number. Those who make these calls usually find the grandchild or the needy friend is safe at home in the United States.



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FOR IMMEDIATE RELEASE
DATE: September 27, 2010

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OFFICE OF THE ATTORNEY GENERAL HOLDS STATEWIDE DOMESTIC VIOLENCE FATALITY REVIEW SUMMIT

Las Vegas, Nevada—The Office of the Nevada Attorney General will hold the first Statewide Domestic Violence Fatality Review Summit on October 1, 2010. The Summit will bring together over 120 people from around the state to address the issue of domestic violence fatalities.

The Summit will take place at the Suncoast Hotel Casino at 9090 Alta Drive in Las Vegas on October 1, 2010 at 8:30 am to 4:30 pm.

"I am sad to report that this year, Nevada ranks #1 in the U.S. for women murdered by men," said Attorney General Masto. "Last year, Nevada ranked #5 according to the Violence Policy Center. We need to address these statistics and improve our system responses to domestic violence victims in order to save lives. This is one of my priorities as our state's Attorney General."

The Statewide Domestic Violence Fatality Review Summit speakers will include:

- Catherine Cortez-Masto, Nevada Attorney General,
- Dr. Neil Websdale, Director of the National Domestic Violence Fatality Review Initiative and a Professor of Criminology at Northern Arizona University
- Matthew Dale, Executive Director, Office of Victim Services, Department of Justice and a senior consultant to the National Domestic Violence Fatality Review Initiative
- Chief Jerald Monahan, Apache Junction, Arizona, Police Department
- Representatives from Las Vegas Metropolitan Police Department, Reno Police Department, Department of Public Safety, Nevada Network Against Domestic Violence, Department of Health and Human Services, and the Clark County Coroner's Office.

The Summit will also launch the Office of the Attorney General's Domestic Violence Awareness Month. Domestic Violence Awareness Month was created in 1987 to promote increased rights and services for domestic violence victims; to educate the public about the crisis of domestic violence and the prevalence of this epidemic in all of our lives; and to encourage involvement and support from our community for domestic violence victims and those who serve them.

For more information on the Summit, contact Kareen Prentice at 775.688.1872. More information on domestic violence and resources in Nevada is available on the Attorney General's Office website at: www.ag.state.nv.us

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FOR IMMEDIATE RELEASE
September 28, 2010

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ATTORNEY GENERAL CATHERINE CORTEZ MASTO COMMEMORATES NATIONAL DOMESTIC VIOLENCE AWARENESS MONTH

Las Vegas, Nevada—October is National Domestic Violence Awareness Month. Attorney General Catherine Cortez Masto will present the “Peace Begins at Home” Girl Scout Domestic Violence Merit Patch at the Girl Scouts of the Frontier Council Headquarters located at 2941 Harris Avenue, Las Vegas, Nevada on October 2, 2010 at 10 am.

“Eliminating domestic violence requires collaborative prevention efforts,” said General Masto. “My office was involved with the creation of this patch and continues to assist Girl Scouts with achieving their patch. Over 37,000 victims in Nevada contacted agencies in 2009 for assistance. Over 16,000 of these victims were children. Engaging Nevada’s youth to discover the qualities of healthy and respectful relationships will help break the cycle of violence.”

The Peace Begins at Home Domestic Violence Merit Patch Event’s speakers include:

- Catherine Cortez Masto, Nevada Attorney General,
- Sue Meuschke, Nevada Network Against Domestic Violence,
- LaDeana Gamble, Assistant Court Administrator, Las Vegas Justice Court
- Wendy Wilkinson, President of the Southern Nevada Domestic Violence Task Force

Domestic Violence Awareness Month was created to promote increased rights and services for domestic violence victims; to educate the public about the crisis of domestic violence and the prevalence of this epidemic in all of our lives; and to encourage involvement and support from our community for domestic violence victims and those who serve them.

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FOR IMMEDIATE RELEASE
September 28, 2010

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INSURANCE FRAUD ACCUSED SENTENCED TO FOUR YEARS IN PRISON

Las Vegas: Today Russell Medina was sentenced to four years in prison for insurance fraud by District Court in Las Vegas.

Mr. Medina borrowed \$20,000 from a private party, using his 2005 Infinity automobile as collateral. Mr. Medina then reported the car stolen and filed an insurance claim with Safeco Insurance. It is believed that Mr. Medina intended to pay off the incurred debt with the money from the insurance claim.

The case was reported through the Henderson Police Department who worked closely with an investigator from the Special Investigations Unit of Safeco Insurance.

"False claims of stolen vehicles will result in a criminal record and the owner will still be ordered to pay for the value of the automobile," said Attorney General Catherine Cortez Masto.

"Consumers who have a debt problem with an automobile should simply return the vehicle to the lender if payments cannot be made. A bad credit report is a better alternative to 4 years in prison."

Police estimate that as many as 33% of stolen vehicle reports are false and submitted by owners attempting to commit insurance fraud. Over the past few years a joint effort between all local police agencies, fire departments, the National Insurance Crime Bureau and the Attorney General's Insurance Fraud Unit has resulted in better prosecutions of false stolen vehicle reports, including fraudulent auto arsons. The Attorney General reports over \$2.5 million dollars in fraudulent insurance claims have been prevented over the past two years because of this joint cooperative effort.



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FOR IMMEDIATE RELEASE
DATE: September 28, 2010

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NEVADA DISTRICT COURT JUDGE ARCHIE E. BLAKE NAMED 2010 WILLIAM J. RAGGIO AWARD RECIPIENT

Carson City, NV -- Attorney General Catherine Cortez Masto and the Nevada Advisory Council for Prosecuting Attorneys have named Nevada District Court Judge Archie E. Blake as recipient of the William J. Raggio Award for 2010. This award is presented annually to a current or former prosecutor who has contributed significantly to the improvement of the administration of justice in Nevada. Blake was presented the award during the Prosecutors Conference in Virginia City on September 22.

Judge Blake is being recognized for his dedicated service as a former Lyon County prosecutor, as a District Court Judge in the Third Judicial District, and Senior Judge for the Western Regional Drug Court and his commitment to justice for all people.

The award is named in honor of former Washoe County District Attorney and current Senator William J. Raggio. Previous recipients are: Senator Raggio in 1998, Ben Graham in 1999, Thomas L. Leen in 2000, William T. Koot in 2001, Mills B. Lane in 2003, Melvyn T. Harmon in 2004, Howard D. McKibben in 2005, Noel Waters in 2006, Kristin Erickson in 2007, Richard A. Wagner in 2008 and James H. Tufeland. Frankie Sue Del Papa and Stewart Bell were co-recipients of the award in 2002.

The Western Regional Drug Court program is one of the most important resources for the criminal justice system in rural Nevada. Judge Blake and Judge Peter Breen "ride the rural circuit" every 2 weeks and hold DUI court and Drug court in Fallon, Yerington and Hawthorne. This program has made a significant impact on the rehabilitation of hard core addicts, and allowed graduates to regain their dignity, their families, and the strength to change their lives for the better.

The Nevada Advisory Council for Prosecuting Attorneys is an executive branch state agency created pursuant to NRS chapter 241A with a broad statutory mandate to provide leadership, resources and legislative advocacy on legal and public policy issues related to the duties of Nevada's prosecutors. Attorney General Masto serves as Chairperson for the Advisory Council.



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FOR IMMEDIATE RELEASE
DATE: September 30, 2010

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DOMESTIC VIOLENCE AWARENESS MONTH

Carson City, NV – Attorney General Catherine Cortez Masto will highlight October as Domestic Violence Awareness Month by displaying purple ribbons outside her offices in Carson City. The Attorney General's Office, in collaboration with Advocates to End Domestic Violence, will decorate Carson Street with the signature ribbons.

"I am sad to report that this year, Nevada ranks #1 in the U.S. for women murdered by men," said Attorney General Masto. "Last year, Nevada ranked #5 according to the Violence Policy Center. We need to address these statistics and improve our system responses to domestic violence victims in order to save lives. This is one of the priorities of my office."

The Attorney General's Office will be involved in many events during October in an effort to draw attention to the reality of violence in the home and the work that is being done to end violence against women in Nevada. Domestic violence programs, law enforcement agencies, prosecution offices, and task forces throughout the state are planning a number of activities commemorating Domestic Violence Awareness Month.

The Attorney General's Office will distribute 1,500 "Purple Ribbon Pins" to various agencies across the state as part of its awareness campaign. The purple ribbon symbolizes life and freedom for those women no longer living with violence.

Domestic Violence Awareness Month was created in 1987 to promote increased rights and services for domestic violence victims; to educate the public about the crisis of domestic violence and the prevalence of this epidemic in all of our lives; and to encourage involvement and support for domestic violence victims and those who serve them.

More information on domestic violence and resources in Nevada is available on the Attorney General's Office website at: <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
October 4, 2010

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NEVADA RECEIVES MEDICARE AWARDS GRANT FOR ITS SENIOR MEDICARE PATROL

Las Vegas: The Centers for Medicare and Medicaid Services has awarded Nevada \$284,268 for its Senior Medicare Patrol (SMP) program to fight Medicare fraud. The grant will help educate seniors and other Medicare beneficiaries on how to prevent fraud in Medicare.

"This grant will provide additional funds to increase awareness of Medicare and Medicaid beneficiaries of health care fraud prevention, identification and reporting through the expansion of SMP," said Attorney General Catherine Cortez Masto. "We are especially concerned about Medicare fraud and activity by criminals seeking to defraud seniors."

SMP, which is located in the Office of the Attorney General, and their volunteers work in Nevada communities to educate Medicare and Medicaid beneficiaries, family members, and caregivers about the importance of reviewing their Medicare notices to identify billing errors and potentially fraudulent activity. Program volunteers also encourage seniors to make inquiries to the SMP Program when such issues are identified, enabling the project to ensure appropriate resolution or referral.

Since 1997, the Federal Office of Health and Human Services and its Administration on Aging have funded Senior Medicare Patrol projects to recruit and train retired professionals and other senior volunteers about how to recognize and report instances or patterns of health care fraud. Almost three million Medicare beneficiaries have been educated since the start of the program, and more than one million one-on-one counseling sessions have taken place with seniors or their caregivers. In 2009, more than 3,000 beneficiary complaints involving potential fraud were handled by the SMP program nationwide. The SMP program funds projects in every state, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands.

For more information on fraud prevention efforts, call the Nevada Attorney General's Senior Medicare Patrol Program at 1-888-838-7305, or visit <http://www.stopmedicarefraud.gov/> or <http://www.cms.gov/FraudAbuseforConsumers/>



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FOR IMMEDIATE RELEASE
DATE: October 6, 2010

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BOY SCOUT DOMESTIC VIOLENCE PATCH INTRODUCED

Carson City, Nevada— As part of the program marking October as National Domestic Violence Awareness Month, Attorney General Catherine Cortez Masto will introduce the “Peace Begins at Home” Boy Scout Domestic Violence Patch at an event at the Church of Jesus Christ of Latter-day Saints located at 411 N. Saliman Road, Carson City, Nevada on October 9, 2010 at Noon.

The “Peace Begins at Home” Domestic Violence patch was first adopted by the Girl Scouts statewide. The Boy Scouts have embraced this project and the October 9 event will be the initial launch of the patch. The statewide patch design will be chosen by Attorney General Masto from design submissions from members of the Nevada Boy Scouts.

“Eliminating domestic violence requires collaborative prevention efforts,” said General Masto. “My office has been involved with the creation of this patch for the last year. Over 37,000 victims in Nevada contacted agencies in 2009 for assistance. Over 16,000 of these victims were children. Engaging Nevada’s youth to discover the qualities of healthy and respectful relationships will help break the cycle of violence.”

Domestic Violence Awareness Month was created in 1987 to promote increased rights and services for domestic violence victims; to educate the public about the crisis of domestic violence and the prevalence of this epidemic in all of our lives; and to encourage involvement and support from our community for domestic violence victims and those who serve them.

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FOR IMMEDIATE RELEASE
DATE: October 6, 2010

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\$78 Million Pay Option ARM Agreement with Wells Fargo Secured For Nevada Homeowners

Las Vegas, NV – Attorney General Catherine Cortez Masto today announced a multi-state agreement with Wells Fargo Bank ("Wells Fargo") over allegedly deceptive marketing of payment-option adjustable rate mortgage loans ("POAs") by companies it acquired: Wachovia Corporation ("Wachovia") and Golden West Corporation ("Golden West").

"At least 694 Nevada POA borrowers will be eligible for loan modifications that will provide almost \$78 million in mortgage relief in Nevada," General Masto said. "This sum includes more than \$45 million in principal forgiveness for Nevada homeowners."

Wells Fargo has entered into an agreement with Nevada and seven other states in response to state investigations of Wachovia's and Golden West's marketing of POAs. Overall, loan modifications will be offered to 8,715 eligible borrowers in eight states (Arizona, Florida, Colorado, New Jersey, Washington, Texas, Illinois and Nevada) with a total economic value estimated to be more than \$772 million. As of projections on April 1, 2010, on which the settlement was framed, the agreement will generate more than \$402 million in overall principal forgiveness. This agreement shall be binding on Wells Fargo and enforceable under the provisions of the Nevada Deceptive Trade Practices Act.

Wells Fargo did not originate these payment-option ARMs. At the end of 2008, it purchased Wachovia, which had originated the POAs, and had already purchased Golden West, a significant payment-option adjustable rate mortgage lender.

Nevada alleged that Wachovia's and Golden West's marketing of POAs violated the Nevada Deceptive Trade Practices Act because the companies did not fully explain that the minimum payment, due in the first years of the loan, did not cover the full amount of accrued interest. This in turn would increase the amount of the loan, or negatively amortize the loan.

The agreement in Nevada provides that between December 1, 2010, and June 30, 2013, Wells Fargo will offer modifications to eligible qualified residential POA borrowers who are either 60 days delinquent or facing imminent default. Borrowers will first be considered

for the federal Home Affordable Modification Program (“HAMP”) and if the borrower cannot qualify under HAMP or elects not to accept a HAMP modification, Wells Fargo will consider the borrower for its new modification program, known as MAP2R.

Modified loan terms will vary according to the circumstances of the borrower, but can include principal forgiveness, loan extension, interest rate reduction, and principal forbearance (which gives the borrower additional time to pay off the loan principal.) Borrowers who remain current on their modified payments over three years will be able to earn additional principal forgiveness. Borrowers who qualify may also convert their current mortgage into a fixed-rate loan.

“The bar has been raised and I call upon other financial institutions to adopt these servicing commitments in their dealings with Nevada residents,” said General Masto. “The principal forgiveness is especially important to help Nevada homeowners who are deeply underwater.”

Under the Nevada agreement, Wells Fargo also agrees to improve its servicing commitments for its POA borrowers. These include:

- Ensuring adequately staffed help lines to serve consumers, including Spanish-speaking consumers.
- Providing a single, primary point of contact to assist borrowers seeking modifications under this agreement.
- Making decisions on modifications within 30 calendar days of receiving a complete application.
- Establishing a formal second look or appeal process for borrowers who are turned down for a modification.
- More clearly communicating with borrowers to avoid confusion during this process.

Wells Fargo also will offer other alternatives to foreclosure, including short sale, deed-in-lieu, and relocation assistance. The agreement provides for a Compliance Monitor and quarterly reporting to the eight Attorneys General. Wells Fargo will also pay \$1.1 million to the Nevada Attorney General’s Office to assist with the State’s efforts to prevent or mitigate foreclosures and prevent mortgage or loan modification fraud.

Wells Fargo will send eligible borrowers and HUD certified housing counseling agencies in Nevada two letters describing MAP2R’s eligibility requirements, terms, and application process and its relationship with HAMP. In addition, Wells Fargo customers who originally took out mortgages through Wachovia or Golden West who are looking for information about the loan modification program can call **1-888-565-1422**. Keep in mind that borrowers whose loans are serviced by Wells Fargo, but who do not have POAs, will not be eligible for modifications under this settlement.

Nevada homeowners who are in or are facing foreclosure are advised to seek assistance as soon as possible. Homeowners can speak with a HUD-approved housing counselor by calling 702-229-HOME or 877-448-4692 to find a local HUD-approved housing counseling agency. Also visit www.fightfraud.nv.gov.

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FOR IMMEDIATE RELEASE
DATE: October 8, 2010

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Nevada Launches Automated Victim Information Service

Esmeralda County is the first to join the statewide system

Carson City, NV – Victims of crime and other Nevada citizens will soon have around-the-clock access to custody information about offenders held in jails or prisons throughout the state. The Office of the Attorney General is working with the Sheriffs and Chiefs Association to implement this service statewide.

Esmeralda County has become the first county to go live with the state's new automated victim information and notification system known as Nevada VINE. Carson City, Lyon County and Douglas County will be next to come online during the month of October.

"Our state has long been a champion for survivors of crime and the need to keep individuals informed on the custody status of their offenders," said Attorney General Masto. "What better way to commemorate Domestic Violence Awareness Month, than to launch a service that keeps people informed when an offender is released from jail?"

Once their county goes live, users can contact Nevada VINE at 1-888-2NV-VINE (888-268-8463) or www.vinelink.com to track the custody status of an offender or register to be notified by phone or e-mail in the event of a transfer, release, or escape. Live operators are available 24 hours a day, seven days a week to assist victims who need help obtaining offender information or registering for notification. The service is free and anonymous.

The Office of the Attorney General received a grant from the Bureau of Justice Assistance to implement the statewide VINE system and has contracted with Appriss® Inc. — a Louisville, Kentucky-based technology company that provides resources to criminal justice and victims of crime — to provide the service.

Nevada joins 40 other states that have launched statewide VINE services. Nevada VINE will connect with the state's county jails, the Department of Corrections, Probation and Parole, and other law enforcement agencies throughout Nevada. In recent years, Clark and Washoe

counties along with North Las Vegas contracted for their own VINE services. Nevada VINE will connect with these three counties at the end of the project.

We will continue to bring additional counties on-line with the goal of having the entire state fully operational by mid-2011.



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FOR IMMEDIATE RELEASE
October 11, 2010

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VITAMINS PRICE FIXING CONSPIRACY SETTLEMENT PROVIDES ASSISTANCE TO FOOD BANKS IN NEVADA

Las Vegas, NV- The Office of the Nevada Attorney General is distributing approximately \$171,000 to two food banks that feed the hungry across Nevada as a result of the settlement of a lawsuit involving a vitamins price fixing conspiracy in violation of antitrust laws.

The distribution is part of a \$25.03 million multi-state and class action settlement filed in the U.S. District Court for the District of Columbia in December 2009. The settlement was reached on behalf of consumers who purchased certain vitamins between 1988 and 2000 and reside in Nevada or any of the other settling states, territories or the District of Columbia. With court approval of the settlement and the distribution plan for Nevada's share of the settlement proceeds, General Masto can now distribute the funds to Nevada's local food banks.

"I am pleased this settlement is able to help food banks here in Nevada during these difficult economic times," Attorney General Catherine Cortez Masto said. "The illegal price fixing should have never occurred in the first place. It is critical to protect free market competition through vigorous antitrust law enforcement."

Three Square Food Bank, which serves Nevadans in Clark, Esmeralda, Lincoln, and Nye Counties, will receive about 74% of the funds (approximately \$126,000.) About 74% of all Nevadans reside in those four counties. The Food Bank of Northern Nevada serves the remaining 13 counties in Nevada where 26% of all Nevadans live. They will receive about 26% of the fund distribution (approximately \$45,000.) Through their existing programs, both food banks will use the funds to provide nutritious food to hungry Nevadans in each of the counties they serve.

Those participating in the settlement are: Arizona, Florida, Hawaii, Idaho, Illinois, Kansas, Maine, Michigan, Minnesota, Nevada, New Mexico, New York, North Carolina, North Dakota, Puerto Rico, Rhode Island, South Dakota, Tennessee, Vermont, Washington, West Virginia, Wisconsin, and the District of Columbia.

To learn more about this settlement, visit www.indirectvitaminssettlement.com.

Additional consumer protection information can be found on the Attorney General's web site at <http://ag.state.nv.us> and at (702) 486-3194.



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FOR IMMEDIATE RELEASE
DATE: October 13, 2010

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Attorney General Masto Joins 49 State Mortgage Foreclosure Group

Carson City, NV: Attorney General Catherine Cortez Masto is joining a 49-state bipartisan mortgage foreclosure working group, as part of a coordinated national effort by states to review the practice of so-called "robo-signing" within the mortgage servicing industry.

The Mortgage Foreclosure Multistate Group, comprised of state attorneys general in 49 states, and state banking and mortgage regulators in 30 states, will explore whether individual mortgage servicers have improperly submitted documents in support of foreclosures. Specifically, the group will look into whether companies misrepresented on affidavits and other documents that they reviewed and verified supporting foreclosure documentation. The group will also attempt to determine whether companies also signed affidavits outside the presence of a notary public, along with other possible issues regarding servicing irregularities or abuses.

"This issue affects peoples' homes as well as the economy," said Attorney General Masto. "This probe will be thorough, expeditious, and fair to both homeowners and lenders."

Submitting foreclosure documents without verification, with false representation, and/or signing certain legal documents outside the presence of a notary public may constitute deceptive acts and/or unfair practices, and may otherwise violate state laws and court rules.

The multistate group, through an executive committee, will contact a comprehensive list of individual mortgage servicers. The group's initial objectives include:

- Put an immediate stop to improper mortgage foreclosure practices.
- Review past and present practices by mortgage servicers subject to the inquiry.
- Evaluate potential remedies for past practices and to deter future improper practices.
- Establish a mechanism for more effective independent monitoring of future mortgage foreclosure practices.

The Mortgage Foreclosure Multistate Group will consult with federal regulators and agencies, including the Mortgage Fraud Working Group of the Financial Fraud Enforcement Task Force (FFETF), which was created in 2009.

“This is a cooperative and coordinated effort to address a serious problem,” said General Masto. “The group may limit, expand or change its objectives, but it won’t stray from the goal of addressing a situation that has affected and continues to affect homeowners.”

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FOR IMMEDIATE RELEASE
DATE: October 25, 2010

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NEVADA RECEIVES \$1,459,572 IN GRANT FUNDING TO FIGHT VIOLENCE AGAINST WOMEN

Carson City, NV: The Office of the Nevada Attorney General has received a \$1,459,572 Grant from the Department of Justice Office on Violence Against Women for funding under the STOP Violence Against Women Formula Grant program.

STOP is a large formula grant that is "passed through" the state as sub-grants in a variety of categories. The sub-grant categories include Law Enforcement, Prosecution, Victim Services and Courts.

"This award provides the opportunity for recipients to develop and strengthen effective response to violence against women," said Attorney General Catherine Cortez Masto. "This grant money will help stakeholders in our state who are dedicated to the safety and protection of women."

The STOP Violence Against Women Formula Grants Program was authorized on January 5, 2006 by the Violence Against Women Act of 2005. The STOP Program continues to encourage the development and implementation of effective, victim-centered law enforcement, prosecution and court strategies to address violent crimes against women and the development and enhancement of victim services in cases involving violent crimes against women. It envisions a partnership among law enforcement, prosecution, courts and victim services organizations to enhance victim safety and hold offenders accountable for their crimes against women.

The Nevada STOP grants will be administered and overseen by the Office of the Attorney General. Financial, administrative and programmatic reports are required for submission to the government in order to maintain the grant funding.

Solicitation for sub-grants in each category is in progress. Grant awards should be finalized by the end of the year.



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FOR IMMEDIATE RELEASE
DATE: October 25, 2010

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MYSTERY SHOPPER SCAM ALERT

Carson City, NV – The Nevada Attorney General's Office is warning that some residents have received e-mails offering employment as "Mystery Shoppers." The company offering the employment position claims "you will be provided funds in advance for any upcoming survey via cashiers checks and wire transactions to cover expenses."

In fact, the consumer will receive a cashiers check from the company and told to cash the check immediately and do a "mystery shopping" investigation of either Western Union or Moneygram by wiring money back to the company. Alternately, the consumer will be instructed to buy one or two small items and then wire the remainder of the money back to the company. Wiring money back to the company who originally provided the cashiers check is a reoccurring theme in this scam.

The cashiers check is either stolen or a forgery and the consumer is instructed to act immediately because the check will bounce and the scammers want the victim to wire money back to them before the bank – and the victim – discovers the check is a forgery. If the check is cashed, the victim will be required to pay the bank for the moneys paid on the forged check, and any money wired to the company will likely end up offshore, in this case Western Samoa.

The Nevada Attorney General warns Nevada citizens to never wire money to anyone who is not personally known to the sender. Scammers use wire transfers, usually via Western Union or MoneyGram, because those transfers cannot be traced. The person receiving the money for the scam often is hired to pick up the money and transfer it to someone else. Money sent by wire transfer cannot be traced or refunded and, if sent out of the country, cannot be retrieved. In almost all of the cases referred to the Attorney General's Bureau of Consumer Protection, the payee listed on the check does not match the name of the so-called lottery, sweepstakes or mystery shopping service. This is a quick indication that the checks are probably stolen.

Before cashing a lottery, sweepstakes or mystery shopper check, call the Attorney General's Bureau of Consumer Protection at 775.684.1169 for information on a possible scam in progress. Because wired money is untraceable and not recoverable, especially if it is wired out of the country, there is

little the Attorney General's Bureau of Consumer Protection can do to help consumers who have already fallen victim to this scam. However, being alert can prevent consumers from becoming victims.



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FOR IMMEDIATE RELEASE
DATE: October 26, 2010

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NEVADA RECEIVES AN ADDITIONAL \$167,371 GRANT FOR SEXUAL ASSAULT SERVICE PROVIDERS

Carson City, NV: The Department of Justice has awarded the Nevada Attorney General's Office a \$167,371 grant from the Sexual Assault Service Providers Grant Program (SASP.) This is the second grant the Nevada Attorney General's Office has received for SASP.

SASP directs grant dollars to States and Territories to assist in supporting rape crisis centers and other nonprofit, nongovernmental organizations that provide core services, direct intervention and related assistance to victims of sexual assault.

"These grant dollars are directed to those organizations and agencies dealing with victims of sexual assault," said Attorney General Catherine Cortez Masto. "These vital services are often underfunded and the Federal dollars will help these organizations in their important work."

SASP is the first Federal funding stream solely dedicated to the provision of direct intervention and related assistance for victims of sexual assault. Five funding streams are directed toward States and Territories; tribes; state sexual assault coalitions; tribal sexual assault coalitions; and culturally specific organizations.

In September the Office of the Attorney General awarded funds from the initial 2009 SASP grant of \$239,352 to Nye County's No to Abuse; Washoe County's HAWC Community Health Center; Clark County's Community Counseling Center of Southern Nevada and The Shade Tree; Humboldt County's Winnemucca Domestic Violence Shelter; and the Family Support Council of Douglas County. Other agencies that will also receive funds from this initial grant beginning January 2011 are the Crisis Call Center, the Rape Crisis Center, the Domestic Violence Intervention of Churchill County and ALIVE of Lyon County.

Solicitation for next year's cycle of SASP sub-grant applications which will reflect the \$167,371 funding will be advertised in late 2011 with awards to be granted for 2012.

Nevada's SASP grant awards will be administered and overseen by the Office of the Attorney General. Financial, administrative and programmatic reports are required for submission to the government in order to maintain the grant funding.



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FOR IMMEDIATE RELEASE
DATE: October 27, 2010

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NEVADA RECEIVES \$350,000 GRANT FUNDING TO FIGHT SEXUAL VIOLENCE IN THE RURALS

Carson City, NV: The Office of the Nevada Attorney General has received a \$350,000 grant from the Department of Justice Office on Violence Against Women for funding under the Rural Violence, Dating Violence, Sexual Assault and Stalking Assistance Program.

The grant will enhance victim safety in cases of domestic violence, dating violence, sexual assault and stalking in rural areas by encouraging collaborative partnerships among criminal justice agencies, victim service providers and community organizations to respond to these crimes. In addition, the program supports the provision of services to the victim of such violence and encourages communities to work in coordination to develop education and prevention strategies directed toward these issues.

"Taking a collaborative approach to the issue of violence against women in our rural districts will enable us to bring more efficient and effective support in areas where these services are desperately needed," said Attorney General Catherine Cortez Masto. "This grant will enable us to bring together the support services to assist these victims."

The grant money will support a specialized prosecutor to provide a more effective and comprehensive response to the victims; provide an active and ongoing community regional response, sharing community and tribal-based resources; and provide training to regional Sheriffs' Departments and other criminal justice agencies emphasizing evidence-based investigations and prosecutions, a victim centered approach and effectively collaborating with victim advocates.

The grant provides funds for the Nevada Office of the Attorney General in collaboration with No to Abuse in Nye County, Mineral County Advocates to End Domestic Violence, Consolidated Agencies of Human Services in Mineral

County, the District Attorneys and Sheriffs of Nye, Mineral and Esmeralda Counties, the Walker River Paiute Tribal Police and Victim Services, and the Yomba Shoshone Tribal Police and Social Services to implement a coordinated regional response to domestic violence, dating violence, sexual assault and stalking within Nevada's Judicial Fifth District, Department One which includes Esmeralda, Mineral and upper Nye counties.

The grant will be administered and overseen by the Office of the Attorney General. Financial, administrative and programmatic reports are required for submission to the government in order to maintain the grant funding.



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FOR IMMEDIATE RELEASE
DATE: November 3, 2010

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LOAN MODIFICATION TELEMARKETING SCAM ALERT

Carson City, NV - The Office of the Nevada Attorney is warning consumers of prerecorded telemarketing calls offering credit repair or loan modification services. Some consumers report they are receiving multiple calls per day.

During the call, a recording tells the consumer they qualify for a loan modification or credit repair and the call may quote a loan account number to make the offer appear authentic. However, when the consumer pushes the telephone button to talk to a representative, the recording states that no one is able to take the call. The recording asks the consumer to provide their name, address, account number and even social security number, promising someone will call them back. This is a scam to collect personal identity information from the unsuspecting victim.

The consumer is warned to not respond to these calls and never provide private information over the telephone. Providing private identification in this manner is an easy way to become a victim of identity theft.

The caller ID telephone numbers displayed when receiving these prerecorded telemarketing calls are fake and used in a process called "spoofing." Current technology makes it possible to spoof a telephone number to display the source of the call. While spoofing phone numbers is illegal, it is virtually impossible to trace the source of these calls.

"These calls are typically are generated by the thousands from locations outside the United States. Stopping this practice is difficult because the true identities of the callers are buried behind a line of entities that lease and then re-lease the telephone numbers to others," said Attorney General Catherine Cortez Masto. "As a precaution, never respond to a telemarketing call, television or radio advertisement or mail solicitation without first checking whether the company is licensed in Nevada."

There is no reason to pay for loan modification services, as these services are provided free of charge by a number of the Federal Department of Housing and Urban Development approved agencies which are listed on their website at: www.hud.gov/offices. Once on the website, just click on the State of Nevada on the map and a list of approved housing counseling agencies will be listed for our state. The consumer can also contact the Nevada Mortgage Lending Division to find a licensed

loan modification company. All loan modification companies must be licensed by the Nevada Mortgage Lending Division.

Never pay an advance fee to any unlicensed loan modification company. If the loan modification company is in a different state, it is difficult and expensive to locate and prosecute such individuals. The consumer may not only lose their money, but they may also face the possibility of foreclosure on their property.



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FOR IMMEDIATE RELEASE
Thursday Nov. 4, 2010

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Settlement Reached with AscendOne Corporation

Agreement Resolves Investigation over Sale of Unlicensed Debt Management Services

Las Vegas, NV: Nevada, nineteen other States and the District of Columbia, entered into a Consent Judgment with Columbia, Maryland-based AscendOne Corporation, and its wholly-owned subsidiaries Amerix Corporation, CareOne Services, Inc., FreedomPoint Financial Corporation and 3C, Inc. (referred to collectively as "AscendOne"), as well as Bernaldo Dancel, the owner of the companies. The settlement was contained in a Consent Order filed in Clark County District Court and concerned the unlawful offer and sale of debt management services to consumers by the companies and its owner.

The States alleged that AscendOne misled consumers by claiming the services it offered would be performed by a non-profit credit counseling agency when, in fact, AscendOne performed the services. The States also alleged that AscendOne represented to consumers that they would receive credit counseling when, in fact, many consumers had little or no contact with a credit counselor, and that some of the consumers enrolled in AscendOne's debt management plans did not benefit from the plans. The companies and their owner denied that they violated any laws, but agreed to the relief provided in the Consent Judgment.

Debt management or debt adjustment services are provided when a credit counseling agency receives monthly payments from consumers for the purpose of distributing the funds to consumers' creditors at a monthly rate negotiated by the credit counseling agency through what is known as a debt management plan.

"Providing misleading information to the consumer or failure to provide promised services to individuals won't be tolerated in our state," said Attorney General Masto. "These consumers sought out credit counseling in good faith and the company only made matters worse for these citizens."

The Consent Order prohibits AscendOne and its owner from offering, selling or performing debt services unless they comply with all state law requirements. It also prohibits AscendOne and Dancel from misrepresenting that their services were being performed by a non-profit, the purpose of the fees they charged and the impact entering into a debt

management plan could have on a consumers' credit history. The Consent Order also provides that AscendOne and Dancel could not enroll consumers into debt management plans unless they first determined that the consumer could afford the plan and provided the consumer with meaningful credit counsel. AscendOne will be making a payment in the amount of \$4.5 million to the Attorneys General. As a member of the Executive Committee, Nevada will receive a payment of \$290,000.

The Attorneys General of Arkansas, Arizona, California, Delaware, District of Columbia, Idaho, Indiana, Massachusetts, Maryland, Missouri, Montana, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Washington and West Virginia also participated in the settlement.



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FOR IMMEDIATE RELEASE
November 4, 2010

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NEVADA ATTORNEY AND TWO OTHERS INDICTED IN FORECLOSURE RESCUE SCAM

Las Vegas, NV – Three people, including a local attorney, were indicted today for allegedly operating a foreclosure rescue scam in Las Vegas during 2008 and 2009.

The indictment alleges that Nevada attorney Ramon Dy-Ragos, along with his partners Jesus Baca a.k.a Jesse Baca, and Luis O. Baca operated a foreclosure rescue scam under the business name of “Save Your House.”

Save Your House is alleged to have lured customers to pay large up-front fees - ranging from \$1000.00 to \$3995.00. The defendants informed the victims they could prevent foreclosure by having customers stop paying their mortgage and ceasing all contact with the bank holding their mortgage. The defendants falsely claimed they would modify mortgages through negotiation with the mortgage holders or suing the mortgage holders.

“We need citizens to help identify mortgage fraud scams such as these so we can investigate and prosecute these individuals,” said Attorney General Catherine Cortez Masto. “If you feel you have been involved in a mortgage fraud scam, you should call my office at 702.486.3194.”

Attorney Dy-Ragos and Jesus Baca are indicted on two (2) B felony counts of Theft – Obtaining Money in Excess of \$2,500 by material misrepresentation in violation of NRS 205.832(1)(c) and NRS 205.0835; (2) C felony counts of Theft – Obtaining Money of \$250.00 to \$2,500.00 by material misrepresentation in violation of NRS 205.832(1)(c) and NRS 205.0835 and one (1) Gross Misdemeanor count of Conspiracy in violation of NRS 199.480. Luis O. Baca is indicted on one (1) Gross Misdemeanor count of Conspiracy in violation of NRS 199.480.

The case was investigated and is being prosecuted by the Attorney General's Mortgage Fraud Task Force within the Bureau of Consumer Protection. An initial appearance date has been scheduled for November 18th, in Las Vegas District Court Department 6.

An indictment is not a determination of guilt or innocence but is just a finding that there is probable cause that a crime was committed. The defendants are presumed innocent until proven guilty.

Anyone who has information regarding this case should contact the Attorney General's Office at 702.486-3194 in Las Vegas or 775.684-1180 in Carson City.



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FOR IMMEDIATE RELEASE
November 9, 2010

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NEVADA RECEIVES \$1.7 MILLION GRANT TO HELP FIGHT MORTGAGE FRAUD

Las Vegas: Nevada has received \$1,700,500 from the U.S. Office of Justice Program as a discretionary or project-driven grant to enable the Mortgage Fraud Unit within the Nevada Office of the Attorney General to expand services to deal with Nevada's mortgage fraud and vacant property crimes.

"Nevada's standing as #1 in home foreclosures in the nation has made us a ripe target for mortgage fraud scammers," said Attorney General Catherine Cortez Masto. "This grant money will assist my Mortgage Fraud Unit in investigating and prosecuting the more than 200 companies for which we've received complaints from Nevadans. These complaints average 50 per company and in some cases, they number into the hundreds."

The grant will enable the Mortgage Fraud Unit to add four investigators and two prosecutors to its current staff of three investigators and three prosecutors. The grant will enable the unit to increase the number of cases investigated and prosecuted, increase the amount of funds recovered through restitution for victims and create a plan to sustain the program after grant funds have been exhausted. The Office of the Attorney General has been working in partnership with the Federal Bureau of Investigation, federal prosecutors, local law enforcement and state and community agencies to investigate and prosecute mortgage fraud cases.

The Attorney General's Mortgage Fraud Unit has criminal litigation files open against 18 loan modification companies in Clark County. An additional 51 cases have been designated for civil handling and are at various states of prosecution.

In the past 12 months, the Mortgage Fraud Unit has executed 15 search warrants and presented 14 large scale mortgage fraud and loan modification cases to the grant jury – each involving hundreds of victims and thousands of pages of documentary evidence. The Unit has obtained indictments against 20 mortgage fraud defendants for a combined total of 128 felonies. It has successfully obtained convictions against nine defendants to date, resulting in seven felony convictions, four gross misdemeanor convictions and one misdemeanor conviction for mortgage fraud related crimes.

Prosecutions have resulted in restitution orders totaling more than \$306,332 payable to victims. The Unit currently has 10 cases awaiting jury trial against 12 defendants. Over 184 cases are pending investigation.

The office utilizes a number of Nevada statutes to prosecute these mortgage fraud cases ranging from forgery; embezzlement; obtaining money by false pretenses; false, deceptive or misleading advertising; deceptive practices; money laundering and racketeering.

“We are the first law enforcement agency in Nevada to successfully utilize NRS 205.372, the ‘Mortgage Lending Fraud’ statute passed by the 2007 Nevada Legislature,” said Attorney General Masto. “This statute creates the crime of ‘mortgage fraud.’ Since we began utilizing this valuable prosecution tool, we have successfully obtained indictments and convictions, including sentences involving prison time.”

While investigating mortgage fraud cases, the Office of the Attorney General has also uncovered extenuating issues and multiple criminal activities including organized crime; racketeering; overseas call centers; use of offshore bank accounts; international extradition issues; large scale, sophisticated forgery and identity theft; fake social security cards; fake drivers licenses; homes and vehicle purchased illegally and leased to members of an organized prostitution ring; drugs; child pornography; a possible homicide; misuse of overseas Swiss bank accounts; international fraudulent transactions with investors from overseas companies; and an individual on the United Kingdom’s top ten most wanted list.



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**FOR IMMEDIATE RELEASE
November 10, 2010**

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FELONY PLEA FOR SOUTHWEST EXCHANGE DIRECTOR

Las Vegas, NV – Nikki Pomeroy, former officer and director of Southwest Exchange (SWEX) Company Inc., a 1031 Qualified Intermediary Company, has entered a plea of nolo contendere also referred to as a “no contest plea,” to one felony count of Unlawful Intermediary in a Tax Free Exchange, in violation of NRS 205.960. A nolo contendere is a plea, while not technically a guilty plea, has the same immediate effect as a guilty plea.

On November 30, 2009, Pomeroy’s father, Don McGhan, pled guilty to the same charge in State court, as well as pleading guilty to four counts of Wire Fraud in Federal court. Don McGhan is currently serving a ten year sentence in federal prison.

In addition to the criminal plea, Nikki Pomeroy also has paid a total \$693,680 to the Receiver appointed over SWEX in connection with a Nevada State Court receivership action and a Rico Class Action arising out of the investigation.

An extensive 24 month investigation was done by the Nevada Secretary of State’s office into how the exchanger client’s funds were used by Southwest. The investigation revealed numerous unauthorized transfers of client funds to third party accounts and companies which were done without the authority or knowledge of Southwest’s clients. At the conclusion of its investigation, the Secretary of State’s office referred the case to the Attorney General for criminal prosecution based on its findings.

Southwest Exchange, Inc. was a Nevada corporation operating as a 1031 exchange “Qualified Intermediary.” The company facilitated the exchange of property pursuant to IRS Rule 1031, which allows a person to sell investment real property and reinvest that money in new, like-kind property within a limited time period and to defer payment of the 15% capital gains tax on profits realized from the sale of the old property.

Nikki Pomeroy, in her capacity as Secretary and Director of Southwest Exchange, transferred funds out of the Southwest Exchange accounts without

the written permission of Southwest's exchanger clients. This permission is required by Nevada law under NRS 205.960.

Southwest Exchange pooled its exchanger clients' funds into one or more bank accounts. Exchanger money was commonly sent to securities accounts at various broker-dealers. After the exchangers' money was transferred to the brokerage accounts, unauthorized withdrawals were made pursuant to Letters of Authorization signed by Nikki Pomeroy. As a result of the unauthorized withdrawals, Southwest Exchange was unable to complete the 1031 exchanges they were hired to perform, resulting in a loss by the client exchangers of the funds they deposited with Southwest Exchange. The Secretary of State's investigation revealed that 119 of Southwest Exchange's clients lost in excess of a total of \$97 million dollars as a result of Pomeroy's handling of their funds.

A sentencing date has been scheduled for March 15, 2011 at Las Vegas District Court 3.

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FOR IMMEDIATE RELEASE
November 15, 2010

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SETTLEMENT PRESERVES COMPETITION LOST IN THE LAS VEGAS AREA THROUGH UNIVERSAL HEALTH SERVICES' \$3.1 BILLION ACQUISITION OF PSYCHIATRIC SOLUTIONS

Las Vegas, NV—Nevada has filed antitrust lawsuit and settlement papers directing Universal Health Services, Inc. (UHS) and Psychiatric Solutions, Inc. (PSI) to sell PSI's psychiatric hospital assets in Las Vegas in order to proceed with their proposed merger. The local hospitals which must be sold, known as Montevista Hospital and Red Rock Behavioral Health Hospital, specialize in treating patients that require acute inpatient psychiatric services.

"There is a shortage of hospital beds in the Las Vegas area for those who are dangers to themselves or others, and hence need acute inpatient psychiatric care," said General Masto. "When this merger was announced, it was important to examine its competitive effects, including whether the transaction may decrease the availability of this life-saving service even more. The divestiture of PSI's psychiatric hospitals in Las Vegas resolves competitive concerns as it maintains the status quo."

Given UHS' and PSI's \$3.1 billion merger agreement affects behavioral health care markets nationwide, the Attorney General's Bureau of Consumer Protection staff investigated the transaction along with the Federal Trade Commission. The Federal Trade Commission also sought divestiture relief in Delaware and Puerto Rico.

The Las Vegas area has a highly concentrated market for acute inpatient psychiatric services, which, as described in the complaint, involves the diagnosis, treatment, and care of patients deemed, due to an acute psychiatric condition, to be a threat to themselves or others or unable to perform basic life functions. According to the complaint, the acquisition would have reduced the number of meaningful competitors from four to three and the combined firm would have controlled about 70% of the Las Vegas market for this service if the acquisition had occurred as planned. Local public mental health facilities are excluded from this analysis given their focus on serving indigent patients, as opposed to the insured patients that UHS and PSI treat.

The complaint also alleges that the transaction, as planned, would increase the likelihood of an increase in prices for, or a decrease in the availability of, acute inpatient psychiatric services in the Las Vegas area, hence violating federal and Nevada antitrust laws.

The settlement papers, subject to court approval, detail the divestiture requirements and other relief:

- UHS and PSI must sell PSI's two local psychiatric hospitals and related assets to a buyer approved by the Attorney General within 6 months.
- UHS and PSI must hold separate these two hospitals from their other businesses and maintain them in a way to ensure their economic and competitive viability in accordance with past practices. The Attorney General will appoint an independent third party, known as a Hold Separate Trustee, to help accomplish this requirement.
- UHS and PSI have agreed to provide notice to the Attorney General of future acquisitions that involve acute inpatient psychiatric services in the State of Nevada.

Additionally, UHS and PSI have agreed to reimburse the Office of the Attorney General its attorneys' fees and costs resulting from the investigation, as well as for any potential future investigations regarding compliance with the settlement papers. In the event of non-compliance, UHS and PSI would be subject to monetary penalties, injunctive relief, and other relief the court deems appropriate.

Filed in the United States District Court, District of Nevada, the lawsuit is called The State of Nevada v. Universal Health Services, Inc., Alan B. Miller, and Psychiatric Solutions, Inc., No. 2:10-cv-01984.



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**FOR IMMEDIATE RELEASE
December 7, 2010**

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\$67 MILLION MULTI-STATE SETTLEMENT WITH BANK OF AMERICA FOR ANTICOMPETITIVE SCHEME THAT DEFRAUDED MUNICIPALITIES AND NONPROFITS

Las Vegas, NV—Bank of America will pay \$67 million under a multi-state settlement for its involvement in a nationwide scheme to rig bids and engage in other anticompetitive conduct that defrauded state and local governments, such as municipalities, and not-for-profit entities in their purchase of municipal bond derivatives.

The multistate settlement is one component of an overall \$137 million dollar settlement Bank of America is entering into simultaneously with the Securities and Exchange Commission ("SEC"), the Office of the Comptroller of the Currency ("OCC"), the Internal Revenue Service ("IRS") and the Federal Reserve. The combined settlements will provide restitution to governmental and nonprofit entities both within Nevada and throughout the United States who entered into municipal bond derivative investments with Bank of America and were injured by the scheme.

"Bank of America engaged in bid rigging and other fraudulent conduct with co-conspirators to create the illusion of a free market in financial transactions it entered with municipal bond issuers," Attorney General Masto said. "This conduct will not be tolerated, particularly given the significant financial difficulties many government entities currently face. I am pleased to work with other states and the federal government in securing this settlement and as our investigation proceeds with Bank of America's co-conspirators."

Today's global settlements are the result of a broad and ongoing criminal and civil investigation that has involved the Department of Justice's Antitrust Division ("DOJ"), the SEC, OCC and IRS that focuses on individuals at Bank of America, other major financial institutions and certain brokers in connection with the marketing and sale of municipal derivative investments. These typically are investment contracts that government issuers and not-for-profit entities use to reinvest the proceeds of tax-exempt bond offerings until the funds are needed or hedge against interest rate risk. The transactions are often awarded after a competitive bidding process or negotiated directly between the financial institution and the issuer.

Bank of America was the first and only entity in the scheme that voluntarily self-reported the wrongdoing to the DOJ. Under the DOJ's Corporate Leniency Program, Bank of America was granted conditional leniency based on its acknowledgement of wrongdoing, significant cooperation and its making restitution. To date, the DOJ has brought criminal actions against seven individuals and one company and has obtained guilty pleas against eight others involved in the schemes.

As alleged in the multi-state settlement agreement, during the period 1998 through 2003, Bank of America and other financial institutions and brokers allegedly rigged bids, received and provided "last looks" on bids and submitted non-competitive "courtesy" bids on these investments. The alleged schemes enriched financial institutions or brokers at the expense of state agencies, towns, cities, school districts and nonprofits. As a result of this misconduct, governmental and nonprofit entities entered into contracts at suppressed rates of return on investments or paid higher rates on interest-rate hedging instruments than they would have in a competitive marketplace.

Based on preliminary analysis, eligible governmental and non-profit entities within Nevada will receive approximately \$112,500 of the settlement proceeds. Impacted government and non-profit entities in Nevada should anticipate receiving a notice packet from the settlement's claim administrator.

Other states joining Nevada in the Bank of America settlement include Alabama, California, Connecticut, Florida, Illinois, Kansas, Maryland, Massachusetts, Michigan, Missouri, Montana, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina and Texas.



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FOR IMMEDIATE RELEASE
December 15, 2010

Edie Cartwright
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Settlement Reached with Dannon Company, Inc.

Agreement Resolves Investigation of Deceptive Advertising for Activia and DanActive

Las Vegas, NV: A settlement was reached today with the Dannon Company, Inc. in coordination with the Federal Trade Commission and the Attorneys General of 39 states. The Attorneys General and the Federal Trade Commission worked in close cooperation on the investigation.

Under the multistate settlement, Dannon will pay \$21 million to the Attorneys General to settle allegations that Dannon made unsubstantiated and unlawful marketing claims concerning the covered products. The \$21 million payment is the largest payment to date in a multistate settlement with a food producer.

"I am pleased to join with other Attorneys General and the Federal Trade Commission in these deceptive trade issues," said Attorney General Masto. "The consumer must be assured that advertising for products is truthful and legitimate."

The lawsuit filed by the Attorneys General alleges that Dannon made deceptive claims in advertising, marketing, packaging, and selling Activia yogurts and DanActive dairy drinks, including claims that were not substantiated by competent and reliable scientific evidence at the time the claims were made.

Activia yogurt products are sold throughout the United States. Dannon represented that Activia helped to regulate one's digestive system based largely on the presence of one ingredient, a bacterial strain with purported probiotic benefits that Dannon trademarked under the name *Bifidus Regularis*. The suit alleged Dannon represented that Activia improved intestinal transit time when consumed at the rate of one serving per day for two weeks. However, the majority of studies demonstrated a benefit only for individuals who consumed three servings per day for two weeks. The suit also alleged that Dannon made other unsubstantiated and deceptive claims about Activia's benefits.

Dannon also produces and distributes DanActive dairy drinks. Dannon represented that DanActive provided consumers with "immunity" and cold and flu prevention benefits. The suit alleges that those claims are unlawful and further, that Dannon lacked adequate substantiation to support those claims. As with Activia, Dannon's advertising and marketing

emphasized that DanActive contains a probiotic bacterial strain. In DanActive's case, Dannon trademarked the bacterial strain under the fanciful name, *L. casei Immunitas*.

The settlement terms limit the claims that Dannon can make regarding the covered products. Specifically, Dannon may not represent that the covered products can prevent, treat, cure or mitigate disease. Additionally, Dannon must possess competent and reliable scientific evidence to support otherwise permissible claims about the health benefits, performance, efficacy or safety of its probiotic food products.

Nevada will receive \$425,000 as its share of the multistate settlement.

States participating in the suit include Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Tennessee, Vermont, Washington, West Virginia and Wisconsin, and the State of Hawaii, Office of Consumer Protection



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FOR IMMEDIATE RELEASE
DATE: December 15, 2010

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ATOMIC SAFETY AND LICENSING BOARD ADDRESSES YUCCA LEGAL ISSUES

Reno, NV: On December 14, 2010, the Atomic Safety and Licensing Board of the U.S. Nuclear Regulatory Commission (NRC) issued an order addressing legal issues raised by the State of Nevada in its ongoing case against development of the proposed high-level nuclear waste repository at Yucca Mountain. Although the Board, also referred to as the Construction Authorization Board or "CAB," refused to dismiss the U.S. Department of Energy's license application on legal grounds, it nevertheless preserved for a later date consideration of the safety issues raised by the State in its legal papers.

"Although we are understandably disappointed by the CAB's latest ruling and had hopes of circumventing the protracted and costly NRC hearing process, we are encouraged that the CAB recognizes the serious safety issues inherent in the DOE's poorly executed license application for the proposed Yucca Mountain project," said Nevada Attorney General Catherine Cortez Masto. "My office will continue to prepare for the NRC hearing to protect Nevada's citizens."

The NRC's licensing proceeding continues in spite of the fact that the DOE, has been redirected by the Obama Administration and has moved to dismiss its Yucca Mountain license application. DOE's motion was rejected by the CAB and is currently on appeal to the full NRC. During this hiatus, President Obama has constituted a Blue Ribbon Commission to find better alternatives for addressing the accumulating stockpile of high-level nuclear waste currently in storage at power plants located around the country.

"We are particularly heartened by the CAB's specific finding that erosion at the Yucca Mountain site could likely cause the repository to violate the radiation protection standard adopted by the U.S. Environmental Protection Agency for protection of the public," emphasized the Attorney General. "The EPA standard for the proposed repository requires that the high-level nuclear waste must be isolated from the public and accessible environment for a million years."

The 37 page order of the Atomic Safety and Licensing Board addressed ten legal issues raised by Nevada. Nevada has long sought to block the proposed plan for entombing 77,000 tons of high-

level radioactive waste at Yucca Mountain, 100 miles northwest of Las Vegas, on the grounds that the project jeopardizes public health, safety and the environment. The order from the CAB rejected the State's legal arguments but reserves Nevada's nearly 300 factual contentions for the extended licensing hearing. Nevada's legal team is currently reviewing the Order and considering an appeal to the full NRC.



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FOR IMMEDIATE RELEASE
DATE: December 15, 2010

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HEALTHCARE WORKER AND RECIPIENT SENTENCED FOR MEDICAID FRAUD

Reno, NV: – Steven Coward, age 29, and Leslie Riggs, age 53, who pled guilty to a gross misdemeanor offense of Intentional Failure to Maintain Adequate Records, were each sentenced for Medicaid Fraud. District Court Judge Steven Elliot sentenced each to 12 months in jail, suspended, payment of \$42,000.00 in restitution, penalties, and costs, and 3 years probation. Coward was additionally sentenced to perform 80 hours of community service. The case was investigated and prosecuted by the Attorney General's Medicaid Fraud Control Unit (MFCU).

"Prosecution of these crimes helps ensure the integrity of Medicaid and returns restitution money that can be used by those in need of services," Attorney General Cortez Masto said.

The investigation began in 2007 after the MFCU obtained information that Coward was not providing personal care services to Riggs, who is his aunt and a Medicaid recipient. With Riggs' encouragement and assistance, Coward submitted claims to Medicaid and received payment as if he had actually provided services to Riggs.

Medicaid has a personal care aid program to keep people living independently in their own homes by providing basic services, including bathing, dressing, house cleaning and meal preparation. Medicaid contracts with home care companies that in turn employ individuals to provide the actual day-to-day care. The investigation developed information that Coward indeed failed to provide care services for Riggs, that Riggs assisted Coward by asserting that services were provided to her by Coward and that Coward submitted claims through his employing agency and received payment of Medicaid funds as if he had actually performed the services.

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes instances of elder abuse or neglect. The unit also investigates and prosecutes financial fraud by those providing healthcare services or goods to Medicaid patients. Anyone wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson City (775) 684-1191 or in Las Vegas (702) 486-3187. Medicaid fraud information can also be found on the Attorney General's web site: <http://ag.state.nv.us>



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**FOR IMMEDIATE RELEASE
December 15, 2010**

**Edie Cartwright
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Nevada Announces \$13.25 Million Multistate Settlement with DIRECTV

Las Vegas, NV – - The Office of the Nevada Attorney General announced today that DIRECTV will pay \$13.25 million to settle consumer protection allegations of deceptive practices. As a result of an investigation into DIRECTV, 49 states and the District of Columbia alleged that the satellite TV provider engaged in deceptive and unfair sales practices.

The Executive Committee leading the multistate investigation included Nevada, Tennessee, Massachusetts, North Carolina, Ohio, Oregon, Pennsylvania, and Texas. Nevada will receive \$605,000 as its share of the settlement. In addition to the \$13.25 million payment, DIRECTV also agreed to pay restitution to consumers and to alter its business practices in the future.

"These instances of a company's failure to disclose pricing and service contract commitments are victimizing the consumer," said Attorney General Masto. "We will continue to investigate these complaints and hold companies responsible for their deceptive trade practices."

The state received complaints that DIRECTV failed to clearly disclose to consumers the price that the consumer would be charged and the commitment term that the consumer would be required to keep DIRECTV services; failed to clearly disclose to consumers limitations on getting a certain price for DIRECTV; enrolled consumers in additional contracts or contract terms without clearly disclosing the terms to the consumer; and enrolled consumers in additional contracts when replacing defective equipment. Consumers also complained that DIRECTV did not clearly disclose to consumers that they would automatically renew a seasonal sports package and that the company offered "cash back" to consumers when the consumer would actually only receive bill credits.

The settlement requires DIRECTV clearly disclose all material terms to consumers, replace leased equipment that is defective at no cost except shipping costs, not require the consumer to enter into an additional contract when simply replacing defective equipment, clearly disclose when a consumer is entering into a contract, clearly notify consumers before a consumer is obligated to pay for a

seasonal sports package, clearly disclose all limitations on the availability of local channels, not misrepresent the availability of sports programming, not represent that a consumer would get cash back if the consumer would actually get a bill credit, and clearly notify consumers that they will be charged a cancellation or equipment fee at least 10 days before charging the fee.

Unresolved complaints previously sent to DIRECTV or the Attorney General that involve conduct addressed in the settlement and which occurred after January 1, 2007 are eligible for the restitution program. Additionally, consumers can file a complaint with DIRECTV or the Attorney General by June 9, 2011 to be considered for the restitution program as long as the complaint is about activity that occurred after January 1, 2007.

DIRECTV will attempt to resolve the complaints with consumers. If the complaint cannot be resolved, DIRECTV shall inform the consumer that the complaint can be resolved by a Claims Administrator and mail a Claim Form to the consumer. The Claims Administrator will then resolve the dispute between the consumer and DIRECTV.

Consumers who have complaints against the company for deceptive practices dating from January 1, 2007 forward and who believe they may be eligible for a refund, may go to www.directv.com/aq or call the company at 1-800-DIRECTV. Consumers may also contact the Nevada Attorney General's Bureau of Consumer Protection hot line at 702-486-3132 to obtain information about filing a written complaint.

In addition to Nevada, the participating states include Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming and the District of Columbia.



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**FOR IMMEDIATE RELEASE
December 16, 2010**

**Edie Cartwright
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ATTORNEY GENERAL MASTO WARNS CONSUMERS TO PREVENT IDENTITY THEFT AND PROTECT PRIVACY

Las Vegas, NV: Nevada Attorney General Catherine Cortez Masto is warning Nevada consumers to beware of unscrupulous people engaged in deceptive trade activities during this holiday season. Of particular note are the sale of counterfeit or pirated merchandise and identity theft.

Counterfeiters and pirates with basic web design skills can set up online storefronts that look as authentic as those operated by legitimate enterprises. Simple coding, and even cutting and pasting, allows them to display on their websites corporate advertisements, government logos, and seemingly secure payment forms. These websites are highly deceptive to consumers, who believe they are buying legitimate goods. Counterfeiters sell these items on websites that look legitimate, decorating the site with corporate advertisements, when in truth, the items for sale are counterfeit or pirated. These sites also accept credit cards for the goods.

Thieves also use bogus websites to capture personal identifying information. This information will be sold and/or used to engage in identity theft crimes.

"During the holiday season, consumers must be particular alert to scams selling counterfeit goods," said Attorney General Masto. "Identity theft also continues to rise and consumers must increase their awareness of this fraudulent practice and protect themselves against these identity thieves."

To avoid becoming a victim, take the following steps:

- If you shop online, shop only with well-established internet merchants or the websites of local brick and mortar stores.
- Never provide any credit card, bank account or other personal information to anyone sending you an unsolicited advertisement selling goods or services either by e-mail or pop-up advertisements. There is a great risk whenever the consumer does business in response to unsolicited e-mails or pop-up advertisements.
- Be particularly careful when purchasing items on internet websites. Always use a credit card when making a purchase, so you can challenge any fraudulent sale with your credit card company. Never wire money to the seller in an

internet auction purchase. Legitimate sellers never demand that customers wire money.

- If it's too good to be true, it probably is. Use your common sense. If you think something is fishy, it very well may be an illegitimate company or someone "phishing" for personal identifying information.
- Never wire money to anyone as part of a purchase or business transaction. Wire money only to relatives and people you know and only in amounts you can afford to lose. Crooks use Western Union and Moneygram transfers, since they are impossible to track down once the transfer has been made.

Remember, as consumers you are in the best position to not purchase counterfeit or pirated items, prevent identity theft and protect your privacy, as well as to educate your children to learn to protect themselves.

Consumer protection information can also be found on the Attorney General's website at www.ag.state.nv.us, the Nevada Fight Fraud website at www.fightfraud.gov, and at the Federal Trade Commission website at www.ftc.gov.



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FOR IMMEDIATE RELEASE
December 17, 2010

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NEVADA ATTORNEY GENERAL SUES BANK OF AMERICA FOR DECEIVING NEVADA HOMEOWNERS

Las Vegas: Attorney General Catherine Cortez Masto announced today that her office is filing a lawsuit against Bank of America Corporation, N.A., BAC Home Loans Servicing, LP, Recon Trust Company ("Bank of America") for engaging in deceptive trade practices against Nevada homeowners.

The lawsuit, filed in the Eighth Judicial District of the State of Nevada, was triggered by consumer complaints and follows an extensive investigation into Bank of America's alleged deceptive practices involving its residential mortgage servicing, particularly its loan modification and foreclosure practices.

The Complaint alleges that Bank of America is:

- 1) Misleading consumers by promising to act upon requests for mortgage modifications within a specific period of time;
- 2) Misleading consumers with false assurances that their homes would not be foreclosed while their requests for modifications were pending, but sending foreclosure notices, scheduling auction dates, and even selling consumers' homes while they waited for decisions;
- 3) Misrepresenting to consumers that they must be in default on their mortgages to be eligible for modifications when, in fact, current borrowers are eligible for assistance;
- 4) Making false promises to consumers that their modifications would be made permanent if they successfully completed trial modification periods, but then failing to convert these modifications;
- 5) Misleading consumers with inaccurate and deceptive reasons for denying their requests for modifications;

- 6) Falsely notifying consumers or credit reporting agencies that consumers are in default when they are not;
- 7) Misleading consumers with offers of modifications on one set of terms, but then providing them with agreements on different sets of terms, or misrepresenting that consumers have been approved for modifications.

Because of Bank of America's false promises, many Nevada consumers continued to make mortgage payments they could not afford, running through their savings, their retirement funds or their children's education funds. Additionally, due to Bank of America's misleading assurances, consumers deferred short-sales and passed on other attempts to mitigate their losses. And they waited anxiously, month after month, calling Bank of America and submitting their paperwork again and again, not knowing whether or when they would lose their homes. Whatever the consumers' particular circumstances, they all suffered the stress and frustration of being misled by Bank of America while trying to take responsible action to modify their mortgages so they could continue to make their payments and remain in their homes.

"We are holding Bank of America accountable for misleading and deceiving consumers," said Attorney General Mastro. "Nevadans who were trying desperately to save their homes were unable to get truthful information in order to make critical life decisions."

Bank of America's misconduct in misrepresenting its mortgage modification program was confirmed in interviews with consumers, former employees and other third parties and through review of relevant documents. Former employees describe an environment in which Bank of America failed to staff its modification functions with employees who had the necessary training, skills and experience. According to employees, the modification process was chaotic, understaffed and not oriented to customers. Employees were even reprimanded for spending too much time with individual consumers.

"Consumers turn to their banking or lending institutions for answers when faced with a life changing decision such as saving their home," said Attorney General Mastro. "Bank of America's callous disregard for providing timely, correct information to people in their time of need is truly egregious."

Nevada homeowners who are in or are facing foreclosure are advised to seek assistance as soon as possible. Homeowners can find information concerning a HUD-approved counseling agency by calling HUD's interactive voice system at 800.569.4287 or by visiting <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>. Additional information on foreclosure resources can be found at www.fightfraud.nv.gov

Nevada consumers can file a complaint with the Nevada Attorney General's Office about Bank of America can send a letter with copies of any supporting documentation to the Nevada Office of the Attorney General, Consumer Response Unit, 100 N. Carson St., Carson City, NV 89701. Please visit <http://ag.state.nv.us/org/bcp/lawsuits.htm> or call the Nevada Attorney General's hotline at 702-486-3132 for additional information.

BUSINESS COURT CIVIL COVER SHEET A-10-631557-B

Clark County, Nevada

Case No. _____
(Assigned by Clerk's Office)

XXV

I. Party Information

Plaintiff(s) (name/address/phone): State of Nevada,

Attorney (name/address/phone): Ernest D. Figueroa, Consumer Counsel, 100 N. Carson, Carson City, NV 89701, (775) 684-1180; Binu G. Palal, Deputy Attorney General and Jeffrey Segal, Deputy Attorney General, 555 E. Washington Ave., #3900, Las Vegas, NV 89101, (702) 486-3194

Defendant(s) (name/address/phone): Bank of America Corporation,
Bank of America, National Association, BAC Home Loans
Servicing, LP, Recontrust Company, N.A.

Attorney (name/address/phone):

II. Nature of Controversy

☐ Arbitration Requested

Please check the applicable boxes for both the civil case type and business court case type.

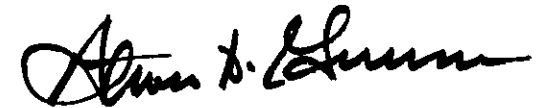
Civil Cases		Business Court
<p align="center">Real Property</p> <p><input type="checkbox"/> Landlord/Tenant</p> <p> <input type="checkbox"/> Unlawful Detainer</p> <p><input type="checkbox"/> Title to Property</p> <p> <input type="checkbox"/> Foreclosure</p> <p> <input type="checkbox"/> Liens</p> <p> <input type="checkbox"/> Quiet Title</p> <p> <input type="checkbox"/> Specific Performance</p> <p><input type="checkbox"/> Other Real Property</p> <p> <input type="checkbox"/> Partition</p> <p> <input type="checkbox"/> Planning/Zoning</p>	<p align="center">Other Civil Types</p> <p><input type="checkbox"/> Civil Writ</p> <p> <input type="checkbox"/> Other Special Proceeding</p> <p><input checked="" type="checkbox"/> Other Civil Filing</p> <p> <input type="checkbox"/> Compromise of Minor's Claim</p> <p> <input type="checkbox"/> Conversion of Property</p> <p> <input type="checkbox"/> Damage to Property</p> <p> <input type="checkbox"/> Employment Security</p> <p> <input type="checkbox"/> Enforcement of Judgment</p> <p> <input type="checkbox"/> Foreign Judgment – Civil</p> <p> <input type="checkbox"/> Other Personal Property</p> <p> <input type="checkbox"/> Recovery of Property</p> <p> <input type="checkbox"/> Stockholder Suit</p> <p> <input checked="" type="checkbox"/> Other Civil Matters</p>	<p align="center">Business Court Case Type</p> <p align="center">Clark County Business Court</p> <p><input type="checkbox"/> NRS Chapters 78-89</p> <p><input type="checkbox"/> Commodities (NRS 91)</p> <p><input type="checkbox"/> Securities (NRS 90)</p> <p><input type="checkbox"/> Mergers (NRS 92A)</p> <p><input type="checkbox"/> Uniform Commercial Code (NRS 104)</p> <p><input type="checkbox"/> Purchase or Sale of Stock /Assets of Business/ Corporate Real Estate</p> <p><input type="checkbox"/> Trade-mark/Trade Name (NRS 600)</p> <p><input type="checkbox"/> Enhanced Case Mgmt/Business</p> <p><input checked="" type="checkbox"/> Other Business Court Matters</p>
<p align="center">Negligence Torts</p> <p><input type="checkbox"/> Negligence – Premises Liability (Slip/Fall)</p> <p><input type="checkbox"/> Negligence – Other</p>	<p><input type="checkbox"/> Construction Defect</p> <p> <input type="checkbox"/> Chapter 40</p> <p> <input type="checkbox"/> General</p> <p><input type="checkbox"/> Breach of Contract</p> <p> <input type="checkbox"/> Building & Construction</p> <p> <input type="checkbox"/> Insurance Carrier</p> <p> <input type="checkbox"/> Commercial Instrument</p> <p> <input type="checkbox"/> Other Contracts/Acct/Judgment</p> <p> <input type="checkbox"/> Collection of Actions</p> <p> <input type="checkbox"/> Employment Contract</p> <p> <input type="checkbox"/> Guarantee</p> <p> <input type="checkbox"/> Sale Contract</p> <p> <input type="checkbox"/> Uniform Commercial Code</p>	<p align="center">Washoe County Business Court</p> <p><input type="checkbox"/> NRS Chapters 78-88</p> <p><input type="checkbox"/> Commodities (NRS 91)</p> <p><input type="checkbox"/> Securities (NRS 90)</p> <p><input type="checkbox"/> Investments (NRS 104 Art. 8)</p> <p><input type="checkbox"/> Deceptive Trade Practices (NRS 598)</p> <p><input type="checkbox"/> Trade-mark/Trade Name (NRS 600)</p> <p><input type="checkbox"/> Trade Secrets (NRS 600A)</p> <p><input type="checkbox"/> Enhanced Case Mgmt/Business</p> <p><input type="checkbox"/> Other Business Court Matters</p>
<p align="center">Torts</p> <p><input type="checkbox"/> Product Liability</p> <p> <input type="checkbox"/> Motor Vehicle-Product Liability</p> <p> <input type="checkbox"/> Other Torts-Product Liability</p> <p><input type="checkbox"/> Intentional Misconduct</p> <p> <input type="checkbox"/> Defamation (Libel/Slander)</p> <p> <input type="checkbox"/> Interfere with Contract Rights</p> <p><input type="checkbox"/> Employment Torts (Wrongful Termination)</p> <p><input type="checkbox"/> Other Torts</p> <p> <input type="checkbox"/> Anti-trust</p> <p> <input type="checkbox"/> Fraud/Misrepresentation</p> <p> <input type="checkbox"/> Insurance</p> <p> <input type="checkbox"/> Legal Tort</p> <p> <input type="checkbox"/> Unfair Competition</p>	<p><input type="checkbox"/> Civil Petition for Judicial Review</p> <p> <input type="checkbox"/> Foreclosure Mediation</p> <p> <input type="checkbox"/> Other Administrative Law</p> <p> <input type="checkbox"/> Department of Motor Vehicles</p> <p> <input type="checkbox"/> Worker's Compensation Appeal</p>	

December 17, 2010

Date _____

Ram G. Patel

Signature of initiating party or representative



CLERK OF THE COURT

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22 E-mail: JSegal@ag.nv.gov
23 Attorneys for Plaintiff, State of Nevada

DISTRICT COURT
CLARK COUNTY, NEVADA

16 STATE OF NEVADA,)
17 Plaintiffs,)
18 vs.)
19 BANK OF AMERICA CORPORATION,)
20 BANK OF AMERICA,)
21 NATIONAL ASSOCIATION,)
22 BAC HOME LOANS SERVICING,)
23 LP, RECONTRUST COMPANY, N.A.)
24 Defendants.)

CASE NO.: A - 10 - 631557 - B
DEPT. NO.: XXV

BUSINESS COURT REQUESTED

COMPLAINT

25 The undersigned, CATHERINE CORTEZ MASTO, Attorney General of the State of
26 Nevada, by and through her deputies ERNEST FIGUEROA, Consumer Counsel, BINU G.
27 PALAL, Deputy Attorney General, JEFFREY SEGAL, Deputy Attorney General and, hereby
28

1 alleges Defendant has violated, and continues to violate, the Nevada Deceptive Trade
2 Practices Act by:

3 (1) Misleading consumers by promising to act upon requests for mortgage
4 modifications within a specific period of time, usually one or two months, but stranding
5 consumers without answers for more than six months or even a year;

6 (2) Misleading consumers with false assurances that their homes would not be
7 foreclosed while their requests for modifications were pending, but sending foreclosure
8 notices, scheduling auction dates, and even selling consumers' homes while they waited for
9 decisions;

10 (3) Misrepresenting to consumers that they must be in default on their mortgages to
11 be eligible for modifications when, in fact, current borrowers are eligible for assistance;

12 (4) Making false promises to consumers that their modifications would be made
13 permanent if they successfully completed trial modification periods, but then failing to convert
14 these modifications;

15 (5) Misleading consumers with inaccurate and deceptive reasons for denying their
16 requests for modifications;

17 (6) Falsely notifying consumers or credit reporting agencies that consumers are in
18 default when they are not;

19 (7) Misleading consumers with offers of modifications on one set of terms, but then
20 providing them with agreements on different sets of terms, or misrepresenting that consumers
21 have been approved for modifications.

22 Bank of America's misconduct in misrepresenting its mortgage modification program
23 was confirmed in interviews with consumers, former employees, and other third parties and
24 through review of relevant documents. Bank of America's own former employees describe an
25 environment in which the Bank failed to staff its modification functions with employees with the
26 training, skills, experience, authority, and information to carry out the Bank's commitments.
27 According to the employees, the modification process was chaotic, understaffed, and not
28

1 oriented to customers. Bank employees even described being reprimanded for spending too
2 much time with individual consumers.

3 Because of Bank of America's false promises, many Nevada consumers continued to
4 make mortgage payments they could not afford, running through their savings, their retirement
5 funds, or their children's education funds. Additionally, due to Bank of America's misleading
6 assurances, consumers deferred short-sales and passed on other attempts to mitigate their
7 losses. And they waited anxiously, month after month, calling Bank of America and submitting
8 their paperwork again and again, not knowing whether or when they would lose their homes.
9 Whatever the consumers' particular circumstances, they all suffered the stress and frustration
10 of being misled by Bank of America while trying to take responsible action to modify their
11 mortgages so they could continue to make their payments and remain in their homes.

12 JURISDICTION AND VENUE

13 1. This Court has jurisdiction to consider this Complaint pursuant to the Nevada
14 Deceptive Trade Practices Act, Nev. Rev. Stat. § 598.0989, and to order injunctive relief,
15 restitution, civil penalties, and costs and fees to prevent the practices alleged in this Complaint
16 and to remedy the consequences of those practices.

17 2. Venue is appropriate in Clark County pursuant to Nev. Rev. Stat. § 598.0989.

18 PARTIES

19 3. Plaintiff is the State of Nevada, *ex rel.* Catherine Cortez Masto, the Attorney
20 General of Nevada, who is authorized to bring this action under the Nevada Deceptive Trade
21 Practices Act, ("DTPA"), Nev. Rev. Stat. §§ 598 *et seq.* Nev. Rev. Stat. § 598.0963(2).

22 4. Defendant Bank of America Corporation ("Bank of America") is a foreign
23 corporation that is incorporated in Delaware, with its principal place of business located in
24 Charlotte, North Carolina. At all times material to this Complaint, Bank of America was doing
25 business in the State of Nevada. Bank of America is the parent corporation of Bank of
26 America, National Association.

27 5. Defendant Bank of America, National Association (N.A.) is a national bank with
28 its principal place of business located in Charlotte, North Carolina. At all times material to this

1 Complaint, Bank of America, N.A. was doing business in the State of Nevada. Bank of
2 America, N.A. is the parent of BAC Home Loans Servicing, LP and ReconTrust, N.A..

3 6. Defendant BAC Home Loans Servicing, LP services loans and is a subsidiary of
4 Bank of America, with its principal place of business located in Texas. At all times material to
5 this Complaint, BAC Home Loans Servicing, LP was doing business in the State of Nevada.

6 7. Defendant ReconTrust Company, N.A. ("ReconTrust") is a wholly-owned
7 subsidiary of Bank of America, N.A. that services defaulted mortgages. At all times material
8 hereto, ReconTrust's principal place of business was located in California, and ReconTrust
9 was doing business in the State of Nevada.

10 8. On July 1, 2008, Bank of America completed its purchase of Countrywide
11 Financial Corporation ("Countrywide"). Since the acquisition, Bank of America has taken over
12 servicing loans previously serviced by Countrywide. In addition to the Countrywide loans,
13 Bank of America also services loans for other mortgage investors and loans it originated.

14 BACKGROUND

15 9. Mortgage servicers are hired by the owners of mortgages (or "investors,"
16 whether private trusts set up to hold pools or mortgages or government sponsored
17 enterprises, like Fannie Mae or Freddie Mac, which purchase mortgages) to provide services
18 relating to the collection of mortgage payments in return for a servicing fee. These services
19 include negotiations of mortgage modifications of mortgages that are in default, or at risk of
20 default, as well as the processing of foreclosures. Pooling and servicing agreements between
21 the investors and servicers set out the fees and terms for servicing the mortgages, including
22 the manner and circumstances in which the servicer can offer modifications.

23 10. In the wake of the financial crisis, Bank of America and other major servicers
24 announced commitments to modify the mortgages of borrowers who are unable (or are
25 unlikely to be able) to make their monthly mortgage payments. In February 18, 2009, the
26 federal government supported and extended these efforts by announcing its initiative, Making
27 Home Affordable, or "MHA" or "HAMP," which provides guidelines and financial incentives for
28 servicers to modify the mortgages of eligible homeowners. By lowering the interest rate on

1 the mortgage, reducing principal, forbearing payments, or extending the terms of home
2 mortgage loans, servicers aim to reach a payment that consumers can afford. Modifications
3 assist homeowners by allowing them to remain in their homes. Modifications also serve the
4 investors by preserving payment streams on the mortgages and by reducing the chance of
5 foreclosures, which often result in significant loss of value.

6 11. Consumers who receive mortgage modifications enter into new loan agreements
7 with Bank of America. These agreements are entered into for "consideration of the mutual
8 promises and agreements exchanged and for good and valuable consideration, the sufficiency
9 of which is hereby acknowledged." Bank of America Home Loans Servicing, LP, *Addendum*
10 *to Loan Modification Agreement*. As noted above, Bank of America, like other participating
11 servicers, receive financial payments from the Department of Treasury for each successful
12 modification. The loan modification agreement reflects the new terms of the loan, including
13 delinquent payments, interest and other fees that may be capitalized into the principal balance
14 of the loan. In the loan agreement, the borrower also agrees, as consideration for the
15 modification, to deliver any documentation needed to cure a lost or inaccurate note. The
16 borrower also agrees to provide Bank of America with updated financial information about the
17 borrower that Bank of America would not otherwise be entitled to receive.

18 12. Over the last three years, Bank of America repeatedly represented that it would
19 offer mortgage modifications to eligible consumers.¹ For example, in Congressional testimony
20 on July 16, 2009, before the Senate Committee of Banking, Housing, and Urban Affairs, a
21 Bank of America executive assured that the Bank: "understands and fully appreciates its role
22 in helping borrowers through these difficult economic times. We want to ensure that any
23 borrower who has sufficient income and the intent to maintain homeownership has the ability
24
25

26 ¹ On February 24, 2009, Countrywide entered into a Consent Judgment with the State of Nevada to resolve allegations that
27 Countrywide had violated by the DTPA through its deceptive lending and servicing practices. In the Consent Judgment, Bank
28 of America committed to offer mortgage modifications to borrowers who: (1) had Countrywide subprime or payment option
adjustment rate mortgages; and (2) were delinquent in their payments or at risk of becoming delinquent in their payments.
This State does not currently allege violations of that Consent Judgment, though it acknowledges that Bank of America's
announcement of this modification program also prompted many Nevada homeowners to seek assistance with their
mortgages.

1 to do so using any and all resources we have available.”² See Ex. A at 3. As it has in other
2 contexts, Bank of America also promised unequivocally that: “customers will not lose their
3 homes to foreclosure while their loans are being considered for a modification. The Bank
4 places foreclosure sales on hold while it determines a customer's eligibility for its home
5 retention programs.” Ex. A at 6.

6 13. Upon information and belief, thousands of Nevada consumers have responsibly
7 reached out to Bank of America to seek modifications of their mortgages so they could
8 continue to make payments and remain in their homes.

9 14. In reviewing and investigating complaints from more than One-Hundred Fifty
10 (150) consumers, housing counselors, and other industry sources over the last year, the
11 Office of the Attorney General has identified a common pattern of misconduct by Bank of
12 America. Bank of America has and, in many cases, continues to:

- 13 a. Mislead consumers with false promises that it will act on their modifications
14 within a set period of time, but keeps them waiting for months, and sometimes
15 more than a year, beyond the promised term;
- 16 b. Mislead consumers with assurances that they will not be foreclosed upon while
17 the Bank considered their requests for modifications. However Bank of
18 America has sold the homes of some Nevada consumers and sent foreclosure
19 notices to many more while their requests for modifications were still pending;
- 20 c. Misrepresent to consumers that they must be delinquent on their loans in order
21 to qualify for assistance, even though neither Bank of America's proprietary
22 programs nor the federal HAMP program requires that homeowners have
23 missed payments;
- 24 d. Mislead consumers with false promises that their initial, trial modifications would
25 be made permanent if and when they made the required three payments on
26 those plans, but then failed to convert those modifications;

27
28 ² *Preserving Homeownership: Progress Needed to Prevent Foreclosures Before S. Comm. on Banking, Housing & Urban Affairs*, 111th Cong. 3 (July 16, 2009) (statement of Allen H. Jones, Bank of Am. Default Mgmt. Policy Exec.), attached as Exhibit A.

- e. Tell consumers their modifications were denied for reasons that were untrue, such as that: (i) the owner of the loan refused to allow the modification when Bank of America had full authority to modify the loan without the investor's approval; (ii) the Bank had tried unsuccessfully to reach the consumer, even though the consumer repeatedly called the Bank; (iii) the loan was previously modified when it was not; (iv) the borrower failed to make trail payments, when they made all payments; and (v) the borrower was current on his or her loan, when delinquency is not a condition of a modification;
- f. Falsely notify consumers or credit reporting agencies that consumers are in default when they are not;
- g. Mislead consumers with offers of modification on one set of terms, and then provide agreements with materially different terms, or inform consumers that their modifications had been approved, but then tell them that their requests were denied often months before.

15. The Attorney General's Office also has interviewed numerous former Bank of America call center employees involved in the loan modification or mitigation process. They describe an environment in which Bank of America:

- a. Threw inexperienced staff into handling mortgage modifications with little training, direction, or supervision. Said one former employee:

In my experience, call center employees received almost no training or direction from Bank of America . . . I and other employees frequently complained to our supervisors about our lack of training. Before I was transferred to handle calls relating to mortgage modifications, I received no special instruction. I only remember one meeting on the Making Home Affordable program, which lasted only ten to fifteen minutes, where they told us to expect more information on the program soon. I did not receive any additional information.

...

From time to time, we received new program guidelines and other directives by email. On information and belief, many of the people I worked with did not have time to read these emails. The direction that we received was often confusing and contradictory. An email would say one thing and then a manager would instruct us to do something else.

Noting that many employees were hired through temporary agencies, another

former employee noted:

These employees don't receive adequate training on how to use all of the computer programs and how to make sure documents don't get lost. The main point of the training is to teach us how to get customers off the phone in less than ten minutes.

b. Frequently misinformed borrowers about the requirements for modifications, the status of their requests, the likelihood of foreclosure, and even the fax numbers to which to send their documents. One former employee reported:

When checking a borrower's status I often found that the modification request had not been dealt with or was so old that the request had become inactive. Yet, I was instructed to inform borrowers that they were "active and in status." ...One time I complained to my supervisor, that I felt I was always lying to borrowers. Her instructions in response were just to give the borrowers their status and to tell them that they are "in the process," in spite of the fact that the computer showed that nothing was happening.

c. Regularly lost borrowers' paperwork;

d. Failed to communicate with borrowers, and deployed a front line staff without the authority or information to help borrowers. Said one employee:

From what I've seen, a borrower can get different explanations from every BOA representative, because our supervisors don't make this information clear in training and nobody at BOA seems to care what we actually say to the borrower, as long as we get them off the phone.

e. Wrongly foreclosed upon borrowers, or failed to stop foreclosures while borrowers' modification requests were pending. One employee described:

I often fielded calls from borrowers who had received foreclosure notices or been foreclosed upon while they had modification applications pending. Some of the people I spoke with had made more than three months of payments on their trial modifications. I also saw borrowers who were foreclosed upon despite being current on their modification payments.

f. Reprimanded employees for spending too much time on individual borrowers' calls.

16. The experience of Nevada consumers is confirmed by data published each month by the Department of Treasury, which administers HAMP. Bank of America ranks last

1 in virtually every customer service measure catalogued in the Servicer Performance Report
2 (Making Home Affordable Program)³. According to the October 2010, report, Bank of America
3 has the worst customer service metrics for its call centers and the worst time for resolving
4 third-party complaints (e.g., from housing counselors) to the federal government. Bank of
5 America also ranks at the bottom of servicers in its conversion of trial modifications to
6 permanent modifications, and the number of trial modifications that have languished more
7 than six months.

8 17. Upon information and belief, Bank of America has mislead consumers and failed
9 to live up to its commitments to offer modifications as a result of financial incentives that make
10 it more profitable for Bank of America to delay or deny modifications. For instance, Bank of
11 America earns substantial late fees and other default-related fees, which operates as
12 disincentives to modify mortgages so that borrowers can afford to remain current on their
13 obligations. Moreover, servicing fees are too low to encourage Bank of America and other
14 servicers to provide the level of service required to modify mortgages. Finally, the fact that
15 Bank of America (and other servicers) hold second liens on many of these mortgages may
16 explain their reluctance to pursue certain modifications involving principal forgiveness, which
17 would require them to recognize losses on these second liens.⁴

18 18. Bank of America's deceptive conduct in offering and providing (or failing to offer
19 and provide) loan modifications, as described above, constitutes a deceptive practice under
20 the Nevada Deceptive Trade Practices Act.

21 **VIOLATIONS OF THE NEVADA DECEPTIVE TRADE PRACTICES ACT**

22 19. Complaints received by the Attorney General's Office, some of which are
23 described below, and its own investigation demonstrate that Bank of America has engaged,
24 and continues to engage, in a pattern and practice of misleading consumers about its
25 mortgage modification program.

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27
28 ³ Available at <http://www.financialstability.gov/docs/Oct%202010%20MHA%20Public%20Final.pdf> (Oct. 2010).

⁴ See, e.g., *Problems in Mortgage Servicing From Modification to Foreclosure: Hearing Before S. Comm. on Banking, Hous. & Urban Affairs*, 111th Cong. (2010) (Statement of Diane Thompson, National Consumer Law Center).

1 **BANK OF AMERICA REPEATEDLY MISREPRESENTED THE TIME**
2 **FOR MAKING DECISIONS ON CONSUMERS' MODIFICATIONS**

3 20. On its website and in its interactions with individual consumers, Bank of
4 America repeatedly promised consumers answers on their modification requests within a
5 specific time frame, typically 30 or 60 days. Many consumers have waited 6 months or even
6 a year and still have not received decisions.

7 21. Bank of America's website indicates that it will "typically" take 30 to 45 calendar
8 days from the receipt of a consumer's documents to make a decision on a loan modification
9 request. See Ex. B.⁵ In addition, Bank of America promises on its website that: "You can
10 expect to hear back from us within 10 business days from when we receive all your required
11 documents. The purpose of contacting you is to confirm receipt of your information, as well
12 as let you know how the evaluation process works and how long it takes." Ex. B.

13 22. Bank of America sent consumers seeking modifications a document with
14 "Frequently Asked Questions" about HAMP. One question asks how long it will take for Bank
15 of America to process consumers' modification request. The answer: "up to 45 days." See
16 Ex. C.

17 23. These assurances are reinforced in one-on-one conversations between Nevada
18 consumers and Bank of America representatives in which Bank of America promises that
19 consumers will have an answer on their requests within 30, 60, or 90 days.

20 24. Bank of America has kept Nevada consumers waiting for 6 months, one year, or
21 longer for a decision. These consumers have suffered delay, anxiety, and often foreclosure
22 while trying to secure an affordable payment that allows them to meet their obligations and
23 keep their homes.

24 25. One critical source of delay is Bank of America's routine loss of consumer
25 documents. For some time, HAMP required Bank of America to obtain updated financial
26 documents. For some time, HAMP required Bank of America to obtain updated financial
27 documents.

28 ⁵ <http://homeloanhelp.bankofamerica.com/en/fha-home-affordable-modification.html> (Next Steps: Documents) (visited May 27, 2010, last visited Dec. 14, 2010), attached as Exhibit B.

1 information from consumers if the information was more than 90 days old.⁶ See Ex. D. As a
2 result, Bank of America's delayed processing of consumers' modifications required them to
3 obtain additional documentation from consumers, which further delayed the processing of
4 their requests and compounded the logistical demands on the Bank. Even beyond this
5 mandated update, Bank of America consistently has lost consumers' documents; causing
6 delays while consumers re-sent—sometimes more than half a dozen times—the same
7 documents. Bank of America has publicly acknowledged "shortcomings" in its document
8 maintenance.⁷ See Ex. E at 3. Also upon information and belief, consumers were denied
9 modifications because of "missing" paperwork that Bank of America had received.

10 26. Bank of America routinely fails to notify consumers of missing documents. In
11 fact, most consumers found out that their documents were missing or incomplete months after
12 they submitted their modification requests, and only upon calling Bank of America. In many
13 instances, Bank of America told consumers that documents were missing after previously
14 assuring them, often repeatedly, that their files were complete and under review.

15 27. While waiting for answers, consumers call Bank of America regularly to check on
16 the status of their modification requests. They are promised calls or letters with updates,
17 which almost never come. Instead, many receive multiple foreclosure-related
18 communications, including collection calls. This long waiting period is not only inconsistent
19 with Bank of America's oral and written commitments to consumers, but extremely trying for
20 homeowners who do not know from day to day whether they will get help or lose their homes.

21 28. Bank of America knew, or should have known, that its statements were false
22 because its employees were aware that consumers often suffer wait times of more than three
23 months while waiting for action on their modification requests.

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27 ⁶ Dep't of the Treasury, Home Affordable Modification Program Supplemental Directive 09-01, Introduction of the Home
Affordable Modification Program (Apr. 6, 2009), attached as Exhibit D.

28 ⁷ *The Private Sector and Government Response to the Mortgage Foreclosure Crisis Before H. Fin. Servs. Comm.*, 111th
Cong. 142 (Dec. 8, 2009) (statement of Jack Schakett, Bank of America Credit Loss Mitigation Strategies Exec.), attached as
Exhibit E.

BANK OF AMERICA ASSURED CONSUMERS THAT IT WOULD NOT FORECLOSE WHILE THEIR MODIFICATIONS WERE PENDING, BUT SOLD THEIR HOMES ANYWAY

29. As noted above, consumers waiting for decisions on their modifications often receive foreclosure-related notices. Upon receiving these communications, many consumers call the number provided by Bank of America on the notices to find out what they mean. Bank of America has repeatedly and deceptively assured Nevada consumers that they should not worry, their modifications are still in review, and their homes will not be sold while their modification requests were pending.

30. This promise is reinforced by commitments on Bank of America's website. Under "Frequently Asked Questions," Bank of America represents to homeowners that their homes will not be sold while they are awaiting decisions on their modification requests or on modification plans:

I want to try to get a home loan modification under the Making Home Affordable program, but I'm afraid that my lender will go ahead with the foreclosure while I'm trying to make it happen. Can I get more time to explore this option?

Yes. While we review your eligibility for the program, your loan will not go to foreclosure sale. When you enter a trial plan under the program, your loan will not be referred to foreclosure, and any pending foreclosure proceeding will not go to sale.⁸ See Ex. F, G, H.

31. Despite these assurances, Bank of America has pursued or completed foreclosures while homeowners were awaiting decisions upon loan modifications or on trial modification plans. In other cases, homeowners incurred foreclosure fees, even though the foreclosure process should never have started or proceeded.

32. Bank of America knew, or should have known, that its statements were false and misleading. Its employees regularly encountered consumers whose homes were

⁸ <http://homeloanhelp.bankofamerica.com/en/frequently-asked-questions.html?documentstate=Foreclosure> (visited May 27, 2010), attached as Exhibit F; (last visited Dec. 14, 2010), attached as Exhibit G; Help for Homeowners, *Supplemental Directive 10-02, Home Affordable Modification Program – Borrower Outreach and Communication* at 3, 5-7 (Mar. 24, 2010), available at: https://www.hmpadmin.com/portal/programs/docs/hamp_servicer/sd1002.pdf, attached as Exhibit H.

1 wrongfully foreclosed while their modifications were still under review. As noted above,
2 interviews with former Bank of America call center employees indicate that foreclosures were
3 continuing while consumers were awaiting decisions on their modifications were common.

4 33. One Las Vegas homeowner, struggling to make ends meet as a single mother
5 but still current on her mortgage, applied for and received a HAMP trial modification in the
6 spring of 2009. She made eight payments on her trial modification and wrote to Bank of
7 America, explaining that the trial payments had not been calculated correctly because they
8 were more than 31% of her income (the threshold established by HAMP). Bank of America
9 called her and said that they were fixing the error and that her next payment should be \$900,
10 which she sent. After two weeks, having not heard from Bank of America, the homeowner
11 called again. Bank of America told her to make a payment of \$800 to remain current while
12 they continued to work on her modification; she made that payment, too. Though the
13 borrower had never missed a payment and had made the modified payments as instructed
14 by Bank of America, Bank of America sent the homeowner a Notice of Intent to Accelerate.
15 After receiving the notice, the homeowner called Bank of America and was told that someone
16 would be in touch with her in 48 hours. She did not receive a call, but Bank of America sent
17 a second Notice of Intent to Accelerate. The next month, ReconTrust filed a Notice of
18 Default. Bank of America has advised the homeowner that they do not know why she made
19 the lower payments and still has not told her the amount her monthly payment should be.
20

21 **BANK OF AMERICA TOLD CONSUMERS THAT THEY MUST BE**
22 **BEHIND ON THEIR MORTGAGES TO QUALIFY FOR MODIFICATIONS,**
23 **THOUGH DELIQUENCY IS NOT REQUIRED**

24 34. Bank of America represents publicly, and federal rules require, that consumers
25 need not be delinquent to be eligible for a modification.

26 35. Bank of America's website notes: "If you've suffered a hardship that is affecting
27 your ability to make your mortgage payments or have already missed a payment, you may be
28 able to receive a more affordable mortgage payment under the Home Affordable Modification

1 Program.”⁹ See Ex. I. See *also*, Ex. J at 19, Treasury Department's MHA Handbook.¹⁰ (“A
2 loan is eligible for HAMP if the servicer verifies that all of the following criteria are met: . . .
3 The mortgage loan is delinquent or default is reasonably foreseeable.”).

4 36. Yet Bank of America representatives frequently advised consumers that they
5 must miss payments in order to be considered for loan modifications. One Nevada consumer
6 received a letter advising: “One of the guidelines under the MHA [or HAMP] program
7 requires the loan be 60 days delinquent.” Ex. K. This letter—likely a form document--was
8 inaccurate and deceptive; HAMP never required a loan to be delinquent in order to be eligible
9 for a modification.

10 37. In addition, Bank of America has notified consumers or credit agencies that
11 consumers are in default when they are not. One Las Vegas homeowner, who suffered a
12 heart attack that caused him to incur substantial medical expenses and a loss in his income,
13 applied to Bank of America for a modification even though he was current on his mortgage
14 payments. He continued to pay both his first and second mortgages with Bank of America in
15 full while he waited for a decision on his request. However, for six months, Bank of America
16 reported to credit agencies that he was delinquent on his loans. Despite being current, he
17 also received a Notice of Intent to Accelerate.

18 38. These false credit reports make it harder and more expensive for consumers to
19 obtain credit. In addition, misrepresenting the delinquency status of consumers' loans allows
20 Bank of America to impose late fees and other charges to which it is not entitled and which
21 make it even harder for a consumer to remain or become current on their mortgages.

22 39. Such misrepresentations about the consumer's payment status violate the Fair
23 Debt Collection Practices Act., 15 U.S.C. §§ 1692e(2)(A) & (8), and, as a result, the Nevada
24 Deceptive Trade Practices Act. Nev. Rev. Stat. § 598.0923(3).

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27 ⁹ <http://homeloanhelp.bankofamerica.com/en/home-affordable-modification.html> (visited May 27, 2010, last visited Dec. 14, 2010), attached as Exhibit I.

28 ¹⁰ Treasury Department's MHA Handbook (V.2) available at https://www.hmpadmin.com/portal/programs/docs/hamp_servicer/mhahandbook_20.pdf, at 19 (Sept. 22, 2010), excerpt attached as Exhibit J.

1
2 **BANK OF AMERICA MISREPRESENTED TO CONSUMERS THAT**
3 **THEIR TRIAL MODIFICATIONS WOULD BE CONVERTED TO**
4 **PERMANENT MODIFICATIONS IF THEY MADE THEIR TRIAL PAYMENTS**

5 40. HAMP sets up a two tier framework. Borrowers first must qualify for an initial,
6 three-month trial modification. Consumers who make each of the three payments on time will
7 receive permanent modifications.

8 41. Bank of America has made unequivocal promises that consumers who
9 successfully complete trial plans would receive permanent modifications. For example, its
10 website announced:

11 a. "If you successfully make all your Trial Period Plan payments, you will
12 receive a Modification Agreement defining the changes. After this
13 document

14 has been signed, notarized and returned to us, your modification will be
15 officially made permanent." See Ex. L, M.¹¹.

16 b. "If you successfully make your Trial Period Plan payments during the trial
17 period, you will be approved for a permanent modification of your loan"

18 ¹². See Ex. N.

19 42. In addition, Bank of America led consumers to believe that it would convert them
20 to permanent modifications after three or four months on a trial period. Consumers received
21 three payment coupons with their modification agreement, and report being confused about
22 what to do when they reach the fourth month but have not heard from Bank of America.
23 Some consumers called the Bank and were told at that time, or were told at the time the trial
24 modification was offered, that they will receive a permanent modification within a month of
25 completing their trial periods.

26
27 ¹¹ <http://homeloanhelp.bankofamerica.com/en/home-affordable-modification.html> (viewed May 27, 2010, last visited Dec. 14, 2010), attached as Exhibit L. See also, <http://homeloanhelp.bankofamerica.com/en/fha-home-affordable-modification.html> (viewed May 27, 2010, last visited Dec. 14, 2010), attached as Exhibit M.

28 ¹² <http://homeloanhelp.bankofamerica.com/en/home-affordable-modification.html> (viewed May 27, 2010), attached as Exhibit N.

1 43. Bank of America's website again confirms its oral representations: "Your trial
2 period will last 3 or 4 months, depending on your circumstances."¹³ See Ex. O. Bank of
3 America certainly did not advise consumers that they would wait six months or more.

4 44. Bank of America's trial modification offer assures consumers, "[i]f you make all
5 of your trial period plan payments ... and return any additional documents that may be
6 required, you may receive a Modification Agreement." Ex. P.

7 45. One Nevada consumer made six payments on his first trial modification. He
8 then received documents for a different loan modification. When he called Bank of America
9 for an explanation, Bank of America told him that he would have to restart the modification
10 process and complete another trial period before receiving a permanent modification. After he
11 made those payments, he received yet another trial modification with different terms.

12 46. Bank of America knew, or should have known, that its promise that consumers
13 who made their trial payments would be converted to permanent modifications was deceptive
14 as it knew the significant number of consumers with trial modifications that were never made
15 permanent. Bank of America also tracked the "age" of trial periods, and knew that many
16 consumers waited more than four (or even six) months for their modifications to be made
17 permanent (or declined).

18 47. Though consumers benefit from temporarily lower payments during their trial
19 modification, consumers who are not converted to a permanent modification may end up
20 worse off.¹⁴ In his most recent report¹⁵, the Inspector General of the Troubled Assets Relief
21 Program, which oversees HAMP, discussed the fate of borrowers in failed trial modifications
22 who "even in circumstances where they never missed a payment, ... may face back
23 payments, penalties, and even late fees that suddenly become due on their 'modified'
24
25

26 ¹³ <http://homeloanhelp.bankofamerica.com/en/fha-home-affordable-modification.html> (Next Steps: Trial
27 Period) (viewed May 27, 2010, last viewed Dec. 14, 2010), attached as Exhibit O.

28 ¹⁴ HAMP rules permit servicers to impose late fees on borrowers who make modified payments that are less than the original, contractual payment amount. However, if the modification is permanently approved, those late fees are forgiven. Borrowers whose permanent modifications are eventually denied, must pay those fees.

¹⁵ Office of the Special Inspector General for the Troubled Asset Relief Program, *Quarterly Report to Congress* at 12 (Oct. 26, 2010), available at http://www.sigtaip.gov/reports/congress/2010/October2010_Quarterly_Report_to_Congress.pdf.

1 mortgages and that they are unable to pay, thus resulting in the very loss of their homes that
2 HAMP is meant to prevent."

3
4 **BANK OF AMERICA MISREPRESENTED THE BASIS FOR**
5 **DENYING CONSUMERS' MODIFICATIONS**

6 48. Bank of America told consumers, by letter and often by phone, the reasons that
7 their requests for modifications were denied. Among the commonly cited reasons for denying
8 Nevada consumers' applications were:

- 9 a. investor denial: the owner of the loan with authority to approve the
10 modification would not permit the modification;
11 b. inability to reach the consumer or to obtain missing documents needed
12 to review the request;
13 c. previous modification;¹⁶
14 d. consumer's income insufficient to support the modified payment;
15 e. failure to make trial payments or to accept previous modification; and
16 f. current on mortgage payments.

17 49. In several cases reviewed by the Attorney General's Office, the reasons offered
18 by Bank of America for denying modifications were inaccurate and misleading.

19 50. For instance, Bank of America told some consumers that it had denied their
20 modifications because it was unable to reach them. However, the borrowers regularly called
21 Bank of America to obtain updates on their status and/or resubmit their documents. In
22 addition, none of these consumers reported ever receiving calls from Bank of America but,
23 instead, noted that they were unable to reach their assigned contacts, even after multiple
24 attempts. In other cases, Bank of America claimed that it was missing documents, even
25 though consumers had repeatedly sent in their documents and/or were told by Bank of
26 America that their files were complete and being reviewed for modifications.

27
28

¹⁶ HAMP only provides incentives for one HAMP modification for each loan. HAMP Handbook § 1.1.

1 51. As noted above, Bank of America's authority to offer modifications is defined by
2 the Pooling and Servicing Agreement ("PSA") that governs the servicing of specific pools of
3 loans. In some instances, the investor or owner of the loans delegates to Bank of America full
4 authority to make modification decisions consistent with the investor's best interest. Under
5 some PSAs, only certain types of loans can be modified or certain types of modifications
6 made. Other investors do not permit modifications or require Bank of America to seek
7 approval before offering modifications.

8 52. Upon information and belief, Bank of America notified consumers that their
9 modifications were declined by the investors in instances where Bank of America had full
10 authority, without the investors' approval, to offer modifications.

11 53. In another case, Bank of America denied a loan modification, claiming that a
12 consumer previously received a modification when the consumer had instead rejected a
13 modification based on inaccurate income figures.

14 54. Bank of America turned away another consumer on the grounds that the
15 consumer had failed to make her payments during a three month trial modification when, in
16 fact, the consumer had made (and Bank of America had cashed) all of her trial payments.
17 This denial directly contradicted Bank of America's repeated promises on its website that
18 consumers who make their trial plan payments will receive permanent modifications. See,
19 *supra* ¶ 41.

20 **BANK OF AMERICA MISLED CONSUMERS BY INDICATING THAT THEY HAD BEEN**
21 **APPROVED FOR MODIFICATIONS AND BY OFFERING CONSUMERS MODIFICATIONS**
22 **ON DIFFERENT TERMS THAN PROMISED**

23 55. For consumers who were able to secure modification commitments, Bank of
24 America misrepresented whether and on what terms their modification requests had been
25 approved.

26 56. Bank of America told consumers that their modifications had been approved,
27 but then notified them that they had never received modifications. Often, this news came
28 only after consumers had made several payments on trial modifications.

 57. Nev. Rev. Stat. § 107.086, passed by the Nevada Legislature on May 22, 2009,

1 allows homeowners who receive Notices of Default to participate in a pre-foreclosure
2 mediation with their servicers. If a homeowner sends in the required election form, the
3 servicer must appear at an assigned mediation date with all required documents and the
4 authority to negotiate an appropriate agreement with the borrower. Participation in good faith
5 in the mediation is prerequisite to moving forward with the foreclosure.

6 58. Often, Bank of America representatives did not show up at assigned mediation
7 dates, or did not have the documents or negotiating authority required by law. As a result, in
8 a number of instances, mediators issued findings that Bank of America had acted in bad
9 faith.

10 59. One mediator's findings issued in January 2010 regarding a Bank of America
11 mediation illustrate the problems:

12 Lender initiated foreclosure procedure, did not respond rationally or reasonably
13 in mediation, and under stressful conditions obtained an agreement from HO's
14 [homeowners] to allow foreclosure sale to proceed on May 7. In sum the
15 attached SSA [short sale agreement] was entered into by HOs under the duress
16 of "Boulware-like" bargaining strategy and a "take it or leave it" basis of Lender
17 that does not allow HOs to retain their residence even temporarily, but will
18 dispossess the HOs as soon as possible. ...

19 I find the Lender failed to participate in mediation in good faith as evidenced by
20 its failure to produce required documentation and information, the lack of serious
21 retention proposal, and the nature of and take-it-or-leave-it basis for its non-
22 retention proposals. ...

23 Addendum to Mediator's Statement (Feb. 6, 2010).

24 60. In addition, a number of consumers were promised modifications on a set of
25 terms worked out with (and witnessed by) the mediators. In one case, Bank of America
26 offered a modification at mediation and promised to send the consumer an agreement
27 reflecting its terms. Bank of America did not provide the consumer the promised modification
28 agreement. When Bank of America , after repeated calls, finally provided the agreement, its
terms were materially different than those offered at the mediation.

61. For example, Bank of America told one recently widowed, elderly Las Vegas
homeowner at her mediation that she was approved for a trial HAMP modification and

1 promised to send her the modification agreement in two to four weeks. The homeowner never
2 received the documents. When she called Bank of America to follow up, the representative
3 said her file was still being reviewed and told her to send in updated financial information.
4 She sent the documents and kept calling. On one call, a Bank of America representative
5 suggested she re-start the application process. Bank of America also explained that an
6 employee had failed to enter the results of the mediation into her account. The homeowner
7 received multiple foreclosure notices. In June 2010, Bank of America offered the homeowner
8 a permanent modification increasing her payments to more than half her income. She
9 accepted the modification despite the financial strain because, as she explained, "my nerves,
10 my blood pressure, my state of mind could not stand another 3 months, 6 months, or however
11 long it would have taken of living in fear of thinking this might be the day or the week I lose my
12 home."

13 62. Bank of America's promises of modifications, which it failed to provide,
14 constitutes a deceptive practice.

15 63. The consumer complaints summarized below demonstrate some of the
16 deceptive practices in which Bank of America engaged and are illustrative of the many
17 consumer complaints reviewed by the Office of the Attorney General.

18 CONSUMERS 1

19 64. The homeowners, who lived in Henderson, applied for a modification in April
20 2009. At the time, a Bank of America representative told them they must be delinquent on
21 their mortgage to receive a modification. The homeowners became delinquent and began
22 following up regularly with Bank of America. They sent their documents repeatedly and called
23 monthly. In early November, they received a modification that did not reduce their mortgage
24 payments to 31% of their income, as directed by HAMP. Later in November, Bank of America
25 offered another modification that increased their monthly mortgage payment. The
26 homeowners declined it.

27 65. In a letter to the Attorney General's office on October 27, 2010, Bank of America
28 explained that on October 30, 2009, they mailed a HAMP trial modification agreement to the

1 homeowners. Bank of America also acknowledged that it initiated foreclosure proceedings on
2 October 30, 2009.

3 66. In January 2010, Bank of America sent the homeowners another modification
4 offer that again increased their payments. When the husband called Bank of America for an
5 explanation, the representative told him if he couldn't afford the payment, he should get an
6 extra job. He got a second job as an airport greeter, bringing in an additional \$200 per month.

7 67. A February 20, 2010, letter from Bank of America thanked the homeowners for
8 executing and returning their trial modification agreement and requested additional
9 documents. The homeowners had not returned the agreement, but re-sent their documents.

10 68. On April 6, 2010, Bank of America denied workout assistance because,
11 "Borrower did not return documents," though the homeowners had submitted all required
12 documents. On April 15th, 2010, Bank of America sent another denial letter, this time for the
13 homeowners' failure to comply with the modification they had declined.

14 69. In May, when the homeowners again called, Bank of America told them that they
15 were not eligible for HAMP, but were being considered for another modification program.

16 70. In June, Bank of America posted an unsigned Notice of Trustee Sale on the
17 homeowners' door. When the homeowner called Bank of America, Bank of America told him
18 that he had not qualified for any modification, though he had never received a denial notice.
19 On June 25, 2010, the homeowners received a Notice of Trustee Sale setting the sale date for
20 July 12, 2010. Yet, when the husband called on July 2, 2010, Bank of America told him that
21 they would be sending him a package for the "Attorney General program"¹⁷ in 30 to 45 days
22 and that no sale date was set.

23 71. On July 1, 2010, Bank of America sent the homeowners a letter noting Bank of
24 America's commitment to assisting borrowers experiencing financial hardships and inviting
25 them to set up a meeting with a housing counselor. On July 9, 2010, when the homeowner
26 called Bank of America he again was told that there was no sale date set. On July 12, 2010,

27
28 ¹⁷ This presumably refers to the National Homeownership Retention Program, a modification program established in the
Attorney General's settlement with Countrywide.

1 Bank of America assured him that the house was not in foreclosure: Bank of America sold the
2 home the very same day.

3 **CONSUMER 2**

4 72. On May 22, 2008, a Henderson homeowner battling cancer called Countrywide
5 to ask how to apply for a hardship forbearance. The representative requested specific
6 documents, which the homeowner sent. The homeowner enlisted the help of a HUD
7 counselor and together they called Countrywide on June 3, 2008. The Countrywide
8 representative said that the bank had received the complete application and directed her to
9 call back in two weeks to confirm that a negotiator had been assigned.

10 73. On June 9, 2008, the homeowner called Countrywide and a representative told
11 her that she was not eligible for a "payment suspension" and suggested she call
12 Countrywide's "FHA Collections Department." Countrywide said it would take 30 to 90 days to
13 reach a final resolution.

14 74. On June 17, 2008, the consumer again called Countrywide to check in on her
15 status. A Countrywide representative told the homeowner that the "system is really designed
16 for someone in default" and not for someone who is current on their mortgage payments but
17 struggling financially. The representative submitted her loan for an interest rate reduction and
18 told the homeowner there would be a decision in about 30 days.

19 75. After 30 days and no word from Countrywide, the homeowner called again.
20 Countrywide told the homeowner to resubmit her paperwork because nothing had happened
21 with the file. Weak from treatments, the homeowner did not again follow up with Countrywide
22 until December 1, 2008. Countrywide informed her that the investor had denied her loan
23 modification application because "they're not modifying interest-only loans." The homeowner
24 never received a written denial of her modification request. The owner of the consumer's
25 mortgage denies ever having such a policy.

26 76. At the urging of her HUD counselor, the homeowner again reached out to
27 Countrywide. The bank told her there was a special forbearance program that could suspend
28 payments for three months. At Countrywide's request, she resubmitted all of her paperwork.

1 On December 15, 2008, she called Countrywide to inquire about the status of the hardship
2 forbearance application. A Countrywide representative told her that her application was
3 complete and a negotiator would be assigned to the case within 30 to 60 days.

4 77. The homeowner called Countrywide 30 days later, in mid-January 2009. A
5 Countrywide representative explained that her application had not been assigned to a
6 negotiator. The homeowner then asked to be transferred to a supervisor. After waiting on
7 hold for more than 20 minutes, the supervisor told her that her application had been rejected
8 because Countrywide had not received the necessary documents.

9 78. On February 12, 2009, the homeowner and her husband filed Chapter 13
10 bankruptcy in order to set up a payment plan that would allow them to keep their home. In
11 April of 2009, after Bank of America had acquired Countrywide, the homeowners restarted the
12 process of seeking a loan modification, this time from Bank of America. On April 7, 2009, the
13 homeowner called Bank of America and was told it would take up to 120 days to process their
14 application.

15 79. After submitting their paperwork, the homeowners called Bank of America
16 repeatedly to check on the status of their modification request. Initially the wife called once a
17 month, then she began calling roughly once a week. On an April 21, 2009, call, Bank of
18 America said that it would take between 45 and 60 days to assign a negotiator. Each time the
19 homeowner called, Bank of America said that the application was complete, but that no one
20 had been assigned to review it.

21 80. In October 2009, after six months without progress, the homeowner appealed to
22 her Congressional representative for help. Soon thereafter, a Bank of America negotiator
23 called the homeowner, stating that she was assigned to the case and would call back in a few
24 days. The negotiator never called back, though the homeowner called her repeatedly, leaving
25 messages on her voice mail almost every week.

26 81. In January 2010, the homeowner was unable to make her mortgage payment.
27 On February 4, 2010, the Congressional representative's office notified the homeowner that
28 Bank of America would only offer a special forbearance agreement. Because the forbearance

1 was only temporary and would require a large catch-up payment to Bank of America, the
2 homeowner declined the agreement and waited for Bank of America to make a decision on
3 their modification request.

4 82. On February 1, 2010, almost two years after the homeowner started the process
5 and despite dozens of calls to and with the bank, Bank of America sent a letter claiming that
6 the negotiator had been unable to contact her. The letter also stated that a new application
7 and supporting paperwork would have to be submitted again to restart the process.

8 83. On May 18, 2010, one week after the Nevada Attorney General's Office filed a
9 motion to intervene in the homeowner's bankruptcy, a Bank of America representative called
10 the homeowner. During the call, the homeowner provided updated financial information. On
11 May 20, 2010, Bank of America approved a loan modification.

12 CONSUMER 3

13 84. The Gardnerville homeowner was struggling to make her \$1100 monthly
14 mortgage payments after major surgery and accumulating medical bills. She received a
15 solicitation from Bank of America in May 2009, inviting her to apply for a HAMP modification
16 and offering her an initial trial payment of \$1074.67. She sent in the application and all
17 required documents on May 22, 2009. When she did not hear anything, she made several
18 follow-up phone calls to Bank of America and Bank of America told her to resubmit her
19 documents.

20 85. There was no further communication until July 14, 2009, when the homeowner
21 called Bank of America to follow up and was told to re-send all of her documents. When she
22 called four days later, Bank of America told her that she would have a decision on her
23 modification request in 30 to 60 days. In August 2009, Bank of America told her to expect a
24 FedEx package with modification paperwork. She never received it; instead she received a
25 debt collection notice from ReconTrust.

26 86. Several weeks later, Bank of America told the homeowner that her application
27 was referred to a different department and asked her to re-send her documentation, which she
28 did. Bank of America requested the same documents one week later, and she again sent her

1 paperwork. On August 28, 2009, the consumer received an unsigned Notice of
2 Default/Election to Sell. On September 4, 2009, the homeowner called Bank of America to
3 confirm that it had the documents it needed for her modification. Bank of America told her that
4 she would hear from her underwriter later that day. The underwriter never called.

5 87. The homeowner filed an election to mediate through the Nevada Supreme Court
6 Foreclosure Mediation Program on September 11, 2009. On September 19, 2009, Bank of
7 America's Home Retention Department called and asked the homeowner to resubmit her
8 documents. She subsequently called several times to check on the status of her request.

9 88. A Bank of America representative returned her phone call and, reviewing her
10 financial information over the phone, told her she qualified for a six-month forbearance plan.
11 When the homeowner called two weeks later to check on the plan, Bank of America advised
12 the homeowner that she was conditionally approved for a HAMP modification with trial
13 payments of \$561 and directed her to begin making the modified payment. The homeowner
14 made the first payment over the phone in mid-October.

15 89. At mediation a few days later, on October 20, 2009, the lawyer representing
16 Bank of America told the homeowner that she did not need to sign the mediation agreement
17 since the modification already had been worked out. The Mediator recommended entering
18 into an agreement, and they did. Bank of America agreed to provide the modification
19 agreement within 30 days, and the homeowner continued making the \$561 modified
20 payments while she awaited the paperwork.

21 90. A clause in the mediation agreement states, "Lender ... agrees to suspend all
22 foreclosure action." Two days after mediation, ReconTrust posted an unsigned Notice of
23 Default/Election to Sell at her home. On December 4, 2009, when she tried to reach the Bank
24 of America contact provided to her at mediation, she discovered that the number had been
25 changed and now belonged to another company.

26 91. When the homeowner next contacted Bank of America in January to check on
27 the time frame for receiving the modification paperwork, Bank of America told the homeowner
28 that her modification request was still under review. She continued to make her modified

1 payments and, after scheduling her fourth payment over the phone with Bank of America on
2 January 28, 2010, she learned than Bank of America had withdrawn \$1196.54 from her
3 account, which was more than double her modified payment. As a result, the homeowner was
4 unable to pay her medical expenses and was charged \$320 in overdraft charges.

5 92. In April, 2010, Bank of America sent the homeowner a letter denying a
6 permanent HAMP modification for failure to make all of the required trial period plan
7 payments. The consumer had never missed her modified payment.

8 CONSUMER 4

9 93. These Las Vegas homeowners applied to Bank of America for a loan
10 modification in August 2008. They called weekly to check on the status of their request. One
11 year later, Bank of America offered them a modification that increased their monthly mortgage
12 payment. The consumers declined to accept the modification, explaining that it relied on
13 mistaken income figures.

14 94. The homeowners reapplied for a modification on October 5, 2009. On status
15 calls to Bank of America in October, November, and December, Bank of America told the
16 homeowners' third party representative that their file was in review with a negotiator. On
17 January 15, 2010, the third party representative was told by phone that the file was closed on
18 January 12th because the homeowners rejected the August offer that increased their
19 payments.

20 95. The homeowners reapplied for a loan modification in February, 2010. A Bank of
21 America representative informed their third party representative that they were approved for a
22 trial modification with reduced payments of \$1139 and advised them to expect a new
23 modification agreement within weeks. The homeowners never received the agreement, even
24 though Bank of America impounded their escrow, which it said was necessary before a
25 modification could be completed. In March, Bank of America requested additional documents
26 and the homeowners re-sent their modification request and documents.

27 96. On May 12, 2010, Bank of America told the homeowners that their file was with
28 a negotiator and that the Bank would provide an answer within two weeks. Instead, they

1 received a FedEx packet from Bank of America five days later requesting a new set of
2 documents. They completed the packet and returned it to Bank of America. When they
3 called to check the status, Bank of America advised the homeowners that their file was under
4 review for the HAMP program and was with an assistant to the underwriter.

5 97. In May, Bank of America incorrectly reported that they had missed a payment
6 and added additional escrow fees. The homeowners sent proof of payment and, when they
7 called to check on the status of their account, were promised that their file had been escalated
8 and that they would receive a decision by the end of July.

9 98. Beginning in June, after nearly two years of waiting and after exhausting their
10 savings, the homeowners could no longer make their mortgage payments. On July 2, 2010
11 Bank of America told the homeowners that it would make a decision of their modification by
12 the end of July. On July 12, 2010, Bank of America requested Profit & Loss statements from
13 the homeowners, which they provided. On status calls in August, September and October,
14 Bank of America told the homeowners that the file was with a vendor, awaiting an underwriting
15 decision.

16 99. Bank of America's letter to the Attorney General in response to the homeowners'
17 complaint stated that all documents were received as of August 16, 2010. Yet in September,
18 a Bank of America negotiator called the homeowners and said she did not have any
19 documents and needed a completely new packet. The homeowners promptly sent it.

20 100. On October 15, 2010, Bank of America sent the homeowners two overnight
21 packages with requests that they send updated financial information. On October 20, 2010,
22 they received two more overnight packages requesting the same financial information. The
23 consumers provided the information.

24 101. On December 7, 2010, Fannie Mae's HAMP Solutions department contacted the
25 homeowners' third party representative. Bank of America had reported to HAMP Solutions
26 that Bank of America was missing the homeowners' tax documents and could not proceed
27 with a modification review. The homeowners sent those documents to Bank of America in
28 quadruplicate in early November.

CONSUMERS 5

102. A Henderson couple first applied for a modification in February 2009. The homeowners are senior citizens on social security and with a small business, which was producing less of an income for them. While awaiting a decision on their modification, they called Bank of America numerous times to check on its status. Bank of America gave them different advice each time they called regarding whether to make partial mortgage payments or whether to make payments at all while their modification request was being reviewed.

103. In May 2009, a Notice of Default was filed and, in June, the homeowners filed for bankruptcy. When they called Bank of America in August, Bank of America told them that their paperwork was lost and needed to be resent. The homeowners sent their documents again.

104. On August 24, 2009, a Notice of Trustee Sale was filed setting a sale date for September 7, 2009. When the homeowners called Bank of America, they were informed that the foreclosure was not "active" since their modification review was pending. In October, their bankruptcy was discharged and, in November, Bank of America set a trustee sale date again.

105. After almost a year of trying to obtain a loan modification on their own, the homeowners sought legal assistance. On December 30, 2009, Bank of America told their legal representative that the homeowners were prequalified for HAMP and would have a new mortgage payment of \$1140. The modification offer Bank of America finally sent in February 2010, listed a payment of \$1528 per month.

106. The homeowners called Bank of America, explained that the proposed payment was more than 31% of their income, and again reviewed their financials with Bank of America. Bank of America told them they qualified for a modification with a monthly payment of \$863 and that a new agreement would be mailed to them. The homeowners declined the earlier modification in writing and waited for the new one.

107. The new modification documents never came. Instead, Bank of America sent the homeowners a letter denying the new modification because their loan "was previously modified under the Home Affordable Modification Program." On June 3, 2010, Bank of

1 America emailed the homeowners' legal representative explaining that Bank of America did
2 not know why the loan was disqualified when no previous HAMP modification was done and
3 promising to have an answer the next day

4 108. On July 2, 2010, Bank of America still did not have an answer. Bank of America
5 told their legal representative that a request was submitted through the "appeals database."
6 When the homeowner next called Bank of America, Bank of America told her that she would
7 receive a loan modification packet during the week of July 12, 2010. She never received the
8 modification packet.

9 109. When the case came to the attention of the Attorney General's Office, the Office
10 forwarded the homeowners' complaint to Bank of America. Bank of America wrote to the
11 Attorney General's Office on September 15, 2010. The letter acknowledged that the
12 homeowners' modification has been wrongly declined. The Bank reported that, on June 29,
13 2010, it appealed the decline and requested the loan be reviewed again for a HAMP
14 modification.

15 110. As of November, 2010, almost two years after they began the process, the
16 homeowners' modification still has not been resolved and a trustee sale is still pending.

17 **CONSUMERS 6**

18 111. A retired Pahrump couple applied for a modification in February 2009, when the
19 decline in the home's value caused their reverse mortgage to fall through. In July, Bank of
20 America offered them a modification that lowered their interest rate about 2% and decreased
21 their mortgage payments to \$1,694. On August 3, 2009 Bank of America sent the
22 homeowners a 6-month forbearance agreement, which lowered their mortgage to \$947 per
23 month. When they called Bank of America to find out which amount to pay, Bank of America
24 told them the forbearance agreement replaced the modification offer and to make the
25 forbearance payment while the Bank continued to review their modification request. The
26 consumers began paying \$947 on September 1, 2009.

27 112. On November 23, 2009, Bank of America sent the homeowners a third offer for
28 a modification with monthly payments of \$1821. Bank of America advised them over the

1 phone to continue paying under the forbearance agreement, and they did. On March 11,
2 2010, Bank of America sent the homeowners a Notice informing them there were "no
3 available workout options based on [their] financial information." When they called, Bank of
4 America told them that their account was still in review and that they should continue making
5 their forbearance payments. On April 6, 2010, Bank of America sent them another denial
6 letter, almost identical to the first.

7 113. On April 25, 2010, when the homeowner called Bank of America, the
8 representative told him that his loan was still in review, but that he should qualify for HAMP.
9 In the meantime, Bank of America told the homeowner to make his payments, as before, and
10 that he would receive a decision on the modification around June 10, 2010. Bank of America
11 gave the homeowners similar advice in status calls through May and June.

12 114. In August, 2010, Bank of America returned the homeowners \$947 forbearance
13 payment. ReconTrust filed an unsigned Notice of Default dated August 26, 2010. On August
14 30, 2010, when the homeowners called Bank of America, they were told again their
15 modification was still in review. Bank of America advised them not to make any more
16 payments, but to wait until the modification process was complete.

17 115. On September 1, 2010, the homeowners received an election form allowing
18 them to request a mediation with Bank of America, which they returned. They called Bank of
19 America and Bank of America informed them that it was placing a "special code" on their
20 account so they could continue making the forbearance payment. On September 8, 2010,
21 Bank of America advised them that their file was in the Office of the President and an
22 advocate would call them within 11 days. A few weeks later, Bank of America sent the
23 homeowners a HAMP trial modification offer reducing their payments to \$1,046. They
24 accepted the offer and began paying this amount.

25 116. The homeowners attended their mediation on November 5, 2010. At the
26 mediation, they agreed to continue making the trial payments under the September
27 modification. Bank of America told them that, if all went well, they could expect to receive a
28 permanent modification offer in January 2011.

1 117. The Nevada Attorney General's office escalated the homeowners' complaint to
2 Bank of America and received two responses. In the first response of September 20, 2010,
3 Bank of America claims to have denied the homeowners' July MHA modification because the
4 property was not their primary residence. The home has always been their primary residence
5 and the homeowner was not denied the MHA modification, they were told to ignore it and pay
6 the forbearance agreement instead.

7 118. In addition, in their September 20th letter, Bank of America claims to have
8 offered a second MHA modification in June. The homeowners did not receive this
9 modification; however, they were already paying that amount per the special forbearance until
10 their August payment was returned to them uncashed.

11 119. On September 27, 2010, Bank of America sent the Nevada Attorney General
12 another response to the escalated complaint. This time, Bank of America claims to have
13 offered a second forbearance agreement in April 2010, in the same amount as the first, \$947.
14 The Bank says the payments were not submitted timely and thus canceled. This letter does
15 not mention the supposed MHA offer in June. The homeowners accepted a six-month
16 forbearance and made the forbearance payments of \$947 for 11 months. Their 12th payment
17 was returned to them by Bank of America.

18 120. The homeowners are currently making their trial payments under the September
19 modification.

20 **CONSUMERS 7**

21 121. In August, 2008, a Henderson couple requested a loan modification from Taylor
22 Bean & Whitaker, which serviced their loan. When Taylor Bean & Whitaker closed its doors
23 and their loan was taken over by Bank of America, they repeatedly submitted their documents
24 to Bank of America. They also called Bank of America over and over again regarding a loan
25 modification.

26 122. On September 11, 2009, Bank of America told the homeowners' third party loan
27 modification company, that the loan was in review and there was no sale date. Bank of
28 America asked the company to resubmit the homeowners' documents, which it did on October

1 2, 2009. On October 22, 2009, when the third party company called Bank of America, Bank of
2 America informed them that their home was sold the day before. The homeowners received a
3 notice on the door giving them three days to move out in March 2010.

4 123. When the homeowners called Bank of America for an explanation, Bank of
5 America told them that "it was a mistake" caused by the overwhelming volume of modification
6 requests Bank of America was handling. After more than two years of trying to obtain a loan
7 modification, the homeowners lost their home and moved out.

8 124. On April 23, 2010; May 31, 2010; June 14, 2010; July 23, 2010; August 3, 2010;
9 and August 11, 2010, Bank of America sent the homeowners notices thanking them for their
10 "recent correspondence" (though none had been sent) and promising a response within 20
11 business days. The homeowners received no other correspondence from Bank of America
12 regarding the foreclosure.

13 **CONSUMERS 8**

14 125. These Las Vegas homeowners contacted Countrywide in October, 2008 to apply
15 for a loan modification. They both worked in real estate and their incomes had dropped
16 significantly. In addition, the monthly payment on their payment option adjustable rate
17 mortgage jumped from \$1800 to \$2657. Two days after applying for the modification, they
18 called to follow up and Countrywide told them that it did not have their documents. They re-
19 faxed all of the documents.

20 126. The homeowners called Countrywide again three days later to confirm receipt of
21 their documents. Countrywide told them that its review would take 30 to 90 days. When the
22 homeowners called on November 3, 2008, a Countrywide representative told them that all of
23 their documents were received and their modification was under review.

24 127. However, in December, 2008, when the homeowners called to check again on
25 their status, they were advised that their modification was canceled because the bank had not
26 received all of the necessary paperwork. They resubmitted their documents and were told in
27 January 2009, that their application was being reviewed.

28

1 128. The homeowners solicited the help of a consumer credit counseling service.
2 Together, they called Bank of America, which had purchased Countrywide, in February and
3 Bank of America asked them to re-send their documents, which they did. On March 12, 2009,
4 the homeowners called, and Bank of America again reported that it did not have their
5 documents. The homeowners re-faxed them. In July, August, and September, Bank of
6 America requested updated financial information, which the homeowner sent.

7 129. In August, 2009, the homeowners received an unsigned Notice of
8 Default/Election to Sell. When the wife called Bank of America, the bank told her that her
9 modification was cancelled, but provided no reason. Bank of America also told her that she
10 qualified for HAMP and requested her documents again. She sent the documents to the
11 bank. The homeowner then began calling the bank on a weekly basis to check on the status
12 of her modification. Bank of America told her each time that a decision had not been made.

13 130. On December 15, 2009, Bank of America told the homeowner that her HAMP
14 request was cancelled in November and again provided no explanation. The homeowner sent
15 her documents to Bank of America again to restart the process.

16 131. In December 2009, they homeowners filed an election to mediate. In April 2010,
17 the homeowners participated in mediation in which Bank of America agreed to modify the
18 terms of their loan by waiving fees and penalties, reducing the interest rate, and reducing their
19 payments on a trial basis to \$2,278 beginning in May 2009. Further, according to the
20 mediation agreement if the homeowners made their "trial payments ... Lender to consider
21 Homeowners for permanent modification under investor guidelines, which are anticipated to
22 result in a similar initial payment amount."

23 132. On April 5, 2010, Bank of America's representative sent the homeowners a
24 forbearance agreement, not a trial modification, as promised. The forbearance agreement set
25 the same monthly payment as the mediation agreement; however, it did not modify the terms
26 of the loan, but only deferred payments. The homeowners tried repeatedly to reach Bank of
27 America's representative. They left several messages and received no return call. Within five
28 days, the Special Forbearance Agreement expired.

1 133. In July, 2010, a Bank of America representative called the homeowners and
2 informed them that they qualified for a loan modification and asked them to send updated
3 documents, which they did. One week later, Bank of America called and asked that the
4 documents be faxed again. The homeowners re-faxed their materials in August, 2010. They
5 followed up with repeated phone calls, but never received a return call or any information on
6 the status of their review. In a letter to the Attorney General's office dated October, 18, 2010,
7 Bank of America explained that they closed the homeowners' file on August 9, 2010 because
8 they did not receive the financial information requested.

9 All of the misrepresentations described above were made in connection with the
10 promotion and operation of Bank of America's modification program.

11 **COUNT I – VIOLATIONS OF THE NEVADA DECEPTIVE TRADE PRACTICES ACT**

12 134. The State re-alleges all preceding paragraphs in their entirety.

13 135. Bank of America's misrepresentations to Nevada consumers regarding the
14 operation of its mortgage modification practice violates the Nevada Deceptive Practices Act.
15 In particular, Bank of America's deceptive conduct breached its obligations under:

- 16 a. Nev. Rev. Stat. § 598.0915(9), which provides that it is a deceptive
17 practice for a person to "[a]dvertise[] goods or services with the intent not
18 to sell or lease them as advertised;"
- 19 b. Nev. Rev. Stat. § 598.0915(15), making it a deceptive trade practice for a
20 person to "[k]nowingly make[] any other false representation in a
21 transaction;"
- 22 c. Nev. Rev. Stat. § 598.092(8), which declares that it is a deceptive trade
23 practice for a person to "[k]nowingly misrepresent[] the legal rights,
24 obligations or remedies of a party to a transaction;"
- 25 d. Nev. Rev. Stat. § 598.0923(3), which makes knowing violations of "a state
26 or federal statute or regulation relating to the sale or lease of goods or
27 services" a violation of the Deceptive Trade Practices Act; and
28

1 e. Nev. Rev. Stat. § 598.0973, allowing a court to impose heightened
2 penalties for “engage[ing] in a deceptive trade practice directed toward an
3 elderly person or a person with a disability.”

4 136. As alleged herein, Bank of America engaged in unlawful practices in violation of
5 the Nevada Deceptive Trade Practices Act §§ 598, *et seq.*, in that it made false promises and
6 used deception, deceptive practices, and/or misrepresentations in connection with mortgage
7 modifications.

8 137. On information and belief, affected consumers included consumers over the age
9 of 60.

10 138. In all matters alleged herein, the Defendants acted willfully in violation of Nev.
11 Rev. Stat. §§ 598, *et seq.* as required by Nev. Rev. Stat. § 598.0999(2).

12 **RELIEF REQUESTED**

13 **WHEREFORE**, the State respectfully requests that the Court:

14 1. Enter a declaratory judgment that the Defendant's operation of its loan
15 modification program has violated the Nevada Deceptive Trade Practices Act, Nev. Rev. Stat.
16 §§ 598, *et seq.*

17 2. Prohibit the Defendant from continuing the course of conduct alleged herein as
18 violating the Nevada Deceptive Trade Practices Act, Nev. Rev. Stat. §§ 598, *et seq.* as written
19 now or amended in the future.

20 3. Order the Defendant to pay civil penalties pursuant to Nev. Rev. Stat. §
21 598.0999(2) or Nev. Rev. Stat. § 598.0973, and restitution pursuant to Nev. Rev. Stat. §
22 598.0993.

23 . . .

24 . . .

25 . . .

26 . . .

27 . . .

28 . . .

EXHIBIT A

TESTIMONY OF
ALLEN H. JONES
DEFAULT MANAGEMENT POLICY EXECUTIVE
BANK OF AMERICA

Before the
SENATE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS
WASHINGTON, DC
JULY 16, 2009

Good morning, Chairman Dodd, Ranking Member Shelby and Members of the Committee. I am Allen Jones, Bank of America's Default Management Policy Executive. Thank you for the opportunity to appear and update you on the efforts of Bank of America to help families avoid foreclosures wherever possible and stay in their homes.

Let me start by making two important points on which I will elaborate later in the testimony.

First, as you will recall Bank of America exited subprime lending nearly nine years ago. Upon acquiring Countrywide, we have taken the steps to ensure our combined company is a leader in traditional mortgage products. Our April launch of the Clarity Commitment -- a clear and simple one page disclosure that accompanies every new and refinanced loan -- is one demonstration of our focus on ensuring customers understand what loan they are getting and the associated costs.

Second, Bank of America has been at the forefront of government and industry efforts to develop loan modification programs as a way of avoiding foreclosures and helping financially distressed customers remain in their homes. We modified 230,000 mortgage loans in 2008, and we are pleased to report that in the first six months of this year, modification offers have been accepted or rate relief has been provided for more than 150,000 customers.

In recent weeks, as the Administration's Making Home Affordable modification program guidelines have been completed and our systems have been converted, Making Home Affordable has become the centerpiece of Bank of America's overall home retention efforts. Already, approximately 80,000 Bank of America customers are in the trial modification period or are responding to modification offers we have extended under Making Home Affordable.

We have achieved this level of success by devoting substantial resources to this effort. Our Home Loans business has more than 7,400 associates dedicated to home retention. This team has nearly doubled since this time one year ago. They respond to an average of 80,000 customer calls a day - and more than 1.8 million calls a month. In addition to personnel, we have devoted substantial systems, training and other resources to our loan modification efforts.

Our country is slowly emerging from the worst economic crisis since the Great Depression, the impacts of which have been felt deeply by consumers because at its center has been the deterioration in value of an asset important to individual wealth and stability - the home. Home values in some areas of the country have depreciated to less than half their value at the market's peak, and unemployment continues to rise - recently hitting a 26 year high.

Against this backdrop, millions of families are struggling. As one of the country's leading mortgage lenders and servicers, Bank of America understands and fully appreciates its role in helping borrowers through these difficult economic times. We want to ensure that any borrower who has sufficient income and the intent to maintain homeownership has the ability to do so using any and all resources we have available.

With that introduction, let me describe more specifically how we are leveraging Making Home Affordable and other programs to help borrowers, and provide some suggestions for improvement.

Support for Administration's Foreclosure Relief Efforts

Bank of America supports the Obama Administration's Making Home Affordable refinance and loan modification programs for their potential to help millions of homeowners who otherwise may have faced certain foreclosure.

The program's focus on affordability of payment in the loan modification and refinance processes is consistent with the approach we have successfully developed for our customers, and we appreciate the opportunity we have had to work with the Administration in developing guidelines for its Making Home Affordable programs.

While our primary focus here today is loan modifications, it's important to recognize the benefits of the Making Home Affordable refinance program and its role in helping more Americans retain their homes.

Bank of America was one of the first lenders to process refinance applications through the Making Home Affordable program. We have taken more than 90,000 Making Home Affordable refinance applications (the majority of which have locked) and funded nearly 40,000 refinances since launching the program.

Responsiveness to borrowers. We understand the importance of responding promptly when our customers call, and providing clear, timely answers to their questions. As noted earlier, our home retention division responds to an average of 80,000 customer calls daily. We seek to

answer calls from customers in 90 seconds or less - and in the second quarter we met that goal more than 80 percent of the time.

Making Home Affordable Modification Process. Our process for evaluating Making Home Affordable modifications generally works as follows: A customer is contacted through solicitation or offer letters or they contact us, and we perform an analysis of their financial situation, focusing primarily on their income and expenses and any hardships they may be suffering. In many cases, particularly where we have delegated authority from our investors to modify their loans, the customer can be pre-qualified for the Making Home Affordable program over the phone.

A pre-qualified customer receives a trial modification plan in the mail to execute and return within 30 days, along with supporting financial documentation and their first trial period payment. During the trial period, the customer's documentation is evaluated to ensure compliance with program guidelines. A customer who meets all program requirements, including timely making of all payments during this three or four month period, will receive a second agreement that must be signed and promptly returned to receive a final modification.

We continually strive to make our processes efficient and customer-friendly. We have established new processes for, among other things, verifying borrower income and expenses, managing trial modification periods, securing the payment of mortgage insurance pre-claims at the time of modification so as to enable more borrowers to qualify for modifications, and working with third party contractors engaged by the GSEs.

Delays in Foreclosure Sales. Bank of America customers will not lose their homes to foreclosure while their loans are being considered for a modification. The Bank places foreclosure sales on hold while it determines a customer's eligibility for its home retention programs.

Bank of America's Home Retention Operations

While the focus of today's hearing is on Making Home Affordable modification implementation, we also want to highlight our early leadership to address avoidable foreclosures. As the largest servicer in the U.S., servicing one in five mortgages, or a total of 14 million loans, we understand our responsibility to help our customers sustain homeownership. Before the government's announcement of Making Home Affordable earlier this year, Bank of America had proactively put in place industry-leading assistance programs for distressed borrowers. We continue to leverage those programs to ensure that we consider every potential solution for our customers.

National Homeownership Retention Program. Shortly after acquiring Countrywide, Bank of America announced the creation of our National Homeownership Retention Program for nearly 400,000 borrowers with discontinued Countrywide subprime and pay option ARM products. Outreach under the program began in December 2008. Like Making Home Affordable, our National Homeownership Retention Program focuses on affordability and sustainability, while providing a streamlined loan modification process.

Hope for Homeowners. Bank of America believes the Hope for Homeowners program provides another useful tool for assisting borrowers. We have not been able to implement the program as we are still awaiting final guidance from the Department of Housing and Urban Development.

The program, as originally rolled out, had a series of unique requirements which were very different from standard FHA programs, and presented serious implementation challenges for lenders. The Helping Families Save Their Homes Act signed into law by President Obama in May of 2009 includes helpful changes to Hope for Homeowners that are designed to make the program more consistent with standard FHA practices. We understand the Department of Housing and Urban Development is hard at work on developing final Hope for Homeowners guidance that will provide lenders with the tools they need to move forward and implement the program. It is important to note that once final guidelines are issued, it will still take lenders several months to implement the program.

Community Outreach and Partnerships. We have also devoted significant resources to community outreach. Since the beginning of this year, we have participated in more than 120 community outreach events in 26 states. We have reached more than 5,000 borrowers through these events, with about 50% of whom we had no prior contact in the last 60 days.

We have partnered with the National Council of La Raza, National Urban League, and the National Coalition for Asian Pacific American Community Development in the creation of the Alliance for Stabilizing Communities, and we provided \$2.5 million in funding to support this national coalition dedicated to assisting individuals facing foreclosure. The Alliance will hold 40 housing rescue fairs over the next two years in 24 communities hardest hit by the foreclosure crisis.

In addition, Bank of America partners with 440 HUD-approved non-profit counseling agencies. Empowering the counselors with knowledge about Bank of America Home Loans and the Making Home Affordable modification program is significant because counselors can educate borrowers and assist in the modification application process. This year, we have trained over 500 counselors in sessions across the United States.

Making Home Affordable Challenges and Improvements

Bank of America appreciates the opportunity we've had to work closely with members of the Administration in developing the Making Home Affordable program. We all understand there is still more work to be done on various aspects of the program to improve its success and the success of those homeowners that rely on it for assistance during these difficult economic times.

We would like to take this opportunity to offer some suggestions for improvement:

Announcement of Program Changes or Guidance. Communications by Treasury to servicers and at-risk homeowners regarding program features and effective dates could be improved. Advanced notification to loan servicers once new guidelines or program changes are determined (but before they become effective) would enable servicers to establish early necessary systems and practices to better address customer inquiries. The current method of publicly announcing new guidelines or changes concurrently with their effective dates creates immediate demand with insufficient lead time for operational readiness. This can lead to negative customer experience and, ultimately, public backlash against the programs.

We also would suggest that new or revised guidelines not be issued until they have been reviewed with industry representatives and their details have been completed. For example, while we appreciate the spirit in which it was done, the issuance by Treasury of its brief and limited guidelines for the second lien and short sale programs months before their comprehensive rules have been finalized or even drafted has led to a great deal of confusion and delay in the industry and with the public.

Promoting uniform interpretations of program guidelines. Consistency in the creation and interpretation of program guidelines between Treasury and the GSEs, as well as consistent guidelines for Fannie Mae- and Freddie Mac-owned or securitized loans, also would reduce homeowner confusion and simplify servicers' ability to operationalize these programs as they evolve. Similarly, it is important to encourage states to limit modification-related legislation which may complicate participation in federal programs such as MHA. And there also should be consistency among the various federal regulators and agencies as to the options servicers should utilize and the process servicers should follow for implementing Making Home Affordable.

Requirement of complete documentation. One of the benefits of the MHA program is the trial modification period. Servicers can approve trial modifications almost instantly and use the trial period to collect the necessary documentation to complete the modification. One factor that slows down the process during the trial period is that many borrowers initially provide incomplete information. We hope to work with the Administration to address the challenges we are experiencing with some of the required documentation returned by customers by reinforcing through the media and other communications the importance of complete and accurate

documentation. Servicers also should have some flexibility to determine the materiality of the incomplete response, such as whether we can accept an electronically filed tax return without a signature.

No program for the unemployed. As a general matter, we would welcome the opportunity to work with Treasury on a program that would offer short term relief while unemployed borrowers seek re-employment. This is already a significant population, and a growing need.

Customer Impacts

Despite problems in the economy, most of our customers continue to pay their mortgages on time; and less than 375,000 loans, or fewer than 3% of the 14 million loans in our servicing portfolio, face foreclosure. While foreclosures are a relatively small percentage of our portfolio, we recognize that the impact they have on our communities, neighborhoods and customers is significant. That is why we have exhausted and will continue to exhaust every possible avenue to help families stay in their homes.

Despite our best efforts, there are limits to what we can do. With unemployment at a 26 year high, even the most ambitious modification plan will not help when there is no income. Often the largest impediments to completing loan modifications are the changed circumstances of the borrower, such as unemployment, divorce, illness, or dissatisfaction with the property that may make a loan modification unattainable. We can only modify loans where the borrower has the ability and willingness to repay.

Our goal is to keep as many families in their homes as possible. Often we will succeed, but regardless, we believe every customer deserves to be treated with compassion and respect, and we work to provide a dignified process for everyone.

Bank of America Mortgage Lending Update

We strongly believe that long-term recovery in the economy and housing markets relies upon lenders responsibly and effectively providing loans to creditworthy borrowers. To that end, in April we launched Bank of America Home Loans, which is built on a brand promise to always be a responsible lender and help create successful homeowners.

At that time, we introduced several new tools in response to valuable customer feedback. One such tool – the Clarity Commitment – is a one-page summary of a borrower’s loan terms in plain English. We have it in place on 95% of our products, and it has been very well received by our customers and community partners. Since we introduced it, already 400,000 customers have received this document with their loan papers.

We are making new mortgage loans available to eligible customers for buying homes and refinancing their current mortgage loans. On Friday, July 17, Bank of America will report second quarter earnings. In the first quarter of 2009, we generated:

- More than \$85 billion in first mortgage production – representing more than 382,000 customers who purchased homes or saved money on the home they already own.
- More than \$4 billion in home equity and reverse mortgage production, representing almost 23,000 customers.

One in four of these loans were to low- and moderate-income customers.

Conclusion

I want to thank you for the opportunity to describe our ongoing home retention efforts. We recognize there is still much more to be done. The ongoing economic crisis demands expedient, affordable loan modifications that help borrowers within the framework of our contractual obligations to investors.

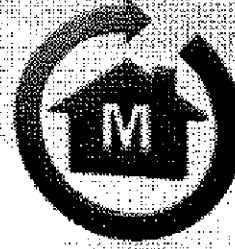
This is a critically important undertaking that must be done right if we as a country are going to preserve the flow of mortgage credit to support sustainable homeownership and at the same time protect communities and neighborhoods from avoidable foreclosures. We look forward to working with Congress and the Administration to accomplish these goals. I would be happy to answer any questions you might have.

EXHIBIT B

FHA Home Affordable Modification

**The Federal Housing Administration
Home Affordable Modification Program**

If you have an FHA-insured home loan and you're having trouble paying your mortgage, you may be able to receive a more affordable mortgage payment under this government program.

[Is it right for me?](#) | [How do I get started?](#) | [Next Steps](#) | [FAQs](#)**Additional Support**

- ▶ [Upcoming Events](#)
- ▶ [Avoiding Scams](#)
- ▶ [Homeowner Counseling Services](#)
- ▶ [Frequently Asked Questions](#)
- ▶ [Glossary](#)

My Status & Tools[Call Us](#)**Now that I'm in the process, what's next?**[Print page](#)

If you're already in the process of modifying your loan through the federal government's FHA Home Affordable Modification Program, we can help you understand what you need to do next.

I have requested an FHA Home Affordable Modification

When you receive your financial information packet, you'll need to complete the enclosed financial forms and submit proof of income and residency.

The following forms must be filled out and signed by all borrowers listed on your loan.

Request for Modification and Affidavit (RMA) form

IRS Form 4506-T Request for Transcript of Tax Return
(only one required if you file your tax returns jointly)

You can expect to hear back from us within 10 business days from when we receive all your required documents. The purpose of contacting you is to confirm receipt of your information, let you know how the evaluation process works and how long it takes—typically about 30-45 calendar days. If documents are missing, we may contact you to let you know what information you need to send us.

Next

1. These eligibility requirements are informational and are not intended as a commitment to modify your home loan nor is this an exhaustive list of the parameters of the Program.

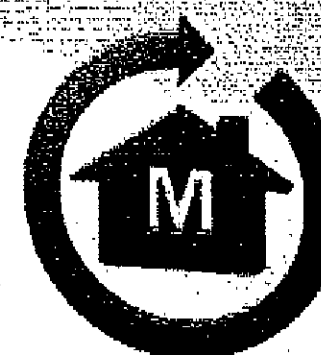
2. This calculation is for informational purposes only, is based upon unverified information you provided at our website and should not be construed to mean that you qualify or do not qualify for a home loan modification. We are required to consider other factors in assessing whether you qualify for a home loan modification.

[Loan Assistance Home](#)[Loan Assistance Solutions](#)[Additional Support](#)[My Status & Tools](#)

FHA Home Affordable Modification

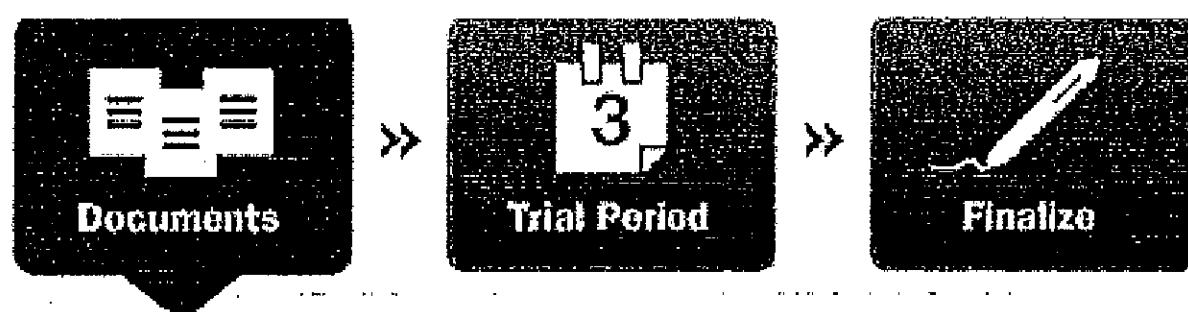
The Federal Housing Administration Home Affordable Modification Program

If you have an FHA-insured home loan and you're having trouble paying your mortgage, you may be able to receive a more affordable mortgage payment under this government program.

[Is it right for me?](#)[How do I get started?](#)[Next Steps](#)[FAQs](#)[Print page](#) 

Now that I'm in the process, what's next?

If you're already in the process of modifying your loan through the federal government's FHA Home Affordable Modification Program, we can help you understand what you need to do next.



I have requested an FHA Home Affordable Modification

When you receive your financial information packet, you'll need to complete the enclosed financial forms and submit **proof of income and residency**.

The following forms must be filled out and signed by all borrowers listed on your loan.

- Request for Modification and Affidavit (RMA) form
- IRS Form 4506-T Request for Transcript of Tax Return (only one required if you file your tax returns jointly)
- Hardship Affidavit

You can expect to hear back from us within 10 business days from when we receive all your required documents. The purpose of contacting you is to confirm receipt of your information, let you know how the evaluation process works and how long it takes—typically about 30-45 calendar days. If documents are missing, we may contact you to let you know what information you need to send us.

[Next](#)

Bank of America > Home Loans > Home Loan Assistance

Loan Assistance Solutions

[Refinance](#)[Forbearance](#)[Reverse Mortgage](#)[Tax & Insurance Help with a Reverse Mortgage](#)[Short Sale](#)[Deed in Lieu](#)[Foreclosure](#)[National Homeownership Retention Program](#)[Home Affordable Refinance](#)[Home Affordable Modification](#)[FHA Home Affordable Modification](#)[Home Affordable Foreclosure Alternatives](#)

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EXHIBIT C

SECTION 5b: FREQUENTLY ASKED QUESTIONS (FAQs)**Q. What is the Home Affordable Modification Program?**

A. The Home Affordable Modification Program, part of the Making Home Affordable Program announced recently by the federal government, is designed to help 3 million to 4 million financially struggling homeowners by modifying loans to a level that is affordable for borrowers now and sustainable over the long term. **To learn more about the Home Affordable Modification Program, visit www.MakingHomeAffordable.gov.**

Q. If I qualify, how will my mortgage be modified?

A. The modification may involve some or all of the following changes to your mortgage loan:

- Bringing your account current by capitalizing past due amounts as permitted
- Reducing the interest rate on your loan
- Extending the term of your loan
- Delaying your repayment of a portion of the mortgage principal until the end of the loan term

Q. How long will it take to process my modification request and determine if I qualify for the program?

A. It may take up to **45 days** for us to review your documents once they are received. We will process your modification request as quickly as possible. Please note that your loan modification will not be final until you meet all of the applicable conditions and you are notified in writing that your modification has been approved.

Q. Will a foreclosure occur if I participate in the Home Affordable Modification Program?

A. As long as you comply with the terms of the Trial Period Plan, we will not start foreclosure proceedings or conduct a foreclosure sale if foreclosure proceedings have started. If you fail to comply with the terms of the Trial Period Plan and do not make other arrangements, your loan will be enforced according to its original terms, which could include foreclosure.

Q. Where should I mail or send my trial period mortgage payments?

A. Please use the enclosed loan coupon or monthly mortgage statement information to ensure your payment is mailed or routed to BAC Home Loans Servicing, LP. Please continue to use your preferred method of payment.

Q. What happens to my trial period mortgage payments if I do not comply with the terms of the Trial Period Plan?

A. Your trial period mortgage payments will be applied to your existing loan according to the terms of your loan documents.

Q. What if my trial period mortgage payment is less than the payment I currently owe on my loan?

A. Your monthly statement will continue to include your regular payment amount and any regularly accruing late charge amounts. You only need to pay the trial period amount during the three month trial period. The difference between the amount of the trial payment and your normal monthly payment will be added to your loan balance.

Q. Could my trial period mortgage payment be more than my current payment?

A. Yes. For example, if your existing payment does not include an escrow payment and you are now required to make monthly escrow payments, your trial period mortgage payment could be higher than your current payment. Please note: The increase in your payment under these circumstances could be offset by other tax and insurance bills you would no longer have to pay directly as we would pay those for you out of your escrow account.

Q. What do you do with my first trial period mortgage payment if I do not qualify for the program?

A. Your first trial payment will be applied to your existing loan in accordance with the terms of your loan documents. If you do not qualify for the program, we will help you evaluate other options to help you keep your home or ease your transition to a new residence.

Q. If I get a Home Affordable Modification, can my modified loan terms ever revert to the original loan terms?

A. No. This is one of the advantages of the Home Affordable Modification Program. Once your loan is modified, the new terms stay in place for the remainder of your loan.

EXHIBIT D



Home Affordable Modification Program

Supplemental Directive 09-01

April 6, 2009

Introduction of the Home Affordable Modification Program

Background

On February 18, 2009, President Obama announced the Homeowner Affordability and Stability Plan to help up to 7 to 9 million families restructure or refinance their mortgages to avoid foreclosure. As part of this plan, the Treasury Department (Treasury) announced a national modification program aimed at helping 3 to 4 million at-risk homeowners – both those who are in default and those who are at imminent risk of default – by reducing monthly payments to sustainable levels. On March 4, 2009, the Treasury issued uniform guidance for loan modifications across the mortgage industry. This Supplemental Directive provides additional guidance to servicers for adoption and implementation of the Home Affordable Modification program (HAMP) for mortgage loans that are not owned or guaranteed by Fannie Mae or Freddie Mac (Non-GSE Mortgages).

Under the HAMP, a servicer will use a uniform loan modification process to provide a borrower with sustainable monthly payments. The guidelines set forth in this document apply to all eligible mortgage loans secured by one- to four-unit owner-occupied single-family properties.

In order for a servicer to participate in the HAMP with respect to Non-GSE Mortgages, the servicer must execute a servicer participation agreement and related documents (Servicer Participation Agreement) with Fannie Mae in its capacity as financial agent for the United States (as designated by Treasury) on or before December 31, 2009. The Servicer Participation Agreement will govern servicer participation in the HAMP program for all Non-GSE Mortgages. Servicers of mortgage loans that are owned or guaranteed by Fannie Mae or Freddie Mac should refer to the HAMP announcement issued by the applicable GSE.

The HAMP reflects usual and customary industry standards for mortgage loan modifications contained in typical servicing agreements, including pooling and servicing agreements (PSAs) governing private label securitizations. As detailed in the Servicer Participation Agreement, participating servicers are required to consider all eligible mortgage loans unless prohibited by the rules of the applicable PSA and/or other investor servicing agreements. Participating servicers are required to use reasonable efforts to remove any prohibitions and obtain waivers or approvals from all necessary parties in order to carry out any modification under the HAMP.

To help servicers implement the HAMP, this Supplemental Directive covers the following topics:

- HAMP Eligibility
- Underwriting
- Modification Process
- Reporting Requirements
- Fees and Compensation
- Compliance

HAMP Eligibility

A Non-GSE Mortgage is eligible for the HAMP if the servicer verifies that all of the following criteria are met:

- The mortgage loan is a first lien mortgage loan originated on or before January 1, 2009.
- The mortgage loan has not been previously modified under the HAMP.
- The mortgage loan is delinquent or default is reasonably foreseeable; loans currently in foreclosure are eligible.
- The mortgage loan is secured by a one- to four-unit property, one unit of which is the borrower's principal residence. Cooperative share mortgages and mortgage loans secured by condominium units are eligible for the HAMP. Loans secured by manufactured housing units are eligible for the HAMP.
- The property securing the mortgage loan must not be vacant or condemned.
- The borrower documents a financial hardship and represents that (s)he does not have sufficient liquid assets to make the monthly mortgage payments by completing a Home Affordable Modification Program Hardship Affidavit and provides the required income documentation. The documentation supporting income may not be more than 90 days old (as of the date the servicer is determining HAMP eligibility).
- The borrower has a monthly mortgage payment ratio of greater than 31 percent.
- A borrower in active litigation regarding the mortgage loan is eligible for the HAMP.
- The servicer may not require a borrower to waive legal rights as a condition of the HAMP.
- A borrower actively involved in a bankruptcy proceeding is eligible for the HAMP at the servicer's discretion. Borrowers who have received a Chapter 7 bankruptcy discharge in a case involving the first lien mortgage who did not reaffirm the mortgage debt under applicable law are eligible, provided the Home Affordable Modification Trial Period Plan and Home Affordable Modification Agreement are revised as outlined in the *Acceptable Revisions to HAMP Documents* section of this Supplemental Directive.
- The borrower agrees to set up an escrow account for taxes and hazard and flood insurance prior to the beginning of the trial period if one does not currently exist.
- Borrowers may be accepted into the program if a fully executed Home Affordable Modification Trial Period Plan is in the servicer's possession on December 31, 2012.

- The current unpaid principal balance (UPB) of the mortgage loan prior to capitalization must be no greater than:
 - 1 Unit: \$729,750
 - 2 Units: \$934,200
 - 3 Units: \$1,129,250
 - 4 Units: \$1,403,400

Note: Mortgage loans insured, guaranteed or held by a federal government agency (e.g., FHA, HUD, VA and Rural Development) may be eligible for the HAMP, subject to guidance issued by the relevant agency. Further details regarding inclusion of these loans in the HAMP will be provided in a subsequent Supplemental Directive.

The HAMP documents are available through www.financialstability.gov. Documents include the Home Affordable Modification Trial Period Plan (hereinafter referred to as Trial Period Plan), the Home Affordable Modification Agreement (hereinafter referred to as the Agreement), the Home Affordable Modification Program Hardship Affidavit (hereinafter referred to as the Hardship Affidavit) and various cover letters.

Underwriting

Hardship Affidavit

Every borrower and co-borrower seeking a modification, whether in default or not, must sign a Hardship Affidavit that attests to and describes one or more of the following types of hardship:

1. A reduction in or loss of income that was supporting the mortgage.
2. A change in household financial circumstances.
3. A recent or upcoming increase in the monthly mortgage payment.
4. An increase in other expenses.
5. A lack of sufficient cash reserves to maintain payment on the mortgage and cover basic living expenses at the same time. Cash reserves include assets such as cash, savings, money market funds, marketable stocks or bonds (excluding retirement accounts and assets that serve as emergency fund – generally equal to three times the borrower's monthly debt payments).
6. Excessive monthly debt payments and overextension with creditors, e.g., the borrower was required to use credit cards, a home equity loan, or other credit to make the mortgage payment.
7. Other reasons for hardship detailed by the borrower.

Note: The borrower is not required to have the Hardship Affidavit notarized.

Reasonably Foreseeable (Imminent) Default

A borrower that is current or less than 60 days delinquent who contacts the servicer for a modification, appears potentially eligible for a modification, and claims a hardship must

be screened for imminent default. The servicer must make a determination as to whether a payment default is imminent based on the servicer's standards for imminent default and consistent with applicable contractual agreements and accounting standards. If the servicer determines that default is imminent, the servicer must apply the Net Present Value test.

In the process of making its imminent default determination, the servicer must evaluate the borrower's financial condition in light of the borrower's hardship as well as inquire as to the condition of and circumstances affecting the property securing the mortgage loan. The servicer must consider the borrower's financial condition, liquid assets, liabilities, combined monthly income from wages and all other identified sources of income, monthly obligations (including personal debts, revolving accounts, and installment loans), and a reasonable allowance for living expenses such as food, utilities, etc. The hardship and financial condition of the borrower shall be verified through documentation.

Documenting the Reason for and Timing of Imminent Default

A servicer must document in its servicing system the basis for its determination that a payment default is imminent and retain all documentation used to reach its conclusion. The servicer's documentation must also include information on the borrower's financial condition as well as the condition and circumstances of the property securing the mortgage loan.

Net Present Value (NPV) Test

All loans that meet the HAMP eligibility criteria and are either deemed to be in imminent default (as described above) or 60 or more days delinquent must be evaluated using a standardized NPV test that compares the NPV result for a modification to the NPV result for no modification. If the NPV result for the modification scenario is greater than the NPV result for no modification, the result is deemed "positive" and the servicer **MUST** offer the modification. If the NPV result for no modification is greater than NPV result for the modification scenario, the modification result is deemed "negative" and the servicer has the option of performing the modification in its discretion. For mortgages serviced on behalf of a third party investor for which the modification result is deemed "negative," however, the servicer may not perform the modification without express permission of the investor. If a modification is not pursued when the NPV result is "negative," the servicer must consider the borrower for other foreclosure prevention options, including alternative modification programs, deeds-in-lieu, and preforeclosure sale programs.

Whether or not a modification is pursued, the servicer **MUST** maintain detailed documentation of the NPV model used, all NPV inputs and assumptions and the NPV results.

Fannie Mae has developed a software application for servicers to submit loan files to the NPV calculator. The software application is available on the Home Affordable

Modification servicer web portal accessible through www.financialstability.gov. On this portal, servicers will have access to the NPV calculator tool as well as detailed guidelines for submitting proposed modification data.

Servicers having at least a \$40 billion servicing book will have the option to create a version of the NPV calculator that uses a set of cure rates and redefault rates estimated based on the experience of their own portfolios, taking into consideration, if feasible, current LTV, current monthly mortgage payment, current credit score, delinquency status and other loan or borrower attributes. Detailed guidance on required inputs for custom NPV calculations is forthcoming.

For mortgages serviced on behalf of a third party investor, the servicer must use a discount rate at least as high as the rate used on the servicer's own portfolio, but in no event higher than the maximum rate permitted under the HAMP.

To obtain a property valuation input for the NPV calculator, servicers may use either an automated valuation model (AVM), provided that the AVM renders a reliable confidence score, or a broker's price opinion (BPO). A servicer may use an AVM provided by one of the GSEs. As an alternative, servicers may rely on their internal AVM provided that:

- (i) the servicer is subject to supervision by a Federal regulatory agency;
- (ii) the servicer's primary Federal regulatory agency has reviewed the model; and
- (iii) the AVM renders a reliable confidence score.

If a GSE AVM or the servicer AVM is unable to render a value with a reliable confidence score, the servicer must obtain an assessment of the property value utilizing a BPO or a property valuation method acceptable to the servicer's Federal regulatory supervisor. Such assessment must be rendered in accordance with the Interagency Appraisal and Evaluation Guidelines (as if such guidelines apply to loan modifications). In all cases, the property valuation used cannot be more than 90 days old.

Verifying Borrower Income and Occupancy Status

Servicers may use recent verbal financial information obtained from the borrower and any co-borrower 90 days or less from the date the servicer is determining HAMP eligibility to assess the borrower's eligibility. The servicer may rely on this information to prepare and send to the borrower a solicitation for the HAMP and an offer of a Trial Period Plan. When the borrower returns the Trial Period Plan and related documents, the servicer must review them to verify the borrower's financial information and eligibility – except that documentation of income may not be more than 90 days old as of the determination of eligibility.

As an alternative, a servicer may require a borrower to submit the required documentation to verify the borrower's eligibility and income prior to preparing a Trial Period Plan. Upon receipt of the documentation and determination of the borrower's

eligibility, a servicer may prepare and send to the borrower a letter indicating that the borrower is eligible for the HAMP together with a Trial Period Plan.

The borrower will only qualify for the HAMP if the verified income documentation confirms that the monthly mortgage payment ratio prior to the modification is greater than 31 percent. The "monthly mortgage payment ratio" is the ratio of the borrower's current monthly mortgage payment to the borrower's monthly gross income (or the borrowers' combined monthly gross income in the case of co-borrowers). The "monthly mortgage payment" includes the monthly payment of principal, interest, property taxes, hazard insurance, flood insurance, condominium association fees and homeowner's association fees, as applicable (including any escrow payment shortage amounts subject to a repayment plan). When determining a borrower's monthly mortgage payment ratio, servicers must adjust the borrower's current mortgage payment to include, as applicable, property taxes, hazard insurance, flood insurance, condominium association fees and homeowner's association fees if these expenses are not already included in the borrower's payment. The monthly mortgage payment does not include mortgage insurance premium payments or payments due to holders of subordinate liens.

With respect to adjustable rate loans where there is a rate reset scheduled within 120 days after the date of the evaluation (a "Reset ARM"), the monthly mortgage payment used to determine eligibility will be the greater of (i) the borrower's current scheduled monthly mortgage payment or (ii) a fully amortizing monthly mortgage payment based on the note reset rate using the index value as of the date of the evaluation (the "Reset Interest Rate"). With respect to adjustable rate loans that reset more than 120 days after the date of the evaluation, the borrower's current scheduled monthly mortgage payment will be used to determine eligibility.

The borrower's "monthly gross income" is the borrower's income amount before any payroll deductions and includes wages and salaries, overtime pay, commissions, fees, tips, bonuses, housing allowances, other compensation for personal services, Social Security payments, including Social Security received by adults on behalf of minors or by minors intended for their own support, and monthly income from annuities, insurance policies, retirement funds, pensions, disability or death benefits, unemployment benefits, rental income and other income. If only net income is available, the servicer must multiply the net income amount by 1.25 to estimate the monthly gross income.

Servicers should include non-borrower household income in monthly gross income if it is voluntarily provided by the borrower and if there is documentary evidence that the income has been, and reasonably can continue to be, relied upon to support the mortgage payment. All non-borrower household income included in monthly gross income must be documented and verified by the servicer using the same standards for verifying a borrower's income.

The servicer may not require a borrower to make an up-front cash contribution (other than the first trial period payment) for the borrower to be considered for the HAMP.

The HAMP documents instruct the borrower (the term “borrower” includes any co-borrower) to provide the following financial information to the servicer:

If the borrower is employed:

- A signed copy of the most recently filed federal income tax return, including all schedules and forms, if available,
- A signed IRS Form 4506-T (Request for Transcript of Tax Return), and
- Copies of the two most recent paystubs indicating year-to-date earnings.
- For additional income such as bonuses, commissions, fees, housing allowances, tips and overtime, a servicer must obtain a letter from the employer or other reliable third-party documentation indicating that the income will in all probability continue.

If the borrower is self-employed:

- A signed copy of the most recent federal income tax return, including all schedules and forms, if available,
- A signed IRS Form 4506-T (Request for Transcript of Tax Return), and
- The most recent quarterly or year-to-date profit and loss statement for each self-employed borrower.
- Other reliable third-party documentation the borrower voluntarily provides.

Note: For both a salaried or a self-employed borrower, if the borrower does not provide a signed copy of the most recently filed federal income tax return, or if the Compliance Agent so requires, the servicer must submit the Form 4506-T to the IRS to request a transcript of the return.

If the borrower elects to use alimony or child support income to qualify, acceptable documentation includes:

- Photocopies of the divorce decree, separation agreement, or other type of legal written agreement or court decree that provides for the payment of alimony or child support and states the amount of the award and the period of time over which it will be received. Servicers must determine that the income will continue for at least three years.
- Documents supplying reasonably reliable evidence of full, regular and timely payments, such as deposit slips, bank statements or signed federal income tax returns.

If the borrower has other income such as social security, disability or death benefits, or a pension:

- Acceptable documentation includes letters, exhibits, a disability policy or benefits statement from the provider that states the amount, frequency, and duration of the benefit. The servicer must determine that the income will continue for at least three years.
- The servicer must obtain copies of signed federal income tax returns, IRS W-2 forms, or copies of the two most recent bank statements.

If the borrower receives public assistance or collects unemployment:

- Acceptable documentation includes letters, exhibits or a benefits statement from the provider that states the amount, frequency, and duration of the benefit. The servicer must determine that the income will continue for at least nine months.

If the borrower has rental income, acceptable documentation includes:

- Copies of all pages from the borrower's most recent two years of signed federal income tax returns and Schedule E – Supplemental Income and Loss. The monthly net rental income to be calculated for HAMP purposes equals 75 percent of the gross rent, with the remaining 25 percent considered vacancy loss and maintenance expense.

A servicer must confirm that the property securing the mortgage loan is the borrower's primary residence as evidenced by the most recent signed federal income tax return (or transcript of tax return obtained from the IRS), a credit report and one other form of documentation that would supply reasonable evidence that the property is the borrower's primary residence (such as utility bills in the borrower's name).

A servicer is not required to modify a mortgage loan if there is reasonable evidence indicating the borrower submitted false or misleading information or otherwise engaged in fraud in connection with the modification.

Standard Modification Waterfall

Servicers are required to consider a borrower for a refinance through the Hope for Homeowners program when feasible. Consideration for a Hope for Homeowners refinance should not delay eligible borrowers from receiving a modification offer and beginning the trial period. Servicers must use the modification options listed below to begin the HAMP modification and work to complete the Hope for Homeowners refinance during the trial period.

Servicers must apply the modification steps enumerated below in the stated order of succession until the borrower's monthly mortgage payment ratio is reduced as close as possible to 31 percent, without going below 31 percent (the "target monthly mortgage payment ratio"). If the applicable PSA or other investor servicing agreement prohibits the servicer from taking a modification step, the servicer may seek approval for an exception.

Servicers are not precluded under the HAMP from agreeing to a modification that reduces the borrower's monthly mortgage payment ratio below 31% as long as the modification otherwise complies with the HAMP requirements. Similarly and where otherwise permitted by the applicable PSA or other investor servicing contract, servicers are not precluded under the HAMP from agreeing to a modification where the interest rate does not step up after five years, or where additional principal forbearance is substituted for extending the term as needed to achieve the target monthly mortgage payment ratio of 31%, so long as the modification otherwise complies with HAMP

requirements. However, borrower, servicer and investor incentive payments for these modifications will be paid based on modification terms that reflect the target monthly mortgage payment ratio and standard modification terms.

Note: If a borrower has an adjustable-rate mortgage (ARM) or interest-only mortgage, the existing interest rate will convert to a fixed interest rate, fully amortizing loan.

Step 1: Capitalize accrued interest, out-of-pocket escrow advances to third parties, and any required escrow advances that will be paid to third parties by the servicer during the trial period and servicing advances (costs and expenses incurred in performing its servicing obligation, such as those related to preservation and protection of the security property and the enforcement of the mortgage) paid to third parties in the ordinary course of business and not retained by the servicer, if allowed by state law. The servicer should capitalize only those third party delinquency fees that are reasonable and necessary. Fees permitted by Fannie Mae and Freddie Mac for GSE loans shall be considered evidence of fees that would be reasonable for non-GSE loans. Late fees may not be capitalized and must be waived if the borrower satisfies all conditions of the Trial Period Plan.

Step 2: Reduce the interest rate. If the loan is a fixed rate mortgage or an adjustable-rate mortgage, then the starting interest rate is the current interest rate. If the loan is a Reset ARM, the starting interest rate is the Reset Interest Rate.

Reduce the starting interest rate in increments of .125 percent to get as close as possible to the target monthly mortgage payment ratio. The interest rate floor in all cases is 2.0 percent.

- If the resulting rate is below the Interest Rate Cap, this reduced rate will be in effect for the first five years followed by annual increases of one percent per year (or such lesser amount as may be needed) until the interest rate reaches the Interest Rate Cap, at which time it will be fixed for the remaining loan term.
- If the resulting rate exceeds the Interest Rate Cap, then that rate is the permanent rate.

The “Interest Rate Cap” is the Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) Rate for 30-year fixed rate conforming loans, rounded to the nearest 0.125 percent, as of the date that the Agreement is prepared.

Step 3: If necessary, extend the term and reamortize the mortgage loan by up to 480 months from the modification effective date (i.e., the first day of the month following the end of the trial period) to achieve the target monthly mortgage payment ratio. If a term extension is not permitted under the applicable PSA or other investor servicing agreement, reamortize the mortgage loan based upon an amortization schedule of up to 480 months with a balloon payment due at maturity. Negative amortization after the effective date of the modification is prohibited.

Step 4: If necessary, the servicer must provide for principal forbearance to achieve the target monthly mortgage payment ratio. The principal forbearance amount is non-interest

bearing and non-amortizing. The amount of principal forbearance will result in a balloon payment fully due and payable upon the earliest of the borrower's transfer of the property, payoff of the interest bearing unpaid principal balance, or maturity of the mortgage loan. The modified interest bearing balance (i.e., the unpaid principal balance excluding the deferred principal balloon amount) must create a current mark-to-market LTV (current LTV based upon the new valuation) greater than or equal to 100 percent if the result of the NPV test is negative and the servicer elects to perform the modification.

There is no requirement to forgive principal under the HAMP. However, servicers may forgive principal to achieve the target monthly mortgage payment ratio on a standalone basis or before any step in the standard waterfall process set forth above. If principal is forgiven, subsequent steps in the standard waterfall may not be skipped. If principal is forgiven and the interest rate is not reduced, the existing rate will be fixed and treated as the modified rate for the purposes of the Interest Rate Cap.

Verifying Monthly Gross Expenses

A servicer must obtain a credit report for each borrower or a joint report for a married couple who are co-borrowers to validate installment debt and other liens. In addition, a servicer must consider information concerning monthly obligations obtained from the borrower either orally or in writing. The "monthly gross expenses" equal the sum of the following monthly charges:

- The monthly mortgage payment, taxes, property insurance, homeowner's or condominium association fee payments and assessments related to the property whether or not they are included in the mortgage payment.
- Any mortgage insurance premiums.
- Monthly payments on all closed-end subordinate mortgages.
- Payments on all installment debts with more than ten months of payments remaining, including debts that are in a period of either deferment or forbearance. When payments on an installment debt are not on the credit report or are listed as deferred, the servicer must obtain documentation to support the payment amount included in the monthly debt payment. If no monthly payment is reported on a student loan that is deferred or is in forbearance, the servicer must obtain documentation verifying the proposed monthly payment amount, or use a minimum of 1.5 percent of the balance.
- Monthly payment on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment, the payment will be calculated by multiplying the outstanding balance by 3 percent.
- Monthly payment on a Home Equity Line of Credit (HELOC) must be included in the payment ratio using the minimum monthly payment reported on the credit report. If the HELOC has a balance but no monthly payment is reported, the servicer must obtain documentation verifying the payment amount, or use a minimum of one percent of the balance.
- Alimony, child support and separate maintenance payments with more than ten months of payments remaining, if supplied by the borrower.

- Car lease payments, regardless of the number of payments remaining.
- Aggregate negative net rental income from all investment properties owned, if supplied by the borrower.
- Monthly mortgage payment for second home (principal, interest, taxes and insurance and, when applicable, leasehold payments, homeowner association dues, condominium unit or cooperative unit maintenance fees (excluding unit utility charges)).

Total Monthly Debt Ratio

The borrower's total monthly debt ratio ("back-end ratio") is the ratio of the borrower's monthly gross expenses divided by the borrower's monthly gross income. Servicers will be required to send the Home Affordable Modification Program Counseling Letter to borrowers with a post-HAMP modification back-end ratio equal to or greater than 55 percent. The letter states the borrower must work with a HUD-approved housing counselor on a plan to reduce their total indebtedness below 55 percent. The letter also describes the availability and advantages of counseling and provides a list of local HUD-approved housing counseling agencies and directs the borrower to the appropriate HUD website where such information is located. The borrower must represent in writing in the HAMP documents that (s)he will obtain such counseling.

Face-to-face counseling is encouraged; however, telephone counseling is also permitted from HUD-approved housing counselors provided it covers the same topics as face-to-face sessions. Telephone counseling sessions provide flexibility to borrowers who are unable to attend face-to-face sessions or who do not have an eligible provider within their area.

A list of approved housing counseling agencies is available at <http://www.hud.gov/offices/hsg/sfh/hcc/fc/> or by calling the toll-free housing counseling telephone referral service at 1-800-569-4287. A servicer must retain in its mortgage files evidence of the borrower notification. There is no charge to either borrowers or servicers for this counseling.

Mortgages with No Due-on-Sale Provision

If a mortgage that is not subject to a due-on-sale provision receives an HAMP, the borrower agrees that the HAMP will cancel the assumability feature of that mortgage.

Escrow Accounts

All of the borrower's monthly payments must include a monthly escrow amount unless prohibited by applicable law. The servicer must assume full responsibility for administering the borrower's escrow deposit account in accordance with the mortgage documents and all applicable laws and regulations. If the mortgage loan being considered for the HAMP is a non-escrowed mortgage loan, the servicer must establish an escrow deposit account prior to the beginning of the trial period. Servicers who do not

have this capacity must implement an escrow process within six months of signing the Servicer Participation Agreement. However, the servicer must ensure that the trial payments include escrow amounts and must place the escrow funds into a separate account identified for escrow deposits.

Servicers are encouraged to perform an escrow analysis prior to establishing the trial period payment. When performing an escrow analysis, servicers should take into consideration tax and insurance premiums that may come due during the trial period. When the borrower's escrow account does not have sufficient funds to cover an expense and the servicer advances the funds necessary to pay an expense to a third party, the amount of the servicer advance that is paid to a third party may be capitalized.

In the event the initial escrow analysis identifies a shortage – a deficiency in the escrow deposits needed to pay all future tax and insurance payments – the servicer must take steps to eliminate the shortage. Any actions taken by the servicer to eliminate the escrow shortage must be in compliance with applicable laws, rules and regulations, including, but not limited to, the Real Estate Settlement Procedures Act and the Truth in Lending Act.

Compliance with Applicable Laws

Each servicer (and any subservicer it uses) must be aware of, and in full compliance with, all federal, state, and local laws (including statutes, regulations, ordinances, administrative rules and orders that have the effect of law, and judicial rulings and opinions) – including, but not limited to, the following laws that apply to any of its practices related to the HAMP:

- Section 5 of the Federal Trade Commission Act, which prohibits unfair or deceptive acts or practices.
- The Equal Credit Opportunity Act and the Fair Housing Act, which prohibit discrimination on a prohibited basis in connection with mortgage transactions. Loan modification programs are subject to the fair lending laws, and servicers and lenders should ensure that they do not treat a borrower less favorably than other borrowers on grounds such as race, religion, national origin, sex, marital or familial status, age, handicap, or receipt of public assistance income in connection with any loan modification. These laws also prohibit redlining.
- The Real Estate Settlement Procedures Act, which imposes certain disclosure requirements and restrictions relating to transfers of the servicing of certain loans and escrow accounts.
- The Fair Debt Collection Practices Act, which restricts certain abusive debt collection practices by collectors of debts, other than the creditor, owed or due to another.



Modification Process

Borrower Solicitation

Servicers should follow their existing practices, including complying with any express contractual restrictions, with respect to solicitation of borrowers for modifications.

A servicer may receive calls from current or delinquent borrowers directly inquiring about the availability of the HAMP. In that case, the servicer should work with the borrower to obtain the borrower's financial and hardship information and to determine if the HAMP is appropriate. If the servicer concludes a current borrower is in danger of imminent default, the servicer must consider an HAMP modification.

When discussing the HAMP, the servicer should provide the borrower with information designed to help them understand the modification terms that are being offered and the modification process. Such communication should help minimize potential borrower confusion, foster good customer relations, and improve legal compliance and reduce other risks in connection with the transaction. A servicer also must provide a borrower with clear and understandable written information about the material terms, costs, and risks of the modified mortgage loan in a timely manner to enable borrowers to make informed decisions. The servicer should inform the borrower during discussions that the successful completion of a modification under the HAMP will cancel any assumption feature, variable or step-rate feature, or enhanced payment options in the borrower's existing loan, at the time the loan is modified.

Servicers must have adequate staffing, resources, and facilities for receiving and processing the HAMP documents and any requested information that is submitted by borrowers. Servicers must also have procedures and systems in place to be able to respond to inquiries and complaints about the HAMP. Servicers should ensure that such inquiries and complaints are provided fair consideration, and timely and appropriate responses and resolution.

Document Retention

Servicers must retain all documents and information received during the process of determining borrower eligibility, including borrower income verification, total monthly mortgage payment and total monthly gross debt payment calculations, NPV calculations (assumptions, inputs and outputs), evidence of application of each step of the standard waterfall, escrow analysis, escrow advances, and escrow set-up. The servicers must retain all documents and information related to the monthly payments during and after the trial period, as well as incentive payment calculations and such other required documents.

Servicers must retain detailed records of borrower solicitations or borrower-initiated inquiries regarding the HAMP, the outcome of the evaluation for modification under the HAMP and specific justification with supporting details if the request for modification

under the HAMP was denied. Records must also be retained to document the reason(s) for a trial modification failure. If an HAMP modification is not pursued when the NPV result is “negative,” the servicer must document its consideration of other foreclosure prevention options. If a borrower under an HAMP modification loses good standing, the servicer must retain documentation of its consideration of the borrower for other loss mitigation alternatives.

Servicers must retain required documents for a period of seven years from the date of the document collection.

Temporary Suspension of Foreclosure Proceedings

To ensure that a borrower currently at risk of foreclosure has the opportunity to apply for the HAMP, servicers should not proceed with a foreclosure sale until the borrower has been evaluated for the program and, if eligible, an offer to participate in the HAMP has been made. Servicers must use reasonable efforts to contact borrowers facing foreclosure to determine their eligibility for the HAMP, including in-person contacts at the servicer’s discretion. Servicers must not conduct foreclosure sales on loans previously referred to foreclosure or refer new loans to foreclosure during the 30-day period that the borrower has to submit documents evidencing an intent to accept the Trial Period Plan offer. Except as noted herein, any foreclosure sale will be suspended for the duration of the Trial Period Plan, including any period of time between the borrower’s execution of the Trial Period Plan and the Trial Period Plan effective date.

However, borrowers in Georgia, Hawaii, Missouri, and Virginia will be considered to have failed the trial period if they are not current under the terms of the Trial Period Plan as of the date that the foreclosure sale is scheduled. Accordingly, servicers of HAMP loans secured by properties in these states may proceed with the foreclosure sale if the borrower has not made the trial period payments required to be made through the end of the month preceding the month in which the foreclosure sale is scheduled to occur.

Mortgage Insurer Approval

If applicable, a servicer must obtain mortgage insurer approval for HAMP modifications. Servicers should consult their mortgage insurance providers for specific processes related to the reporting of modified terms, payment of premiums, payment of claims, and other operational matters in connection with mortgage loans modified under the HAMP.

Executing the HAMP Documents

Servicers must use a two-step process for HAMP modifications. Step one involves providing a Trial Period Plan outlining the terms of the trial period, and step two involves providing the borrower with an Agreement that outlines the terms of the final modification.

In step one, the servicer should instruct the borrower to return the signed Trial Period Plan, together with a signed Hardship Affidavit and income verification documents (if not previously obtained from the borrower), and the first trial period payment (when not using automated drafting arrangements), to the servicer within 30 calendar days after the Trial Period Plan is sent by the servicer. The servicer is encouraged to contact the borrower before the expiration of the 30-day period if the borrower has not yet responded to encourage submission of the material. The servicer may, in its discretion, consider the offer of a Trial Period Plan to have expired at the end of 60 days if the borrower has not submitted both an executed Trial Period Plan and complete documentation as required under the Trial Period Plan. If the borrower's submission is incomplete, the servicer should work with the borrower to complete the Trial Period Plan submission. Note: The borrower is not required to have the Hardship Affidavit notarized.

Upon receipt of the Trial Period Plan from the borrower, the servicer must confirm that the borrower meets the underwriting and eligibility criteria. Once the servicer makes this determination and has received good funds for the first month's trial payment, the servicer should sign and immediately return an executed copy of the Trial Period Plan to the borrower. Payments made by the borrower under the terms of the Trial Period Plan will count toward successful completion irrespective of the date of the executed copy of the Trial Period Plan.

If the servicer determines that the borrower does not meet the underwriting and eligibility standards of the HAMP after the borrower has submitted a signed Trial Period Plan to the servicer, the servicer should promptly communicate that determination to the borrower in writing and consider the borrower for another foreclosure prevention alternative.

In step two, servicers must calculate the terms of the modification using verified income, taking into consideration amounts to be capitalized during the trial period. Servicers are encouraged to wait to send the Agreement to the borrower for execution until after receipt of the second to the last payment under the trial period. Note: the borrower is not required to have the Agreement notarized.

Servicers are reminded that all HAMP documentation must be signed by an authorized representative of the servicer and reflect the actual date of signature by the servicer's representative.

Acceptable Revisions to HAMP Documents

Servicers are strongly encouraged to use the HAMP documents available through www.financialstability.gov. Should a servicer decide to revise the HAMP documents or draft its own HAMP documents, it must obtain prior written approval from Treasury or Fannie Mae with the exception of the following circumstances:

- The servicer must revise the HAMP documents as necessary to comply with Federal, State and local law. For example, in the event that the HAMP results in a

principal forbearance, servicers are obligated to modify the uniform instrument to comply with laws and regulations governing balloon disclosures.

- The servicer may include, as necessary, conditional language in HAMP offers and modification agreements indicating that the HAMP will not be implemented unless the servicer receives an acceptable title endorsement, or similar title insurance product, or subordination agreements from other existing lien holders, as necessary, to ensure that the modified mortgage loan retains its first lien position and is fully enforceable.
- If the borrower previously received a Chapter 7 bankruptcy discharge but did not reaffirm the mortgage debt under applicable law, the following language must be inserted in Section 1 of the Trial Period Plan and Section 1 of the Agreement: “I was discharged in a Chapter 7 bankruptcy proceeding subsequent to the execution of the Loan Documents. Based on this representation, Lender agrees that I will not have personal liability on the debt pursuant to this Agreement.”
- The servicer may include language in the HAMP cover letter providing instructions for borrowers who elect to use an automated payment method to make the trial period payments.

Unless a borrower or co-borrower is deceased or a borrower and a co-borrower are divorced, all parties who signed the original loan documents or their duly authorized representative(s) must execute the HAMP documents. If a borrower and a co-borrower are divorced and the property has been transferred to one spouse in the divorce decree, the spouse who no longer has an interest in the property is not required to execute the HAMP documents. Servicers may evaluate requests on a case-by-case basis when the borrower is unable to sign due to circumstances such as mental incapacity, military deployment, etc. Furthermore, a borrower may elect to add a new co-borrower.

Use of Electronic Records

Electronic records for HAMP are acceptable as long as the electronic record complies with applicable law.

Assignment to MERS

If the original mortgage loan was registered with Mortgage Electronic Registration Systems, Inc. (MERS) and the originator elected to name MERS as the original mortgagee of record, solely as nominee for the lender named in the security instrument and the note, the servicer MUST make the following changes to the Agreement:

(a) Insert a new definition under the “Property Address” definition on page 1, which reads as follows:

“MERS” is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for lender and lender’s successors and assigns. MERS is the mortgagee under the Mortgage. MERS is organized and existing

under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, (888) 679-MERS.

(b) Add as section 4.I.:

That MERS holds only legal title to the interests granted by the borrower in the mortgage, but, if necessary to comply with law or custom, MERS (as nominee for lender and lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of lender including, but not limited to, releasing and canceling the mortgage loan.

(c) MERS must be added to the signature lines at the end of the Agreement, as follows:

Mortgage Electronic Registration
Systems, Inc. – Nominee for Lender

The servicer may execute the Agreement on behalf of MERS and, if applicable, submit it for recordation.

Trial Payment Period

Servicers may use recent verbal financial information to prepare and offer a Trial Period Plan. Servicers are not required to verify financial information prior to the effective date of the trial period. The servicer must service the mortgage loan during the trial period in the same manner as it would service a loan in forbearance.

The trial period is three months in duration (or longer if necessary to comply with applicable contractual obligations). The borrower must be current under the terms of the Trial Period Plan at the end of the trial period to receive a permanent loan modification. Current in this context is defined as the borrower having made all required trial period payments no later than 30 days from the date the final payment is due.

The effective date of the trial period will be set forth in the Trial Period Plan. In most cases, the effective date is the first day of the month following the servicer's mailing of the offer for the Trial Period Plan. The trial period extends for two (or more if necessary to comply with applicable contractual obligations) additional payments after the effective date.

Servicers are encouraged to require automated payment methods, such as automatic payment drafting. If automatic payment drafting is required, it must be used by all HAMP borrowers, unless a borrower opts out.

If the verified income evidenced by the borrower's documentation exceeds the initial income information used by the servicer to place the borrower in the trial period by more

than 25 percent, the borrower must be reevaluated based on the program eligibility and underwriting requirements. If this reevaluation determines that the borrower is still eligible, new documents must be prepared and the borrower must restart the trial period.

If the verified income evidenced by the borrower's documentation is less than the initial income information used by the servicer to place the borrower in the trial period, or if the verified income exceeds the initial income information by 25 percent or less, and the borrower is still eligible, then the trial period will not restart and the trial period payments will not change; provided, that verified income will be used to calculate the monthly mortgage payment under the Agreement. (If, based on verified income the result of the NPV test is "negative" for modification, the servicer is not obligated to perform the modification.) However, if the servicer determines the borrower is not eligible for the HAMP based on verified income, the servicer must notify the borrower of that determination and that any trial period payments made by the borrower will be applied to the mortgage loan in accordance with the borrower's current loan documents.

If a servicer has information that the borrower does not meet all of the eligibility criteria for the HAMP (e.g., because the borrower has moved out of the house) the servicer should explore other foreclosure prevention alternatives prior to resuming or initiating foreclosure.

Note that under the terms of the Agreement, trial payments should be applied when they equal a full contractual payment (determined as of the time the HAMP is offered).

If the borrower complies with the terms and conditions of the Trial Period Plan, the loan modification will become effective on the first day of the month following the trial period as specified in the Trial Period Plan. However, because the monthly payment under the Agreement will be based on verified income documentation, the monthly payment due under the Agreement may differ from the payment amount due under the Trial Period Plan.

Use of Suspense Accounts and Application of Payments

If permitted by the applicable loan documents, servicers may accept and hold as "unapplied funds" (held in a T&I custodial account) amounts received which do not constitute a full monthly, contractual principal, interest, tax and insurance (PITI) payment. However, when the total of the reduced payments held as "unapplied funds" is equal to a full PITI payment, the servicer is required to apply all full payments to the mortgage loan.

Any unapplied funds remaining at the end of the trial payment period that do not constitute a full monthly, contractual principal, interest, tax and insurance payment should be applied to reduce any amounts that would otherwise be capitalized onto the principal balance.

If a principal curtailment is received on a loan that has a principal forbearance, servicers are instructed to apply the principal curtailment to the interest bearing UPB. If, however, the principal curtailment amount is greater than or equal to the interest bearing UPB, then the curtailment should be applied to the principal forbearance portion. If the curtailment satisfies the principal forbearance portion, any remaining funds should then be applied to the interest bearing UPB.

Recording the Modification

For all mortgage loans that are modified pursuant to the HAMP, the servicer must follow investor guidance with respect to ensuring that the modified mortgage loan retains its first lien position and is fully enforceable.

Monthly Statements

For modifications that include principal forbearance, servicers are encouraged to include the amount of the gross UPB on the borrower's monthly payment statement. In addition, the borrower should receive information on a monthly basis regarding the accrual of "pay for performance" principal balance reduction payments.

Redefault and Loss of Good Standing

If, following a successful trial period, a borrower defaults on a loan modification executed under the HAMP (three monthly payments are due and unpaid on the last day of the third month), the loan is no longer considered to be in "good standing." Once lost, good standing cannot be restored even if the borrower subsequently cures the default. A loan that is not in good standing is not eligible to receive borrower, servicer or investor incentives and reimbursements and these payments will no longer accrue for that mortgage. Further, the mortgage is not eligible for another HAMP modification.

In the event a borrower defaults, the servicer must work with the borrower to cure the modified loan, or if that is not feasible, evaluate the borrower for any other available loss mitigation alternatives prior to commencing foreclosure proceedings. The servicer must retain documentation of its consideration of the borrower for other loss mitigation alternatives.

Reporting Requirements

Each servicer will be required to register with Fannie Mae to participate in the HAMP. Fannie Mae will provide an HAMP Registration form to facilitate registration.

Additionally, servicers will be required to provide periodic HAMP loan level data to Fannie Mae. The data must be accurate, complete, and in agreement with the servicer's records. Data should be reported by a servicer at the start of the modification trial period and during the modification trial period, for loan set up of the approved modification, and

monthly after the modification is set up on Fannie Mae's system. Servicers will be required to submit three separate data files as described below.

Note: The following data files can be delivered through a data collection tool on the servicer web portal available through www.financialstability.gov. Detailed guidelines for submitting data files are available at the servicer web portal. For those servicers who cannot use this process, an alternate process to submit data via a spreadsheet will be made available. More information on the alternative process for submitting data in a spreadsheet will be provided in the future.

Trial Period

Servicers will be required to provide loan level data in order to establish loans for processing during the HAMP trial period. See Exhibit A for trial period set up attributes.

In addition, servicers will be required to report activity during the HAMP trial period in order to substantiate the receipt of proceeds during the trial period and to record modification details. See Exhibit B for trial period reporting attributes.

Loan Setup

A one time loan set up is required to establish the approved modified HAMP loan on Fannie Mae's system. The file layout is the same that is used for establishing loans for processing during the trial period. See Exhibit A for loan set up attributes.

Servicers are required to provide the set up file the business day after the modification closes. The set up file should reflect the status of the loan after the final trial period payment is applied. The set up file will contain data for the current reporting period (e.g., prior month balances).

Monthly Loan Activity Reporting

The month after the loan set up file is provided, servicers must begin reporting activity on all HAMP loans on a monthly basis (e.g., loan set up file provided in July, the first loan activity report is due in August for July activity). See Exhibit C for monthly reporting attributes.

The HAMP loan activity report (LAR) is due by the 4th business day each month. Servicers will have until the 15th calendar day of each month to clear up any edits and have a final LAR reported to Fannie Mae. The Fannie Mae system will validate that the borrower payment has been made as expected and that the last paid installment (LPI) date is current before accruing the appropriate monthly compensation due.

If a loan becomes past due (the LPI date does not advance), the monthly compensation on that loan will not be accrued. If the loan is brought current, compensation will not be caught up (e.g., if a loan was two months past due, and then the borrower makes the

payments and brings the loan current, the annual compensation provided would be for ten months. The two months of compensation associated with the period of delinquency is not recoverable).

Additional Data Requirements

Additional data elements must be collected and reported as specified in Exhibit D. Some of these elements must be collected for all completed modifications regardless of the date of completion; guidance for collecting these elements will be forthcoming shortly. The requirement to collect these elements for trial modifications and for loans evaluated for a modification will be phased in as specified in Exhibit D.

Reporting to Mortgage Insurers

Servicers must maintain their mortgage insurance processes and comply with all reporting required by the mortgage insurer for loans modified under the HAMP. Servicers should consult with the mortgage insurer for specific processes related to the reporting of modified terms, payment of premiums, payment of claims, and other operational matters in connection with mortgage loans modified under the HAMP.

Servicers are required to report successful HAMP modifications and the terms of those modifications to the appropriate mortgage insurers, if applicable, within 30 days following the end of the trial period and in accordance with procedures that currently exist or may be agreed to between servicers and the mortgage insurers.

Servicers must include the mortgage insurance premium in the borrower's modified payment, and must ensure that any existing mortgage insurance is maintained. Among other things, the servicer must ensure that the mortgage insurance premium is paid. In addition, servicers must adapt their systems to ensure proper reporting of modified loan terms and avoid impairing coverage for any existing mortgage insurance. For example, in the event that the modification includes principal forbearance, servicers must continue to pay the correct mortgage insurance premiums based on the gross UPB, including any principal forbearance amount, must include the gross UPB in their delinquency reporting to the mortgage insurer, and must ensure any principal forbearance does not erroneously trigger automatic mortgage insurance cancellation or termination.

Transfers of Servicing

When a transfer of servicing includes mortgages modified under the HAMP, the transferor servicer must provide special notification to the transferee servicer. Specifically, the transferor servicer must advise the transferee servicer that loans modified under the HAMP are part of the portfolio being transferred and must confirm that the transferee servicer is aware of the special requirements for these loans, and agrees to assume the additional responsibilities associated with servicing them. A required form of assignment and assumption agreement must be used and is a part of the Servicer Participation Agreement.

Credit Bureau Reporting

The servicer should continue to report a “full-file” status report to the four major credit repositories for each loan under the HAMP in accordance with the Fair Credit Reporting Act and credit bureau requirements as provided by the Consumer Data Industry Association (the “CDIA”) on the basis of the following: (i) for borrowers who are current when they enter the trial period, the servicer should report the borrower current but on a modified payment if the borrower makes timely payments by the 30th day of each trial period month at the modified amount during the trial period, as well as report the modification when completed, and (ii) for borrowers who are delinquent when they enter the trial period, the servicer should continue to report in such a manner that accurately reflects the borrower’s delinquency and workout status following usual and customary reporting standards, as well as report the modification when completed. More detailed guidance on these reporting requirements will be published by the CDIA.

“Full-file” reporting means that the servicer must describe the exact status of each mortgage it is servicing as of the last business day of each month.

Fees and Compensation

Late Fees

All late charges, penalties, stop-payment fees, or similar fees must be waived upon successful completion of the trial period.

Administrative Costs

Servicers may not charge the borrower to cover the administrative processing costs incurred in connection with a HAMP. The servicer must pay any actual out-of-pocket expenses such as any required notary fees, recordation fees, title costs, property valuation fees, credit report fees, or other allowable and documented expenses. Servicers will not be reimbursed for the cost of the credit report(s).

Incentive Compensation

No incentives of any kind will be paid if (i) the servicer has not executed the Servicer Participation Agreement, or (ii) the borrower’s monthly mortgage payment ratio starts below 31 percent prior to the implementation of the HAMP. The calculation and payment of all incentive compensation will be based strictly on the borrower’s verified income. Each servicer must promptly apply or remit, as applicable, all borrower and investor compensation it receives with respect to any modified loan.

With respect to payment of any incentive that is predicated on a six percent reduction in the borrower’s monthly mortgage payment, the reduction will be calculated by comparing the monthly mortgage payment used to determine eligibility (adjusted as applicable to

include property taxes, hazard insurance, flood insurance, condominium association fees and homeowner's association fees) and the borrower's payment under HAMP.

The amount of funds available to pay servicer, borrower and investor compensation in connection with each servicer's modifications will be capped pursuant to each servicer's Servicer Participation Agreement (Program Participation Cap). Treasury will establish each servicer's initial Program Participation Cap by estimating the number of HAMP modifications expected to be performed by each servicer during the term of the HAMP. The Program Participation Cap could be adjusted based on Treasury's full book analysis of the servicer's loans.

The funds remaining available for a servicer's modifications under that servicer's Program Participation Cap will be reduced by the maximum amount of compensation payments potentially payable with respect to each loan modification upon entering into a trial period. In the event the compensation actually paid with respect to a loan modification is less than the maximum amount of compensation payments potentially payable, the funds remaining available for a servicer's modifications under the HAMP will be increased by the difference between such amounts.

Treasury may, from time to time and in its sole discretion, revise a servicer's Program Participation Cap. Fannie Mae will provide written notification to a servicer of all changes made to the servicer's Program Participation Cap. Once a servicer's Program Participation Cap is reached, a servicer must not enter into any agreements with borrowers intended to result in new loan modifications, and no payments will be made with respect to any new loan modifications.

Servicer Incentive Compensation

A servicer will receive compensation of \$1,000 for each completed modification under the HAMP. In addition, if a borrower was current under the original mortgage loan, a servicer will receive an additional compensation amount of \$500. All such servicer incentive compensation shall be earned and payable once the borrower successfully completes the trial payment period, provided that the servicer has signed and delivered to Fannie Mae a Servicer Participation Agreement, any related documentation and any required servicer or loan set up data prior to the effective date of the loan modification.

If a particular borrower's monthly mortgage payment (principal, interest, taxes, all related property insurance and homeowner's or condominium association fees but excluding mortgage insurance) is reduced through the HAMP by six percent or more, a servicer will also receive an annual "pay for success" fee for a period of three years. The fee will be equal to the lesser of: (i) \$1,000 (\$83.33/month), or (ii) one-half of the reduction in the borrower's annualized monthly payment. The "pay for success" fee will be payable annually for each of the first three years after the anniversary of the month in which a Trial Period Plan was executed. If the loan ceases to be in good standing, the servicer will cease to be eligible for any further incentive payments after that time, even if the borrower subsequently cures his or her delinquency.

Borrower's Incentive Compensation

To provide an additional incentive for borrowers to keep their modified loan current, borrowers whose monthly mortgage payment (principal, interest, taxes, all related property insurance and homeowner's or condominium association fees but excluding mortgage insurance) is reduced through the HAMP by six percent or more and who make timely monthly payments will earn an annual "pay for performance" principal balance reduction payment equal to the lesser of: (i) \$1,000 (\$83.33/month), or (ii) one-half of the reduction in the borrower's annualized monthly payment for each month a timely payment is made. A borrower can earn the right to receive a "pay for performance" principal balance reduction payment for payments made during the first five years following execution of the Agreement provided the loan continues to be in good standing as of the date the payment is made. The "pay for performance" principal balance reduction payment will accrue monthly but will be applied annually for each of the five years in which this incentive payment accrues, prior to the first payment due date after the anniversary of the month in which the Trial Period Plan was executed. This payment will be paid to the mortgage servicer to be applied first towards reducing the interest bearing UPB on the mortgage loan and then to any principal forbearance amount (if applicable). Any applicable prepayment penalties on partial principal prepayments made by the government must be waived. Borrower incentive payments do not accrue during the Trial Period; however, on the first month of the modification, the borrower will accrue incentive payments equal to the number of months in the trial period.

If and when the loan ceases to be in good standing, the borrower will cease to be eligible for any further incentive payments after that time, even if the borrower subsequently cures his or her delinquency. The borrower will lose his or her right to any accrued incentive compensation when the loan ceases to be in good standing.

Investor Payment Reduction Cost Share and Up Front Incentives

If the target monthly mortgage payment ratio is achieved, investors in Non-GSE Mortgages are entitled to payment reduction cost share compensation. This compensation equals one-half of the dollar difference between the borrower's monthly payment under the modification at the target monthly mortgage payment ratio and the lesser of (i) what the borrower's monthly payment would be at a 38 percent monthly mortgage payment ratio; or (ii) the borrower's pre-modification monthly payment. Payment reduction cost share compensation shall accrue monthly as the borrower makes each payment so long as the loan is in good standing as defined in these guidelines. This compensation will be provided for up to five years or until the loan is paid off, whichever is earlier.

Additionally, investors will receive a one-time incentive of \$1,500 for each Agreement executed with a borrower who was current prior to the start of the Trial Period Plan. The one-time incentive is conditional upon at least a six percent reduction in the borrower's monthly mortgage payment.

Neither the payment reduction share nor the up-front incentive shall be payable if the Trial Period Plan is not successfully completed.

Compliance

Servicers must comply with the HAMP requirements and must document the execution of loan evaluation, loan modification and accounting processes. Servicers must develop and execute a quality assurance program that includes either a statistically based (with a 95 percent confidence level) or a ten percent stratified sample of loans modified, drawn within 30-45 days of final modification and reported on within 30-45 days of review. In addition, a trending analysis must be performed on a rolling 12-month basis.

Treasury has selected Freddie Mac to serve as its compliance agent for the HAMP. In its role as compliance agent, Freddie Mac will utilize Freddie Mac employees and contractors to conduct independent compliance assessments. In addition, loan level data will be reviewed for eligibility and fraud.


The scope of the assessments will include, among other things, an evaluation of documented evidence to confirm adherence (e.g., accuracy and timeliness) to HAMP requirements with respect to the following:

- Evaluation of Borrower and Property Eligibility
- Compliance with Underwriting Guidelines
- Execution of NPV/Waterfall processes
- Completion of Borrower Incentive Payments
- Investor Subsidy Calculations
- Data Integrity

The review will also evaluate the effectiveness of the servicer's quality assurance program; such evaluation will include, without limitation, the timing and size of the sample selection, the scope of the quality assurance reviews, and the reporting and remediation process.

There will be two types of compliance assessments: on-site and remote. Both on-site and remote reviews will consist of the following activities (among others): notification, scheduling, self assessments, documentation submission, interviews, file reviews, and reporting.

For on-site reviews, Freddie Mac will strive to provide the servicer with (i) a 30-day advance notification of a pending review and (ii) subsequent confirmation of the dates of the review. However, Freddie Mac reserves the right to arrive at the servicer's site unannounced. Freddie Mac will request the servicer to make available documentation, including, without limitation, policies and procedures, management reports, loan files and a risk control self assessment ready for review. Additionally, Freddie Mac may request additional loan files during the review. Interviews will usually be conducted in-person.



During the review window, Freddie Mac will review loan files and other requested documentation to evaluate compliance with HAMP terms. Upon the completion of the review, Freddie Mac will conduct an exit interview with the servicer to discuss preliminary assessment results.

For remote reviews, Freddie Mac will request the servicer to send documentation, including, without limitation, policies and procedures, management reports, loan files and a risk control self assessment within 30 days of the request. In addition, time will be scheduled for phone interviews, including a results summary call after the compliance review is completed to discuss preliminary results.

The targeted time frame for publishing the servicer assessment report is 30 days after the completion of the review. Treasury will receive a copy of the report five business days prior to the release of the report to the servicer.

There will be an issue/resolution appeal process for servicer assessments. Servicers will be able to submit concerns or disputes to an independent quality assurance team within Freddie Mac.

A draft rating and implication methodology for the compliance assessments will be published in a subsequent Supplemental Directive and servicer feedback will be solicited prior to the finalization of the methodology.

Exhibit A: HAMP Trial Modification and Official Modification Loan Setup Data Elements

The following data elements are necessary for the HAMP Loan Setup for Trial Modification and Official Modification transactions.

Name	Definition	Data Type	Allowable Values	Loan Setup for Trial Period Mandatory / Conditional	Official Modification Mandatory / Conditional
GSE Servicer Number	The Fannie Mae or Freddie Mac unique Servicer identifier.	Text (30)		C	C
Servicer Loan Number	The unique (for the lender) identifier assigned to the loan by the lender that is servicing the loan.	Text (30)		M	M
HAMP Servicer Number	A unique identifier assigned to each Servicer that is participating in the HAMP program.	Text (30)		M	M
GSE Loan Number	A unique number assigned to each loan by a GSE (Fannie or Freddie)	Text (30)		C	C
Underlying Trust Identifier	This is the CUSIP associated with the security. A unique identification number assigned to a security by CUSIP (Committee on Uniform Security Identification Procedures) for trading.	Text (9)		C	C
Program Type/ Campaign ID	A new program type that will identify campaign types. The unique identifier of a Loan Workout Campaign.	Text (14)	HMP1 - HMP Delinquent, HMP2 - HMP Imminent Default HMP3 - Deed-in-lieu HMP4 - Deed-in-lieu with Jr. Lien HMP5 - Short Sale HMP6 - Short Sale With Jr. Lien	M	M
Investor Code	Owner of the mortgage.	Numeric (4,0)	1 - Fannie Mae 2 - Freddie Mac 3 - Private 4 - Portfolio 5 - GNMA 6 - FHLMC	M	M
Borrower First Name	First Name of the Borrower of record	Text (100)		M	M
Borrower Last Name	The last name of the Borrower. This is also known as the family name or surname.	Text (100)		M	M
Borrower Social Security Number	The Social Security Number of the borrower	Numeric (9)		M	M
Co-Borrower First Name	First Name of the co-borrower of record	Text (100)		C	C

Name	Definition	Data Type	Allowable Values	Loan Setup for Trial Period Mandatory / Conditional	Official Modification Mandatory / Conditional
Co-Borrower Last Name	Last Name of the co- borrower of record	Text (100)		C	C
Co-Borrower Social Security Number	The Social Security Number of the Co-Borrower	Numeric (9)		O	O
Borrower Execution Date	This is the date that the borrower signs the initial documentation for a modification.	Date (CCYY-MM-DD)		M	M
Submission Status	Status of loan data being submitted	Numeric (4,0)	1-Trial 2-Borrower Disqualified 3-Official 4-Foreclosure Mitigation 5-Cancel	M	M
Date of Original Note	The date on which the original loan funding was dispersed to the borrower(s).	Date (CCYY-MM-DD)		M	M
Unpaid Principal Balance before modification	The total principal amount outstanding as of the end of the month. The UPB should not reflect any accounting based write-downs and should only be reduced to zero when the loan has been liquidated – either paid-in-full, charged-off, REO sold or Service transferred (before modification)	Currency (20,2)		M	M
Loan Mortgage Type Code	The code that specifies the type of mortgage being applied for or that has been granted.	Numeric (4,0)	1 - FHA – Loans insured by the Federal Housing Administration 2 - VA – Loans insured by the Department of Veteran's Affairs, 3 - Conventional with PMI – Non-government insured mortgages insured by a private (non-government) insurer, 4 - Conventional w/o PMI – Mortgages with neither government nor private mortgage insurance.	M	M
Last Paid Installment Date before modification	The due date of the last paid installment of the loan.	Date (CCYY-MM-DD)		M	M
First Lien Indicator	Indicates if loan is first lien.	Boolean	True/False	M	M
Foreclosure Referral Date	The date that the mortgage was referred to an attorney for the purpose of initiating foreclosure proceedings. This date should reflect the referral date of currently active foreclosure process. Loans cured from foreclosure should not have a referral date.	Date (CCYY-MM-DD)		O	O

Name	Definition	Data Type	Allowable Values	Loan Setup for Trial Period Mandatory / Conditional	Official Modification Mandatory / Conditional
Projected Foreclosure Sale Date	Projected date for foreclosure sale of subject property.	Date (CCYY-MM-DD)		O	O
Hardship Reason Code	Identifies the reason for the borrower's hardship on their mortgage payment obligations.	Numeric (4,0)	1 - Death of borrower, 2 - Illness of principal borrower, 3 - Illness of borrower family member, 4 - Death of borrower family member, 5 - Martial difficulties, 6 - Curtailment of income, 7 - Excessive obligation, 8 - Abandonment of property, 9 - Distant employment transfer, 10 - Property problem, 11 - Inability to sell property, 12 - Inability to rent property, 13 - Military service, 14 - Other, 15 - Unemployment, 16 - Business failure, 17 - Casualty Loss, 18 - Energy environment costs, 19 - Servicing problems, 20 - Payment adjustment, 21 - Payment dispute, 22 - Transfer of ownership pending, 23 - Fraud, 24 - Unable to contact borrower, 25 - Incarceration	M	M
Monthly Gross Income	Total monthly income in dollars for all borrowers on the loan. This is the gross income for all borrowers.	Currency (20,2)		M	M
Monthly Debt Payments excluding PITIA	Total amount of monthly debt payments excluding Principal, Interest, Taxes, Insurance and Association Dues (PITIA)	Currency (20,2)		M	M
NPV Date	Net Present Value – calculation date	Date (CCYY-MM-DD)		M	M

Name	Definition	Data Type	Allowable Values	Loan Setup for Trial Period Mandatory / Conditional	Official Modification Mandatory / Conditional
NPV Model Result Amount Pre-Mod	Net Present Value amount generated from the model before modification	Currency (20,2)		M	M
NPV Model Result Amount Post-Mod	Net Present Value amount generated from the model after modification	Currency (20,2)		M	M
Amortization Term before modification	Represents the number of months on which installment payments are based. Example: Balloon loans have a seven year life (Loan Term = 84) but a 30 year amortization period (Amortization Term = 360). Installment payments are determined based on the 360 month term.	Numeric (4,0)		M	M
Interest Rate before modification	The interest rate in the month prior to loan modification. Please report as rounded to nearest 8th. (e.g. 4.125)	Numeric (6,4)		M	M
Principal and Interest Payment before modification	The scheduled principal and interest amount in the month prior to loan modification.	Currency (20,2)		M	M
Escrow Payment before modification	The escrow amount in the month prior to loan modification. The amount of money that is collected from [added on to] the regular monthly mortgage payment to cover periodic payments of property taxes, private mortgage insurance and hazard insurance by the servicer on behalf of the mortgagee. Depending on the mortgage terms, this amount may or may not be collected. Generally, if the down payment is less than 20%, then these amounts are collected by the servicer.	Currency (20,2)		C	C
Association Dues/ Fees before modification	Existing monthly payment for association dues/fees before modification	Currency (20,2)		C	C
Principal Payment Owed or Not Reported	If borrower has contributed any cash or amounts in suspense	Currency (20,2)		C	C
Other Contributions	If there are any amounts contributed by the borrower due to Hazard Claims	Currency (20,2)		C	C
Attorney Fees Not in Escrow	Estimated legal fee not in escrow for advances capitalization and liquidation expense calculation	Currency (20,2)		C	C
Escrow Shortage for Advances	Any Escrow advance amounts to be capitalized.	Currency (20,2)		C	C
Other Advances	Other advances for advances capitalization other than escrow. Example: Attorney fees, Servicing Fees, etc.	Currency (20,2)		C	C
Borrower Contributions	If the borrower is contributing any amounts, they must be reported here	Currency (20,2)		C	C
Modified Loan Term – Officer Signature Date	Servicer sign off at the officer level for the loan modification. This is the date the servicer's officer approved the loan modification. This column will be populated for modification cases that need reclassification. There is no conversion needed for existing cases	Date (CCYY-MM-DD)		C	C

Name	Definition	Data Type	Allowable Values	Loan Setup for Trial Period Mandatory / Conditional	Official Modification Mandatory / Conditional
Disbursement Forgiven	If there are any Forgiven disbursement for advances capitalization	Currency (20,2)		C	C
Monthly Housing Expense before modification	The dollar amount per month of the borrower's present housing expense .May be used for their primary or non-primary residence. This must be Principal, Interest, Taxes, Insurance and Association Dues (PITIA).	Currency (20,2)		M	M
Delinquent Interest	Delinquent interest for interest capitalization. It is the amount of delinquent interest from the delinquent loan's LPI date to the workout execution date.	Currency (20,2)		M	M
Interest Owed or Payment Not Reported	If there is Interest owed/received but not reported for interest capitalization, this field must be populated.	Currency (20,2)		C	C
Servicing Fee Percent after modification	Percentage of servicing Fee after loan modification (e.g. 0.25)	Numeric (4,2)		M	M
Product before Modification	The mortgage product of the loan before the modification.	Numeric (4,0)	1- ARM, 2 - Fixed Rate, 3 - Step Rate, 4 - One Step Variable, 5 - Two Step Variable, 6 - Three Step Variable, 7 - Four Step Variable, 8 - Five Step Variable, 9 - Six Step Variable, 10 - Seven Step Variable, 11 - Eight Step Variable, 12 - Nine Step Variable, 13 - Ten Step Variable, 14 - Eleven Step Variable, 15 - Twelve Step Variable, 16 - Thirteen Step Variable, 17 - Fourteen	M	M
Maturity Date before Modification	The date on which the mortgage obligation is scheduled to be paid off, according to the mortgage note. Maturity Date is commonly called Balloon Date for balloon loans, for which scheduled amortization does not pay off the balance of the loan, so that there is a final, large "balloon" payment at the end.	Date (CCYY-MM-DD)		M	M

Name	Definition	Data Type	Allowable Values	Loan Setup for Trial Period Mandatory / Conditional	Official Modification Mandatory / Conditional
Remaining Term before Modification	The number of months until the loan will be paid off, assuming that scheduled payments are made. This will equal lesser of 1. The number of months until the actual balance of the loan will amortize to zero; or 2. the number of months difference between the Loan Extended Term and the number of payments made by the borrower, where number of payments made by the borrower is derived by: Actual Last Paid Installment Date - First Installment Due Date - 1 (in months).	Numeric (4,0)		M	M
Front Ratio before Modification	The refreshed Front-end DTI (Principal, Interest, Taxes, Insurance and Association Dues (PITIA)) housing ratio.	Numeric (4,2)		M	M
Back Ratio before Modification	Percentage of borrower's PITIA plus debts to income ratio. Borrower Total Debt To Income Ratio Percent. The monthly expenses divided by the total monthly income for the Borrower. (e.g. 30.25)	Numeric (4,2)		M	M
Principal and Interest Payment at 31% DTI	Principal and Interest payable for a 31% Debt to Income ratio	Currency (20,2)		M	M
Principal and Interest Payment at 38% DTI	Principal and Interest payable for a 38% Debt to Income ratio	Currency (20,2)		M	M
Property – Number of Units	Number of units in subject property (Valid values are 1, 2, 3 or 4)	Numeric (4,0)		M	M
Property – Street Address	The street address of the subject property	Text (100)		M	M
Property – City	The name of the city where the subject property is located	Text (100)		M	M
Property – State	The 2-character postal abbreviation of the state, province, or region of the subject property.	Text (2)		M	M
Property – Zip Code	The code designated by the postal service to direct the delivery of physical mail or which corresponds to a physical location. In the USA, this can take either a 5 digit form (ZIP Code) or a 9-digit form (ZIP + 4).	Text (9)		M	M
Property Valuation - Method	Type of value analysis.	Numeric (4,0)	1 - Full appraisal – Prepared by a certified appraiser; 2 - Limited appraisal – Prepared by a certified appraiser; 3 - Broker Price Opinion “BPO” – Prepared by a real estate broker or agent; 4 - Desktop Valuation – Prepared by bank employee; 5 - Automated Valuation Model	M	M

Name	Definition	Data Type	Allowable Values	Loan Setup for Trial Period Mandatory / Conditional	Official Modification Mandatory / Conditional
			"AVM" 6 - Automated Valuation Model "AVM" - Other		
Property Valuation - Date	Date of the property value analysis	Date (CCYY-MM-DD)		M	M
Property Valuation - As Is Value	Property as-is value determined by the property valuation	Currency (20,2)		M	M
Property Condition Code	A code denoting the condition of the subject property.	Numeric (4,0)	1 - Excellent 2 - Good, 3 - Fair 4 - Poor 5 - Condemned 6 - Inaccessible	M	M
Property Occupancy Status Code	A code identifying the occupancy by the borrower of the subject property.	Numeric (4,0)	1- Vacant 2 - Borrower Occupied 3 - Tenant Occupied 4 - Unknown 5 - Occupied by Unknown	M	M
Property Usage Type Code	A code identifying the intended use by the borrower of the property.	Numeric (4,0)	1 - Principal Residence 2 - Second or Vacation Home 3 - Investment Property	M	M
Modification Effective Date	The date on which the loan terms will be modified.	Date (CCYY-MM-DD)		M	M
Product After Modification	The mortgage product of the loan, after the modification (Fixed or Step).	Numeric (4,0)	1- ARM, 2 - Fixed Rate, 3 - Step Rate, 4 - One Step Variable, 5 - Two Step Variable, 6 - Three Step Variable, 7 - Four Step Variable, 8 - Five Step Variable, 9 - Six Step Variable, 10 - Seven Step Variable, 11 - Eight Step Variable, 12 - Nine Step Variable, 13 - Ten Step Variable, 14 - Eleven Step Variable, 15 - Twelve Step Variable, 16 - Thirteen Step Variable, 17 - Fourteen	M	M

Name	Definition	Data Type	Allowable Values	Loan Setup for Trial Period Mandatory / Conditional	Official Modification Mandatory / Conditional
Amortization Term after Modification	The number of months used to calculate the periodic payments of both principal and interest that will be sufficient to retire a mortgage obligation.	Numeric (4,0)		M	M
Unpaid Principal Balance after modification	The unpaid principal balance of a loan after the loan modification. The unpaid principal balance after modification excludes any applicable forbearance amount and can also be referred to as Net UPB Amount.	Currency (20,2)		M	M
Last Paid Installment Date after modification	The due date of the last paid installment of the loan.	Date (CCYY-MM-DD)		M	M
Interest Rate after modification	The interest rate in the month after loan modification.	Numeric (6,4)		M	M
Interest Rate Lock Date for Modification	The date that the rate lock was applied - in reference to modification of loan terms	Date (CCYY-MM-DD)		M	M
First Payment Due Date after modification	First payment due date under the modified terms	Date (CCYY-MM-DD)		M	M
Principal and Interest Payment after modification	The P&I amount after modification	Currency (20,2)		M	M
Escrow Payment after modification	Existing monthly payment to escrow-after modification	Currency (20,2)		M	M
Monthly Housing Expense After Modification	The dollar amount per month of the borrowers housing expense after modification. May be used for their primary or non-primary residence. This must be Principal, Interest, Taxes, Insurance and Association Dues (PITIA).	Currency (20,2)		M	M
Maturity Date after modification	The maturity date of the loan after modification	Date (CCYY-MM-DD)		M	M
Principal Forbearance Amount	The total amount in dollars of the principal that was deferred through loss mitigation.	Currency (20,2)		C	C
Term after Modification	For loans where the term of the loan can be extended rather than increasing the principal and interest payment, this is the total term of the loan including any extension. For all non-extendable loans, the extended term defaults to the original term.	Numeric (4,0)		M	M
Front Ratio after modification	Percentage of borrower's PITIA to income ratio	Numeric (4,2)		M	M
Back Ratio after modification	Percentage of borrower's PITIA plus debts to income ratio	Numeric (4,2)		M	M
Principal Write-Down (Forgiveness)	Amount of principal written-down or forgiven	Currency (20,2)		C	C
Paydown or Payoff of Subordinate Liens	Have sub-ordinate liens been paid off or paid down?	Boolean	True/False	C	C
Paydown or Payoff of Subordinate	Amount of paydown or payoff of subordinate liens	Currency (20,2)		C	C

Name	Definition	Data Type	Allowable Values	Loan Setup for Trial Period Mandatory / Conditional	Official Modification Mandatory / Conditional
Liens Amount					
Max Interest Rate after modification	Interest rate cap for the loan.	Number (6,4)		M	M
Length of Trial Period	The length of the trial period	Numeric (3,0)		M	M
1 st Trial Payment Due Date	The date the 1st payment is due during the trial period	Date (CCYY-MM-DD)		M	O
1 st Trial Payment Posted Date	The date the first payment posted during the Trial period	Date (CCYY-MM-DD)		M	O
1 st Trial Payment Received Amount	This is the actual amount of the Payment received from the Borrower to the Servicer for the 1st Trial payment.	Currency (20,2)		M	O
If the Product Type After Modification is Step Rate then at least one occurrence of the following group of fields must exist. The first occurrence must have a step effective date of 5 years for the first effective due date after modification.					
Step – Interest Rate Step Number	The sequence is used to uniquely identify and order Loan Interest Rate Adjustment schedule records specific to the loan's step rate schedule.	Numeric (4)		M	M
Step – Payment Effective Date	The date the payment will be effective.	Date (CCYY-MM-DD)		M	M
Step – Note Rate	The interest rate in the month after loan modification.	Numeric (6,4)		M	M
Step – New Interest Rate – Step Duration	After modification step duration. If this step is the last step and will be the rate and payment effective for the life of the loan, then duration is not required.	Numeric (4)		M	M
Step – Principal and Interest Payment	P&I Amount - The amount of the principal and/or interest payment due on the loan for each installment, beginning on the effective date.	Currency (20,2)		M	M

Exhibit B: HAMP Monthly Trial Data Collection Elements

The following data elements are necessary for recording borrower payments during the trial period.

Name	Definition	Data Type	Allowable Values	Mandatory/Conditional
HAMP Servicer Number	A unique identifier assigned to each Servicer that is participating in the HAMP program.	Text (30)		M
Servicer Loan Number	The unique (for the lender) identifier assigned to the loan by the lender that is servicing the loan.	Text (30)		M
GSE Loan Number	A unique number assigned to each loan by a GSE (Fannie or Freddie)	Text (30)		C
GSE Servicer Number	The Fannie Mae or Freddie Mac unique Servicer identifier.	Text (30)		C
Trial Payment Number	The number of the trial payment being reported. The code that is used to define a single payment number that will be one of a series of payments that together will complete a loan trial payment period.	Numeric (4,0)		M
Trial Payment Received Amount	The actual dollar amount of the payment received from the borrower to the servicer for the trial payment.	Currency (20,2)		M
Trial Payment Posted Date	The date the payment was posted during the trial period.	Date (CCYY-MM-DD)		M

Exhibit C: Monthly Loan Activity Records

The following data elements are required for monthly loan activity records (LARs). Step rate attributes (interest rate, rate effective date, P&I payment) will only be reported on the LAR the month before the rate change is effective. The Action Code and Action Date are only reported when a loan is being removed (e.g., payoff, repurchase).

Name	Definition	Data Type	Allowable Values	Mandatory/Conditional
HAMP Servicer Number	A unique identifier assigned to each Servicer that is participating in the HAMP program.	Text (30)		M
Servicer Loan Number	The unique (for the lender) identifier assigned to the loan by the lender that is servicing the loan.	Text (30)		M
Last Paid Installment Date After Modification	The due date of the last paid installment of the loan.	Date (CCYY-MM-DD)		M
Unpaid Principal Balance After Modification	The unpaid principal balance of a loan after the loan modification. The unpaid principal balance after modification excludes any applicable forbearance amount and can also be referred to as Net UPB Amount.	Currency(20,2)		M
Interest Payment	Interest portion of the P&I remitted	Currency(20,2)		M
Principal Payment	Principal portion of the P&I remitted	Currency(20,2)		M
Step – Payment Effective Date	The date the payment will be effective.	Date (CCYY-MM-DD)		C
Step – Note Rate	The interest rate in the month after loan modification.	Numeric (6,4)		C
Step – Principal and Interest Payment	P&I Amount - The amount of the principal and/or interest payment due on the loan for each installment, beginning on the effective date.	Currency(20,2)		C
Action Code	A code reported by the lender to update the loan that indicates the action that occurred during the reporting period	Numeric	60 (payoff) 65 (repurchase) 70 (liquidation held for sale) 71 (liquidation 3 rd party sale/condemnation/assigned to FHA/VA) 72 (liquidated – pending conveyance) 76 (Deed in Lieu) 77 (Deed-in-Lieu with Jr. lien) 78 (Short Sale) 79 (Short Sale with Jr. Lien)	C
Action Code Date	The effective date of the action associated with the action code. The action date is required for certain action codes.	Date (CCYY-MM-DD)	N/A	C

Exhibit D
HAMP Additional Data Requirements

Data required to be collected as specified below must be reported on a loan by loan basis starting on October 1, 2009. This document does not describe all of the data that the servicer must retain; it addresses only the data that must be reported.

Must be reported starting October 1, 2009 for transactions occurring before October 1, 2009

- Race, ethnicity, sex of borrower and co-borrower (submission by borrower is voluntary)
- Middle name of borrower and co-borrower
- Date of birth of borrower and co-borrower
- Credit score of borrower and co-borrower
- NPV Model inputs, e.g., discount rate, flag for nonstandard model, non-standard re-default rate, non-standard cure rate
- Selected data on loan, borrower, and property characteristics as of origination, to the extent already required by OCC or OTS to be reported under “Mortgage Metrics”

The above fields must be collected as follows and reported starting October 1, 2009:

- all completed modifications;
- trial modifications commenced on or after July 1, 2009; and
- starting on October 1, 2009, loans evaluated for a modification (to be defined) that do not enter trial modifications.

Must be reported starting October 1, 2009 (detailed definitions to be provided by June 1, 2009)

- Reason loans evaluated for a modification were not modified, or that trial modification was not completed
- Status and disposition of eligible loans not modified, including trial mods not completed
- Status and disposition of loans that were modified but failed to remain in good standing because they became 90 or more days delinquent
- Second liens – flag for presence of a second lien; source of information (e.g., credit report); available terms (e.g., fixed vs. ARM; closed- vs. open-end); owner; and payoff. Continuous tracking of second lien status is not required.
- Purpose of loan (e.g., home purchase, refinance, cash-out refi)
- Information about foreclosure suspension
- Information about reliance on non-borrower household income
- Flag for borrower in bankruptcy at time of modification
- Flag for borrower in loss mitigation prior to modification
- Information about involvement of a third party representing the borrower
- Information about mortgage insurance

EXHIBIT E

**THE PRIVATE SECTOR AND GOVERNMENT
RESPONSE TO THE MORTGAGE
FORECLOSURE CRISIS**

HEARING
BEFORE THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION

DECEMBER 8, 2009

Printed for the use of the Committee on Financial Services

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TESTIMONY OF
JACK SCHAKETT
CREDIT LOSS MITIGATION STRATEGIES EXECUTIVE
BANK OF AMERICA HOME LOANS
Before the
HOUSE FINANCIAL SERVICES COMMITTEE
WASHINGTON, DC
DECEMBER 8, 2009

Chairman Frank, Ranking Member Bachus, and Members of the Committee, thank you for the opportunity to update you on Bank of America's loan modification efforts and to discuss areas where we can work together to help more borrowers stay in their homes.

I am Jack Schakett, Bank of America's Credit Loss Mitigation Strategies Executive. I report to Bank of America Home Loans President, Barbara Desoer, and have responsibility for foreclosure prevention programs for a mortgage servicing portfolio of nearly 14 million loans.

Bank of America Making Home Affordable Performance

Bank of America is proud to be a partner in the Administration's Making Home Affordable program. Under the Home Affordable Refinance Program (HARP), Bank of America is the industry leader – providing refinancing through this process to more than 100,000 customers. And leveraging the Home Affordable Modification Program (HAMP), we now have more than 160,000 customers enrolled in a trial modification – leading the industry, as of October, in the number of active trials and offers extended. This record demonstrates our strong commitment to the program's success and to Treasury's leadership.

HAMP is the first loan modification solution we consider for borrowers who meet the initial eligibility requirements for the program. HAMP has proven a valuable tool that complements the aggressive loan modification programs we already had in place. Over the last two years, our own loan modification efforts have helped an additional 450,000 Bank of America customers. Combined with the HAMP program, these efforts have helped nearly 615,000 homeowners.

Importantly, Bank of America is not proceeding with foreclosure sales for customers who may be eligible for a modification under HAMP or our other modification programs and with whom we have been able to establish contact. Those holds remain in place during the time that it takes us to evaluate the borrower and through the trial modification period.

None of this is to say that there have not been problems. In over 100,000 calls a day, we hear from customers - their concerns and frustrations. We believe we have improved significantly our ability to handle the large volumes associated with these programs and are focused on constant enhancements. These are difficult times for customers and our intent is to make this as easy and understandable for them as we can.

As the largest servicer in America, we applaud the U.S. Treasury's continued efforts to ensure the success of these important programs and their determination to work as partners to achieve our common goal of keeping people in their homes.

Today, I'd like to discuss with the Committee two areas where we have gaps to close, and where we have the opportunity to make adjustments that will enable servicers to assist even more distressed homeowners.

First, a status report on the conversion of trial modifications to permanent. And second, a discussion of our HAMP progress overall and recommended enhancements to the program to help more borrowers.

Trial to Permanent Modification Conversion Status and Challenges

On Monday, December 7, Bank of America participated in the Servicer CEO Summit hosted by U.S. Treasury Secretary Timothy Geithner. We fully share Treasury's commitment to convert successful trial modifications to permanent as quickly as possible.

In support of that commitment, Bank of America is focusing on assisting customers to collect and provide all the documents and information required for the underwriting necessary for a successful conversion. Otherwise, homeowners are at risk of missing this opportunity to obtain a HAMP loan modification, an outcome none of us want.

As this committee knows from prior hearings, in addition to customers making three timely trial payments, the servicer must fully underwrite the permanent modification by obtaining all required documentation. This includes verifying income, occupancy status, and tax returns. The single biggest obstacle to a quick and successful conversion is obtaining the required financial information to underwrite the permanent modification. When borrowers originally entered their trial modifications they were not required to provide all the documents necessary for approval of a permanent modification. They were told that in order to qualify for a permanent modification they must provide all such documents during the trial period.

Bank of America has approximately 65,000 customers who have made more than three trial modification payments on time and their modifications are set to expire on December 31, 2009. Unfortunately, of those customers, 50,000 have either not submitted some or all of the required documents or have submitted all their required documents, but the documents reveal discrepancies that require an additional response from the customer. It is unclear why this has happened to such a high degree; however, several factors likely contributed to this, including ineffective communications with customers, shortcomings in document maintenance, misunderstandings about program requirements, and the inability to comply by some borrowers.

Our focus now is to make sure that every customer who has successfully made three or more trial modifications payments understands their document obligations and has an effective method for completing all the necessary requirements.

For these customers, Bank of America last week sent by express mail an urgent request for the documents needed to complete the process and the time frame required to avoid losing the Treasury's modification program benefits. We included a return prepaid express mail envelope to make the process as easy and expeditious as possible. We choose written communication and express mail packages to reduce the risk of misunderstanding, lost faxes or other issues associated with document collection, a part of the process that has been a source of customer frustration and where we have worked hard to improve.

While we manage extraordinary volume, we are doing everything we can to ensure optimal efficiency of all document control and management. Bank of America launched fax-to-image technology employed solely for the HAMP program. Once we obtain the documentation, we have the necessary staffing to complete the review and process the permanent conversion, and we will continue to add capacity as needed.

We will repeat the express mail notification again next week for any customers who still lack completed documentation and are also looking at ways we can partner with housing counselors to work face-to-face with customers to help them through the document submission process.

For the 15,000 customers who have provided all required information, we are experiencing a high conversion rate, with denials predominantly resulting from either income differences from what was stated by the borrower at the time of trial modification or discovery that the property is no longer owner-occupied, a requirement of the program.

We applaud the announcement by Treasury last week to partner with servicers to help heighten awareness of the need to promptly follow through with submitting documentation and to make it a priority to meet with the notary to sign the final loan modification agreement.

Consistent with these efforts, Bank of America is maintaining the same sense of urgency. By the time our trial modification participants reach their HAMP expiration date, Bank of America will have made about ten reminder phone calls and sent – at least twice – a summary of required documents and a postage-paid express mail package through which they can return their documents. This is in addition to the original trial modification mailing we send customers when they enter the program.

We have dedicated substantial resources to these efforts including the expansion of our default management staffing to nearly 13,000. We have also employed representatives of Bank of America in key markets to attempt face-to-face outreach to customers who have failed to send in required documents, and we have moved hundreds of mortgage loan officers over to servicing to assist in helping customers convert to permanent modifications. In many instances, we employ “mobile” notaries so customers can sign the documents at a time and place of their choosing to remove some potential confusion and to make sure it is done in sufficient time. We also are placing advertising in major markets with a high density of customers in active trial modifications, encouraging them to be responsive to our attempts to help them sustain homeownership.

We have increased our other customer outreach efforts as well. Since January of this year, Bank of America has participated in more than 215 community outreach events to assist distressed borrowers in 30 states. We also have partnered with three national nonprofits, the National Council of La Raza, the National Urban League, and the National Coalition for the Asian Pacific American Community, in the creation of the Alliance for Stabilizing Communities. We provided funding in support of this national coalition and its work to hold 40 housing rescue fairs over the next two years in 24 communities hardest hit by the foreclosure crisis.

In September, we launched a Bank of America Home Loans Assistance website to provide our customers easy online access to gain answers to their questions about the loan modification process – <http://homeloans.bankofamerica.com/homeloanhelp>.

Despite these efforts, it is clear that some portion of our 65,000 customers who are facing a December 31 deadline will be unable to complete the process, get the documents signed and notarized and return the required information by the deadline. Having some way to

accommodate these customers within the HAMP program would be helpful, given they were able to achieve substantial compliance with the requirements.

Customers who narrowly miss the deadline will fall into two primary groups:

- Customers that as of December 31, will have all their documentation in and the conversions are set, but they have not signed the final modification document (notary and customer have not met) but will do so shortly after the deadline.
- And, customers that as of December 31, will have all their documentation in, but we are still working with them on issues identified in the underwriting process, and again the final modification documents will be signed shortly after the deadline.

A third group of customers we believe should be considered for special consideration are those who made all of their trial payments but did not make the last payment "timely" as defined by program guidelines, but today are current and all other documentation issues are resolved.

Bank of America is working with Treasury to include these customers within the HAMP program with the same benefits they otherwise would receive. If that is not possible, Bank of America will still attempt to provide these customers with the same affordable payment and modification terms they would have received under HAMP, but through our own programs. The only difference for the customer will be the loss of the annual performance payments the government provides for the first five years.

Overall Success of HAMP

In addition to the focus on permanent conversions, we would like to improve the overall effectiveness of HAMP by offering for consideration areas where the program could be enhanced to help more customers.

Our most recent data provided to Treasury indicates approximately 600,000 customers are potentially eligible for the HAMP program. This population does not include borrowers we have determined do not qualify for HAMP such as where the home is no longer owner occupied

Of those potentially eligible, we have made trial offers to 252,000 customers – nearly half. Of those to whom we have extended offers, 160,000 – or 63% - have started a trial modification by making their first payment. As we continue to pursue all methods of contact, we are hopeful these strong results will improve even further.

As these numbers demonstrate, HAMP has been largely successful in meeting its designed objective, which has been to assist owner-occupied borrowers who have experienced a hardship, or an increase in their loan payment, resulting in an unaffordable monthly housing payment exceeding 31% of their monthly income, and who, with help, can maintain ownership and occupancy of their homes.

However, the program was not designed to assist borrowers who have vacated their home or no longer occupy the home as their principal residence. Nor was the program structured to assist

the unemployed or those who already have a relatively affordable housing payment of less than 31% of their income. Out of our HAMP eligible population, as recently defined by Treasury, of the customers we've talked with, 55% are known to fall into one of these four categories.

These figures represent the depth of the nation's recessionary impacts on homeowners, not the failure of the government program or the efforts of participating mortgage servicers.

Bank of America believes it is necessary to provide solutions to these customer segments that fall outside HAMP's target reach – and we are doing so. We have non-HAMP options we consider to avoid foreclosure including modification programs for non-owners and borrowers with a debt-to-income ratio below 31%, and importantly, forbearance programs for the unemployed.

We also are working with Treasury to expand HAMP to assist in meeting these same challenges - specifically including a program for the unemployed and allowance for a housing ratio less than 31% for low-to-moderate income borrowers.

The benefit of having Treasury take the lead to address these challenges is creating an industry standard that helps all customers and provides investor incentive to help more borrowers qualify. In any case, Bank of America will continue to provide solutions to these customers.

Our goal is to keep as many customers in their homes as possible. We will exhaust every available option, including short sales and deeds in lieu, when a homeowner chooses to sell their property or has no other option except foreclosure. We appreciate Treasury's recently released final guidance on short sales and are pleased to say we have already adopted many of the principles outlined.

Conclusion

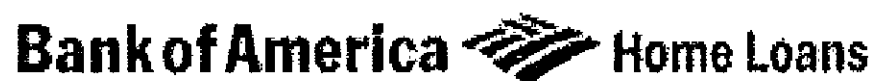
At Bank of America, we continue to look critically at the loan modification process, and we are listening to customers, community partners, and other stakeholders about how we can improve. We understand the urgency to offer solutions – not only for the customers we serve – but to further encourage the housing recovery that has begun to take root.

We will continue to pursue transformative initiatives that increase the number of customers receiving assistance, enhance the sustainability of the loans and improve the experience for customers throughout the process.

We appreciate the continued strong support and partnership from the Administration and Congress to reach the goal we all share to help as many of the individuals and families we serve stay in their homes.

Thank you, and I would be happy to answer any questions.

EXHIBIT F

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Frequently Asked Questions

Know the facts to be better prepared

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Frequently Asked Questions

I would rather sell my home than lose it to foreclosure . . . is this possible?

Yes. There are options to foreclosure. A **short sale** or a **deed in lieu** may both be better alternatives to a foreclosure. Contact a specialist right away to explore all your options.

I want to try to get a home loan modification under the Making Home Affordable program, but I'm afraid that my lender will go ahead with the foreclosure while I'm trying to make it happen. Can I get more time to explore this option?

Yes. While we review your eligibility for the program, your loan will not go to foreclosure sale. When you enter a trial plan under the program, your loan will not be referred to foreclosure, and any pending foreclosure proceedings will not go to sale.

Bank of America > Home Loans > Home Loan Assistance

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EXHIBIT G

Foreclosure

Understanding the foreclosure process

Knowing what to expect can better prepare you to leave your property and move forward. We'll help guide you through the process and, if we can't find an alternative solution for you, offer you assistance with your transition out of your property.

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Home Loan Assistance Frequently Asked Questions

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UPDATE: As of October 18, 2010 we have completed part of our foreclosure review.

Bank of America has completed the review of our foreclosure process for residential properties in 23 states that follow the judicial foreclosure process. We will continue to delay residential foreclosure sales in the remaining 27 states until we have finished the review. Our assessment continues to show that the basis for our past foreclosure decisions is accurate in both judicial and non-judicial states. [Read More »](#)

I would rather sell my home than lose it to foreclosure... is this possible?

Yes, there are alternatives to foreclosure. A short sale or a deed in lieu may both be better alternatives to a foreclosure. Contact a specialist right away to explore all your options.

I want to try to get a home loan modification under the Making Home Affordable program, but I'm afraid that my lender will go ahead with the foreclosure while I'm trying to make it happen. Can I get more time to explore this option?

Yes. While we review your eligibility for the program, your loan will not go to foreclosure sale. When you enter a trial plan under the program, your loan will not be referred to foreclosure, and any pending foreclosure proceeding will not go to sale.

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EXHIBIT H

Supplemental Directive 10-02

March 24, 2010

Home Affordable Modification Program – Borrower Outreach and Communication

Background

In Supplemental Directive 09-01, the Treasury Department (Treasury) announced the eligibility, underwriting and servicing requirements for the Home Affordable Modification Program (HAMP). Under HAMP, servicers apply a uniform loan modification process to provide eligible borrowers with sustainable monthly payments for their first lien mortgage loans. This Supplemental Directive represents an ongoing effort to improve program effectiveness by amending policies and procedures related to borrower outreach and communication, especially with respect to the initiation and continuation of foreclosure actions and extending HAMP benefits to borrowers who have filed for bankruptcy court protection. These changes become effective on June 1, 2010. The changes set forth herein do not abridge a servicer's ability to service delinquent loans in accordance with industry standards.

The significant changes described in this Supplemental Directive include:

- Clarification of the requirement to solicit proactively all borrowers whose first mortgage loans are potentially eligible for HAMP and who have two or more payments due and unpaid. Reasonable solicitation efforts are defined.
- Prohibition against referral to foreclosure until either: (i) a borrower has been evaluated and determined to be ineligible for HAMP; or (ii) reasonable solicitation efforts have failed.
- A requirement that a servicer, in certain specific circumstances, allow a 30-day borrower response period following issuance of a Non-Approval Notice before a foreclosure sale may be conducted.
- A requirement that a servicer provide a written certification to the foreclosure attorney or trustee stating that a borrower is not HAMP-eligible before a foreclosure sale may be conducted.
- A requirement that servicers must consider borrowers in active bankruptcy for HAMP if a request is received from the borrower, borrower's counsel or bankruptcy trustee.
- Clarification of the requirement that servicers use reasonable efforts to obtain approval from investors to participate in HAMP.

This Supplemental Directive provides guidance to servicers of first lien mortgage loans that are not owned or guaranteed by Fannie Mae or Freddie Mac (Non-GSE Mortgages). Servicers of first lien mortgage loans that are owned or guaranteed by Fannie Mae or Freddie Mac should refer to the related HAMP guidelines issued by the applicable GSE.

Borrower Communication

Borrower Solicitation

Each servicer must have clear and comprehensive internal written policies for identification and solicitation of borrowers who are potentially eligible for HAMP based on information in the servicer's possession. These procedures should follow investor guidelines and comply with all contractual restrictions and with applicable laws, rules and regulations, including, but not limited to, the Fair Debt Collection Practices Act.

Servicers must pre-screen all first lien mortgage loans where two or more payments are due and unpaid to determine if they meet the basic criteria for consideration under HAMP (one-to-four unit residential property, occupied by the borrower as his or her principal residence, not vacant or condemned, originated on or before January 1, 2009, unpaid principal balance does not exceed \$729,750¹ and not previously modified under HAMP). Servicers must proactively solicit for HAMP any borrower whose loan passes this pre-screen, unless the servicer has documented that the investor is not willing to participate in HAMP pursuant to the "Investor Solicitation" section of this Supplemental Directive.

Solicitation must include written communication clearly describing HAMP. Use of the form of solicitation letter available on www.HMPadmin.com shall satisfy this requirement. The servicer's HAMP solicitation may also identify other options potentially available to help the borrower cure the delinquency and retain homeownership. A servicer is deemed to have made a "Reasonable Effort" to solicit a borrower if over a period of at least 30 calendar days: (1) the servicer makes a minimum of four telephone calls to the last known phone numbers of record, at different times of the day; and (2) the servicer sends two written notices to the last address of record by sending one letter via certified/express mail or via overnight delivery service (such as Federal Express or UPS) with return receipt/delivery confirmation and one letter via regular mail. Any contact with eligible borrowers, whether by telephone, mail or otherwise, must (1) advise borrowers that they may be eligible for HAMP; (2) clearly describe the Initial Package required to be submitted by the borrower pursuant to Supplemental Directive 10-01 and state what other information the servicer needs to complete the HAMP analysis; (3) provide a toll-free telephone number through which the borrower can reach a servicer representative; and (4) identify any unique requirements the servicer may have established for submission of an Initial Package received later than 30 calendar days prior to a scheduled foreclosure sale date. All contact attempts must be documented in the servicing file. If the servicer has documentation evidencing that it satisfied the Reasonable Effort standard for HAMP prior to the effective date of this Supplemental Directive, re-solicitation of the borrower is not required.

¹ Maximum loan limit for one unit dwelling. 2 units - \$934,200; 3 units - \$1,129,250; 4 units - \$1,403,400.

Successful efforts by a servicer to communicate with the borrower or co-borrower about resolution of the delinquency are termed “right party contact” for purposes of this Supplemental Directive. If right party contact is established and the borrower expresses an interest in HAMP, the servicer must send a written communication to the borrower via regular or electronic mail that clearly describes the Initial Package required to be submitted by the borrower to request a HAMP modification. The communication should:

- Describe the income evidence required to be evaluated for HAMP;
- Provide the Request for Modification and Affidavit (RMA) (or other proprietary financial information form substantially similar in content to the RMA and, if necessary, a Hardship Affidavit); and
- Include an Internal Revenue Service (IRS) Form 4506T-EZ (or IRS Form 4506-T, if necessary).

The communication should also include clear language stating that during the HAMP evaluation the home will not: (i) be referred to foreclosure; or (ii) be sold at a foreclosure sale if the foreclosure process has already been initiated. In the communication, the servicer must include a specific date by which the Initial Package must be returned, which must be no less than 15 calendar days from the date of the communication. Electronic mail for this purpose may only be sent to an email address provided by the borrower when right party contact was made. Such email address must be documented in the servicing file.

If right party contact is established prior to satisfaction of the Reasonable Effort standard, the servicer must continue to take steps to satisfy the Reasonable Effort standard until the Initial Package is submitted by the borrower.

If right party contact is established but the borrower does not submit an Initial Package, the servicer must resend the Initial Package communication. Again, the servicer must include a specific date by which the Initial Package must be returned, which must be no less than 15 calendar days from the date of the second communication. If the borrower does not respond by providing an Initial Package within the required time period set forth in the second communication, the servicer may determine the borrower to be ineligible for HAMP.

If right party contact is established but the borrower submits an incomplete Initial Package within the required time period, the servicer must comply with the Incomplete Information Notice requirements set forth in Supplemental Directive 10-01. If the borrower does not respond to either the 30-day Incomplete Information Notice or the 15-day Incomplete Information Notice by providing a complete Initial Package within the required time period, the servicer may determine the borrower to be ineligible for HAMP.

The servicer is not required to send an Initial Package if, as a result of discussions with the borrower, the servicer determines that the borrower does not meet the basic eligibility criteria for HAMP as described in Supplemental Directive 09-01, or the servicer determines that the borrower’s monthly mortgage obligation (including principal interest, taxes, insurance and

homeowner's association fee, if applicable) is substantially less than 31% of the borrower's gross monthly income. Such decision must be documented in the applicable servicing file.

Other Borrower Communication

As set forth in Supplemental Directives 09-07 and 10-01, servicers must acknowledge the Initial Package within 10 business days of receipt through a written communication to the borrower that includes a description of the servicer's evaluation process and timeline. Additionally, the communication must include clear language that states that during the HAMP evaluation the home will not: (i) be referred to foreclosure; or (ii) be sold at a foreclosure sale if the foreclosure process has already been initiated. If the Initial Package is received from the borrower via email, the servicer may email the acknowledgement to the same email address from which the Initial Package was received or other email address designated by the borrower in the Initial Package.

Servicer communications should provide the borrower with clear written information designed to help the borrower understand the modification process in accordance with Supplemental Directive 09-01. These communications must provide a toll-free telephone number where the borrower can reach a representative of the servicer capable of providing specific details about the HAMP modification process. The hours of operation for the toll-free telephone number should be listed.

Servicers must have adequate staffing, written procedures, resources and facilities for receipt, management, retention and retrieval of borrower documents to ensure that borrowers are not required to submit multiple copies of documents. Servicers must accept the RMA and other required verification documents submitted on behalf of borrowers by HUD-approved housing counseling agencies, non-profit consumer advocacy organizations, legal guardians, powers of attorney or legal counsel when the borrower has provided written authorization or provides written authorization contemporaneously with the submission of the RMA. The borrower is considered to have provided written authorization if a copy of the power of attorney, order of guardianship, or other legal papers authorizing the third party to act on behalf of the borrower are provided. Written authorization may be supplanted by the legal documents authorizing a third party to act more generally on behalf of the borrower in cases of disability or borrowers unavailable due to active duty military service.

Servicers must have written procedures and personnel in place to provide timely and appropriate responses to borrower inquiries and complaints in connection with HAMP within the timelines specified in this and previous Supplemental Directives. These procedures must include a process through which borrowers may escalate disagreements to a supervisory level, where a separate review of the borrower's eligibility or qualification can be performed.

Foreclosure Actions

The following guidance replaces in its entirety the guidance set forth on page 14 of Supplemental Directive 09-01 under the heading "Temporary Suspension of Foreclosure Proceedings".

Prohibition on Referral and Sale

A servicer may not refer any loan to foreclosure or conduct a scheduled foreclosure sale unless and until at least one of the following circumstances exists:

- The borrower is evaluated for HAMP and is determined to be ineligible for the program; or
- The borrower is offered a trial period plan, but fails to make a trial period payment by the last day of the month in which such payment is due; or
- The servicer has established right party contact, has sent at least two written requests asking the borrower to supply required information in accordance with this Supplemental Directive and has otherwise satisfied the Reasonable Effort solicitation standard, and the borrower failed to respond by the dates indicated in those requests; or
- The servicer has satisfied the Reasonable Effort solicitation standard without establishing right party contact; or
- The borrower or co-borrower states he or she is not interested in pursuing a HAMP modification and such statement is reflected by the servicer in their servicing system.

Borrower Response Period

Supplemental Directive 09-08 describes circumstances in which a written Non-Approval Notice must be provided to borrowers who have not been approved for HAMP. The servicer may not conduct a foreclosure sale within the 30 calendar days after the date of a Non-Approval Notice or any longer period required to review supplemental material provided by the borrower in response to a Non-Approval Notice unless the reason for non-approval is (1) ineligible mortgage, (2) ineligible property, (3) offer not accepted by borrower/request withdrawn or (4) the loan was previously modified under HAMP.

A model clause describing these rights is attached as Exhibit A. Use of the model clause is optional; however, it illustrates the level of specificity that is deemed to be in compliance with the language requirements of this Supplemental Directive.

Halt of Existing Foreclosure Actions During a Trial Period Based on Verified Income

With respect to a borrower who submits a request for HAMP consideration after a loan has been referred to foreclosure, the servicer shall, immediately upon the borrower's acceptance of a trial period plan based on verified income as described in Supplemental Directive 10-01 and for the duration of the trial period, take those actions within its authority that are necessary to halt further activity and events in the foreclosure process, whether judicial or non-judicial, including but not limited to refraining from scheduling a sale or causing a judgment to be entered.

The servicer shall not be in violation of this instruction to the extent that: (a) a court with jurisdiction over the foreclosure proceeding (if any), or the bankruptcy court in a bankruptcy case, or the public official charged with carrying out the activity or event, fails or refuses to halt some or all activities or events in the matter after the servicer has made reasonable efforts to

move the court or request the public official for a cessation of the activity or event; (b) the servicer must take some action to protect the interests of the owner, investor, guarantor or servicer of the loan in response to action taken by the borrower or other parties in the foreclosure process; or (c) there is not sufficient time following the borrower's acceptance of the trial period plan for the servicer to halt the activity or event, provided that in no event shall the servicer permit a sale to go forward. The servicer must document in the servicing file if any of the foregoing exceptions to the requirement to halt an existing foreclosure action are applicable.

Deadline for Suspension of Foreclosure Sales

When a borrower submits a request for HAMP consideration after a foreclosure sale date has been scheduled and the request is received no later than midnight of the seventh business day prior to the foreclosure sale date (the "Deadline"), the servicer must suspend the sale as necessary to evaluate the borrower for HAMP. Servicers are not required to suspend a foreclosure sale when: (1) a request for HAMP consideration is received after the Deadline; (2) a borrower received a HAMP modification and lost good standing; (3) a borrower received a HAMP offer and failed to make one or more payments under the trial period plan by the last day of the month in which it was due; or (4) a borrower was evaluated based upon an Initial Package and determined to be ineligible under HAMP requirements.

The servicer shall not be in violation of this instruction to the extent that a court with jurisdiction over the foreclosure proceeding (if any), or the bankruptcy court in a bankruptcy case, or the public official charged with carrying out the activity or event, fails or refuses to halt the sale after the servicer has made reasonable efforts to move the court or request the public official for a cessation of the sale. The servicer must document in the servicing file if the foregoing exception to the requirement to suspend an existing foreclosure sale is applicable.

A borrower will be deemed to have requested consideration for HAMP when a complete Initial Package (i.e., RMA, Form 4506T-EZ, required evidence of income) is received by the servicer or its foreclosure attorney/trustee prior to the Deadline. However, the servicer may establish additional requirements for requests received later than 30 calendar days prior to a scheduled foreclosure sale date, including, for example, a requirement that a complete Initial Package be delivered through certified/express delivery mail with return receipt/delivery confirmation to either the servicer or the foreclosure attorney/foreclosure trustee. These requirements must be posted on the servicer's website and communicated to the borrower in writing in accordance with the Borrower Solicitation requirements of this Supplemental Directive or through other written communication.

If the borrower contacts the servicer prior to the Deadline, the servicer must inform the borrower of the Deadline and any submission requirements.

Mitigating Foreclosure Impact

The servicer must take the following action to mitigate foreclosure impact:

- **Simultaneous Trial Period Plan and Foreclosure Explanation.** When a borrower is simultaneously in foreclosure and is either being evaluated for HAMP or is in a trial period plan, the servicer must provide the borrower with a written notification that

explains, in clear language, the concurrent modification and foreclosure processes and that states that even though certain foreclosure activities may continue, the home will not be sold at a foreclosure sale while the borrower is being considered for HAMP or while the borrower is making payments under a trial period plan. Model language for this notification is attached as Exhibit B. Use of the model language is optional; however, it illustrates the level of specificity that is deemed to be in compliance with the language requirements of this Supplemental Directive.

- **Foreclosure Attorney/Trustee Communication.** Servicers must develop and implement written policies and procedures to provide notification to their foreclosure attorney/trustee regarding a borrower's HAMP status, including whether the borrower is potentially eligible for HAMP (and is subject to the Borrower Solicitation requirements of this Supplemental Directive), and whether the borrower is being evaluated for, or is currently in, a HAMP trial period plan. Servicers must ensure that their foreclosure attorney/trustee adheres to all of the requirements of this Supplemental Directive with respect to referral to foreclosure, stay of foreclosure actions and suspension of foreclosure sales.
- **Certification Prior to Foreclosure Sale.** Servicers must develop and implement written procedures applicable to all loans that are potentially eligible for HAMP (and are subject to the Borrower Solicitation requirements of this Supplemental Directive) that require the servicer to provide to the foreclosure attorney/trustee a written certification that (i) one of the five circumstances under the "Prohibition on Referral and Sale" section of this Supplemental Directive exists, and (ii) all other available loss mitigation alternatives have been exhausted and a non-foreclosure outcome could not be reached. This certification must be provided no sooner than seven business days prior to the scheduled foreclosure sale date (the Deadline) or any extension thereof.

Borrowers in Bankruptcy

Borrowers in active Chapter 7 or Chapter 13 bankruptcy cases must be considered for HAMP if the borrower,² borrower's counsel or bankruptcy trustee submits a request to the servicer. With the borrower's permission, a bankruptcy trustee may contact the servicer to request a HAMP modification. Servicers are not required to solicit these borrowers proactively for HAMP. Borrowers who are in a trial period plan and subsequently file for bankruptcy may not be denied a HAMP modification on the basis of the bankruptcy filing. The servicer and its counsel must work with the borrower or borrower's counsel to obtain any court and/or trustee approvals required in accordance with local court rules and procedures. Servicers should extend the trial period plan as necessary to accommodate delays in obtaining court approvals or receiving a full remittance of the borrower's trial period payments when they are made to a trustee, but they are not required to extend the trial period beyond two months, resulting in a total five-month trial

² Where the borrower filed the bankruptcy pro se, (without an attorney), it is recommended that the servicer provide information relating to the availability of a HAMP modification to the borrower with a copy to the bankruptcy trustee. This communication should not imply that it is in any way an attempt to collect a debt. Servicers must consult their legal counsel for appropriate language.

period. In the event of a trial period extension, the borrower shall make a trial period payment for each month of the trial period, including any extension month.

When a borrower in an active Chapter 13 bankruptcy is in a trial period plan and the borrower has made post-petition payments on the first lien mortgage in the amount required by the trial period plan, a servicer must not object to confirmation of a borrower's Chapter 13 plan, move for relief from the automatic bankruptcy stay, or move for dismissal of the Chapter 13 case on the basis that the borrower paid only the amounts due under the trial period plan, as opposed to the non-modified mortgage payments.

Borrowers who have received a Chapter 7 bankruptcy discharge in a case involving the first lien mortgage who did not reaffirm the mortgage debt under applicable law are eligible for HAMP. The following language must be inserted in Section 1 of the Home Affordable Modification Agreement:

“I was discharged in a Chapter 7 bankruptcy proceeding subsequent to the execution of the Loan Documents. Based on this representation, Lender agrees that I will not have personal liability on the debt pursuant to this Agreement.”

Substitution of Income Documents

When a borrower is in an active Chapter 7 or Chapter 13 bankruptcy, the servicer may accept copies of the bankruptcy schedules and tax returns (if returns are required to be filed) in lieu of the RMA and Form 4506T-EZ, and may use this information to determine borrower eligibility (with the income documentation). Servicers should request the schedules and tax returns from the borrower, borrower's counsel or bankruptcy court. If the bankruptcy schedules are greater than 90 days old as of the date that such schedules are received by the servicer, the borrower must provide updated evidence of income to determine HAMP eligibility. Additionally, either directly or through counsel, borrowers must provide a completed and executed Hardship Affidavit (or RMA).

Waiver of Trial Period Plan

Pending development of systems capability, and at the discretion of the servicer, borrowers in an active Chapter 13 bankruptcy who are determined to be eligible for HAMP may be converted to a permanent modification without completing a trial period plan if:

- The borrower makes all post-petition payments on their first lien mortgage loan due prior to the effective date of the Home Affordable Modification Agreement, and at least three of those payments are equal to or greater than the proposed modified payment;
- The modification is approved by the bankruptcy court, if required; and
- The trial period plan waiver is permitted by the applicable investor guidelines.

When payments under a bankruptcy plan are used in lieu of a trial period in accordance with these guidelines, the servicer and borrower will be eligible to accrue “pay for success” and “pay for performance” incentives for the length of a standard HAMP trial period.

Changes to several data reporting attributes under HAMP will be required to enable servicers to report a bankruptcy plan in lieu of a HAMP trial period. Servicers should look for a full description and detail of the data attributes for bankruptcy reporting to be posted on www.HMPadmin.com. Servicers may not exercise this waiver authority until the data elements are posted and the system capability exists to support this policy change.

Continued HAMP Eligibility

Servicers are reminded of those situations when a borrower may seek reconsideration for a HAMP modification. As stated in Supplemental Directive 10-01, a borrower who has been evaluated for HAMP but does not meet the minimum eligibility criteria described in the “HAMP Eligibility” section of Supplemental Directive 09-01 or who meets the minimum eligibility criteria but is not qualified for HAMP by virtue of a negative NPV result, excessive forbearance or other financial reason, may request reconsideration for HAMP at any time prior to the Deadline if they experience a change in circumstance. In these cases, the servicer is obligated to consider the borrower’s request pursuant to its obligations under the Servicer Participation Agreement (SPA).

A servicer’s SPA obligation to offer the borrower a HAMP modification is considered satisfied, and the borrower is not eligible for a subsequent HAMP offer, if the borrower either (1) received a HAMP modification and lost good standing, or (2) the borrower received a HAMP offer and either failed to make one or more payments under trial period plan by the last day of the month in which it was due, or if applicable, failed to provide (i) all required documents by the end of the trial period; or (ii) the Home Affordable Loan Modification Agreement and all related documents by the last day of the month in which the Modification Effective Date occurs.

Servicing Transfers of Loans in Foreclosure

The servicer may transfer a loan free and clear of all HAMP-related obligations under the SPA if one of the five circumstances under the “Prohibition on Referral and Sale” section of this Supplemental Directive exists with respect to such loan, and any applicable response period has elapsed, unless a borrower with continued HAMP eligibility requests consideration prior to the effective date of the servicing transfer. Such loans are not required to be transferred pursuant to the form of Assignment and Assumption Agreement attached as Exhibit D to the Servicer Participation Agreement. Servicers should refer to the “Transfers of Servicing” section of Supplemental Directive 09-01 for guidance regarding servicing transfers of loans modified pursuant to HAMP.

Investor Solicitation

Within 90 days of executing a Servicer Participation Agreement (SPA), the servicer must review all servicing agreements to determine investor participation in the program. Within 30 days of identifying an investor as a non-participant, the servicer will contact the investor in writing at least once, encouraging the investor to permit modifications under HAMP.

Within 60 calendar days following the effective date of this Supplemental Directive, participating servicers must, if they have not already done so, provide to Fannie Mae, as Treasury's Program Administrator: (1) the number of investors for whom it services loans; (2) a list of those investors who do not participate in HAMP; and (3) the number of loans serviced for each investor that does not participate in HAMP. Servicers that execute a SPA after the date of this Supplemental Directive must provide the investor participation list to Fannie Mae, as Treasury's program administrator, within 120 days of SPA execution.

Servicers are required to notify Fannie Mae, as Treasury's Program Administrator, of changes to the Investor Participation List within 30 calendar days of any change.

Documentation

Servicers are required to maintain appropriate documentary evidence of their HAMP-related activities, and to provide that documentary evidence upon request to Freddie Mac as the Compliance Agent for Treasury. As Compliance Agent, Freddie Mac will incorporate the additional requirements articulated in this Supplemental Directive into its compliance program. Servicers must maintain documentation in well-documented servicer system notes or in loan files for all HAMP activities addressed in this Supplemental Directive, including, but not limited to, the following:

- All HAMP related communications, whether verbal or written, with or to the borrower or trusted advisor (including but not limited to the dates of communications, names of contact person(s), and a summary of the conversation), including any email correspondence to or from the borrower.
- Pre-screening of loans for HAMP prior to referring any loan to foreclosure or conducting scheduled foreclosure sales.
- Postponement of scheduled foreclosure sales in applicable scenarios.
- Substitution of income documents for borrowers in active Chapter 7 or Chapter 13 bankruptcy.
- Waiver of the trial period plan for borrowers in active Chapter 13 bankruptcy.
- Policies and procedures required by this Supplemental Directive.
- Certification prior to foreclosure sale.
- Evidence of assessment of investor willingness to participate in HAMP and any specific outreach to investors on either a portfolio or loan-by-loan basis, including copies of any contracts with investors relied upon in denying HAMP modifications. This should include, where applicable, documentation relating to specific parameters or limitations on participation required by investors for steps in the waterfall.
- Evidence of receipt of the Initial Package from a borrower.

EXHIBIT A BORROWER RESPONSE PERIOD

The model clause in this exhibit provides sample language that may be used to explain the borrower response period that exists after a borrower is issued a Non-Approval Notice unless the reason for non-approval is (1) ineligible mortgage, (2) ineligible property, (3) offer not accepted by borrower/request withdrawn or (4) the loan was previously modified under HAMP. Use of the model clause is optional; however, it illustrates a level of specificity that is deemed to be in compliance with language requirements of this Supplemental Directive.

You have 30 calendar days from the date of this notice to contact [name of servicer] to discuss the reason for non-approval for a HAMP modification or to discuss alternative loss mitigation options that may be available to you. Your loan may be referred to foreclosure during this time, or any pending foreclosure action may continue. However, **no foreclosure sale will be conducted and you will not lose your home** during this 30-day period [or any longer period required for us to review supplemental material you may provide in response to this Notice].

EXHIBIT B
MODEL SIMULTANEOUS TRIAL PLAN-FORECLOSURE PROCESS EXPLANATION

[Servicer Logo]

[Date]

[Name]

[Address 1]

[Address 2]

Dear [borrower and co-borrower name(s)]:

We are committed to helping you retain your home. That's why we are currently evaluating your mortgage for eligibility in the Home Affordable Modification Program ("HAMP") which would modify the terms of your loan and make your mortgage payments more affordable. Your loan has been previously referred to foreclosure and we will continue the foreclosure process while we evaluate your loan for HAMP. However, **no foreclosure sale will be conducted and you will not lose your home** during the HAMP evaluation.

HAMP Eligibility

- If you are eligible for HAMP, you will enter into a "trial period". You will receive a Trial Period Plan Notice which will contain a new trial payment amount (this will temporarily replace your current mortgage payment during the HAMP trial period). To accept the Trial Period Plan, you must make your first trial payment by the specified due date. Once you accept, we will halt the foreclosure process as long as you continue to make your required trial plan payments.
- If you do not qualify for HAMP, or if you fail to comply with the terms of the Trial Period Plan, you will be sent a Non-Approval Notice. In most cases, you will have 30 days to review the reason for non-approval and contact us to discuss any concerns you may have. During this 30-day review period, we may continue with the pending foreclosure action, but **no foreclosure sale will be conducted and you will not lose your home**.

Important—Do not ignore any foreclosure notices.

The HAMP evaluation and the process of foreclosure may proceed at the same time. You may receive foreclosure/eviction notices - delivered by mail or in person - or you may see steps being taken to proceed with a foreclosure sale of your home. While you will not lose your home during the HAMP evaluation, to protect your rights under applicable foreclosure law, you may need to respond to these foreclosure notices or take other actions. If you have any questions about the foreclosure process and the evaluation of your HAMP request, contact us at [XXX.XXX.XXXX]. If you do not understand the legal consequences of the foreclosure, you are also encouraged to contact a lawyer or housing counselor for assistance.

Questions

Call **XXX.XXX.XXXX** if you cannot afford to make your trial period payments, but want to remain in your home. Or if you have decided to leave your home, contact us—we have other options that may be able to help you avoid foreclosure. Additionally, if you have any questions about the foreclosure (or other legal notices that you receive), please call us for assistance. You can also call the Homeowner's HOPE™ Hotline at 1-888-995-HOPE (4673) if you need further counseling. They offer free HUD-certified counseling services in English and Spanish, and can help answer any questions you have.

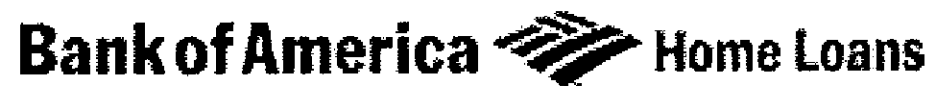
Sincerely,

[Servicer Contact Person Name]

[Servicer Contact Person Title]

[Servicer Name]

EXHIBIT I

[Loan Assistance Home](#)[Loan Assistance Solutions](#)[Additional Support](#)[My Status & Tools](#)

Home Affordable Modification

Federal government home loan modification program

If you've suffered a hardship that is affecting your ability to make your mortgage payments or have already missed a payment, you may be able to receive a more affordable mortgage payment under the Home Affordable Modification Program.

[Print page](#)

Now that I'm in the process, what's next?

If you're already in the process of being evaluated for a modification of your loan through the federal government's Home Affordable Modification Program, we can help you understand what you need to do next.

I have made all three payments during my trial period

If you successfully make your Trial Period Plan payments during the trial period, you will be approved for a permanent modification of your loan. You must continue making your Trial Period Plan payments until you receive a letter and Modification Agreement from us — this may be longer than 3 months.

The Modification Agreement you receive from us defines the changes to your home loan. This agreement must be signed, notarized and returned to us before your modification becomes permanent.

We strongly encourage you to continue making your monthly mortgage payments at least in the amount of Trial Period Plan payments until you receive this agreement and your modification has been officially made permanent. Not staying current on your monthly mortgage payments could negatively impact your credit.

In addition, the amount of any missed payments will be added to your unpaid principal balance, which could increase the amount of your payments after the loan is permanently modified.

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Loan Assistance Solutions

Refinance	Home Affordable Refinance
Forbearance	Home Affordable Modification
Reverse Mortgage	FHA Home Affordable Modification
Tax & Insurance Help with a Reverse Mortgage	Home Affordable Foreclosure Alternatives
Short Sale	
Deed in Lieu	
Foreclosure	
National Homeownership Retention Program	

Additional Support

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- [Avoiding Scams](#)
- [Homeowner Counselor](#)
- [Frequently Asked Questions](#)
- [Glossary](#)

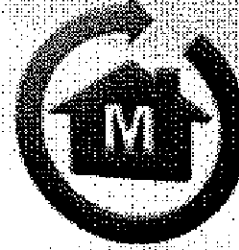
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Home Affordable Modification

Federal government home loan modification program

If you've suffered a hardship that is affecting your ability to make your mortgage payments or have already missed a payment, you may be able to receive a more affordable mortgage payment under the Home Affordable Modification Program.



[Is it right for me?](#) | [How do I get started?](#) | [Next Steps](#) | [FAQs](#)

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My Status & Tools

[Call Us](#)

Is a Home Affordable Modification right for me?

[Print page](#)

Program goal

Home Affordable Modification is one of the federal government's Making Home Affordable programs. The government's goal for modifying your loan is to make your monthly payments **31%** of your gross (pre-tax) monthly income.

Eligibility

You may be eligible to modify your home loan under the Home Affordable Modification Program, if:

your home is your primary residence

the amount you owe on your first mortgage is equal to or less than:

- \$729,750 for 1 unit
- \$934,200 for 2 units
- \$1,129,250 for 3 units
- \$1,403,400 for 4 units

you are experiencing a financial hardship, such as a job loss, divorce or medical emergency

your current mortgage was taken out before January 1, 2009

your payment on your first mortgage (including principal, interest, taxes, flood and hazard insurance, and homeowners association dues, if applicable) is more than **31%** of your current gross (before taxes and deductions) monthly income

Is your loan an FHA loan? If so, try modifying your loan under the federal government's **FHA Home Affordable Modification Program**.

Estimate your reduced home loan payment¹

If you are not eligible

Program at a glance



Step 1: If you meet the minimum eligibility requirements, call us to request a Home Affordable Modification. We'll review your situation, confirm that you meet the requirements for this program and then send you a financial information packet.



Step 2: Once you've received your packet, you'll need to fill-out the forms and collect your documents. Sign and return the information to us as soon as possible. We can't evaluate you for a trial modification without all of your required documentation.



Step 3: If you qualify for the program, you'll enter a trial period of at least 3 months. Making all of your payments during this trial period will demonstrate that you can afford the modified payments and that they work within your budget.



Step 4: If you successfully make all of your Trial Period Plan payments, you will receive a Modification Agreement defining the changes. After this document has been signed, notarized and returned to us, your modification will be officially made permanent.

Get more details on the Home Affordable Modification Program.

There are no fees and no minimum credit requirements with the Home Affordable Modification Program, a part of the federal government's Making Home Affordable program.

Get Started

¹ This calculation is for informational purposes only, is based upon unverified information you provided at our website and should not be construed to mean that you qualify or do not qualify for a home loan modification. We are required to consider other factors in assessing whether you qualify for a home loan modification.

Bank of America > Home Loans > Home Loan Assistance

Loan Assistance Solutions

Refinance
Forbearance
Home Equity Assistance
Reverse Mortgage
Tax & Insurance Help with a Reverse Mortgage
Short Sale
Deed in Lieu
Foreclosure
National Homeownership Retention Program

Home Affordable Refinance
Home Affordable Unemployment Program
Home Affordable Modification
FHA Home Affordable Modification
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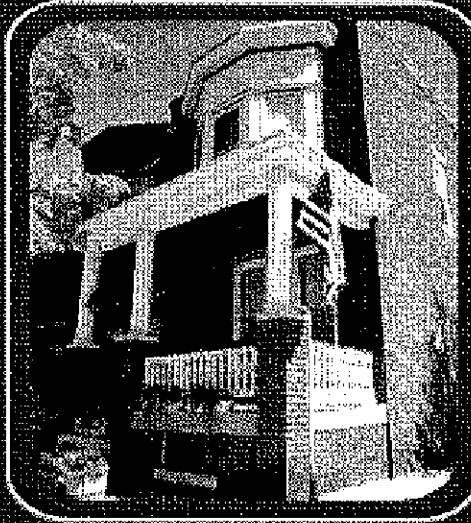
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EXHIBIT J



Making Home AffordableSM Program
Handbook for Servicers of Non-GSE Mortgages

Version 2.0
As of September 22, 2010

1 Eligibility

1.1 HAMP Eligibility Criteria

A loan is eligible for HAMP if the servicer verifies that all of the following criteria are met:

First lien	The mortgage loan is a first lien mortgage loan originated on or before January 1, 2009. This includes mortgages secured by: <ul style="list-style-type: none">• Cooperative shares,• Condominium units, and• Manufactured housing (the first lien mortgage loan must secure the manufactured home and the land, both of which must be classified as real property under applicable state law).
Not previously HAMP modified	The mortgage loan has not been previously modified under HAMP. For more information, refer to the Continued Eligibility guidance in Section 1.2.
Delinquent or in imminent default	The mortgage loan is delinquent or default is reasonably foreseeable. Loans currently in foreclosure are eligible.
Owner-occupied, single family property	The mortgage loan is secured by a one- to four-unit property, one unit of which is the borrower's principal residence. Additionally, a loan may be considered for HAMP if: <ul style="list-style-type: none">• The property was originally non-owner occupied, but the servicer can verify that it is currently the borrower's principal residence.• The borrower is temporarily displaced (e.g., military service, temporary foreign service assignment, or incarceration) but was occupying the property as his or her principal residence immediately prior to his or her displacement, intends to occupy the property as his or her principal residence upon his or her return and the current occupant is not a tenant.
Not vacant or condemned	The property securing the mortgage loan is not vacant or condemned.
Financial hardship	A borrower has documented a financial hardship and represented that he or she does not have sufficient liquid assets to make the monthly mortgage payments.
Minimum monthly mortgage payment ratio	The borrower's monthly mortgage payment (including principal, interest, taxes, insurance, and when applicable, association fees) prior to the modification is greater than 31 percent of the borrower's verified monthly gross income.
Escrow account established	The borrower agrees to set up an escrow account for taxes and hazard and flood insurance prior to the beginning of the trial period if one does not currently exist.

EXHIBIT K



Executive Customer Relations
Office of the CEO and President

June 7, 2010

REDACTED

Bank of America account ending: **REDACTED**
Property Address:

Dear **REDACTED**

Bank of America's Office of the CEO and President ("Bank of America") acknowledges receipt of your inquiry dated May 28, 2010 filed with the State of Nevada Attorney General.

Your correspondence inquired about Bank of America's loan modification process and the delays you may have experienced. I was unsuccessful reaching you to discuss your concerns; however, I was able to research your loan thoroughly.

Our records indicate you submitted a request for workout assistance on July 15, 2009; however, Bank of America did not receive financial documents in order to review the loan for assistance until September 9, 2009. On November 11, 2009, your loan was reviewed for workout assistance through the Making Homes Affordable ("MHA") program and D'Lontay Leaks was your assigned workout negotiator. The loan was denied workout assistance through the MHA program on February 17, 2010, due to the loan not being in default. One of the guidelines under the MHA program requires the loan be 60 days delinquent. While we regret the delays you may have experienced, the recent interest in government loan modification programs has increased tremendously, which in turn has resulted in longer processing times.

March 4, 2010, Bank of America associate, Karen Moncada, informed you Bank of America needed current financial documents in order to proceed with the loan for a modification review. Our records indicate that you have not submitted the requested financial documents. In order to review the loan for modification assistance, Bank of America will need the following:

- Financial Information Worksheet (Enclosed)
- IRS Form 4506-T or 4506T-EZ (Enclosed)
- Most recent tax return with all schedules
- Copies of pay stubs for the immediate past two months
- Copies of bank statements for the immediate past two months
- Reliable, third party documentation of any other earned income, including but not limited to the following:
 - ❖ If you are self employed: the most recent quarterly Profit and Loss Statement with year to date earnings
 - ❖ If you receive benefit income: evidence of the amount and frequency of the benefits, plus evidence of receipts of payment.

Bank of America, CORPORATE CENTER
100 North Tryon St., Charlotte, NC 28255-0001

♻️ Recycled Paper

June 7, 2010

REDACTED

- ❖ If you receive unemployment benefits: a monetary determination letter and evidence of the duration of benefit eligibility
- ❖ If you would like to include alimony, separation maintenance, or child support: copies of a divorce decree, court decree or legal agreement filed with the court that provides the amount, frequency, and duration of payments, plus evidence of receipt of payment.

Please fax this information to me directly at 1.866.766.5518 within seven (7) business days. Also, notate the loan number on top of each page and send to my attention.

Please note that loan modification assistance is not a guarantee and is dependent on many factors. Bank of America will exhaust every effort to assist you. If you seek assistance with regards to your loan modification, you may contact our Home Retention Department ("HRD"). HRD may be reached at 1.800.669.0102.

Please be assured that Bank of America acknowledges the difficulties you may have experienced. Our responsibility as a servicer is to offer a resolution to any customer who qualifies under specific program requirements. Be further assured that the experience which you describe is a departure from our commitment to providing the highest standards of quality customer service. We hope that the foregoing clarifies the reasons for our decisions.

REDACTED, thank you for this opportunity to be of service. If you should require additional assistance, please contact me directly at 1.214.571.2408. My normal business hours are Monday through Friday, 8 a.m. to 5 p.m. Central.

Sincerely,



Maegan Farrell Smith
Regulatory Relationship Team
Bank of America Home Loans and Insurance

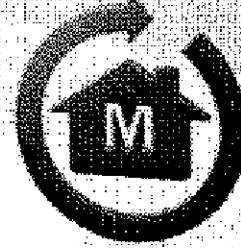
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EXHIBIT L

Home Affordable Modification

Federal government home loan modification program

If you've suffered a hardship that is affecting your ability to make your mortgage payments or have already missed a payment, you may be able to receive a more affordable mortgage payment under the Home Affordable Modification Program.



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Is a Home Affordable Modification right for me?

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Program goal

Home Affordable Modification is one of the federal government's Making Home Affordable programs. The government's goal for modifying your loan is to make your monthly payments **31%** of your gross (pre-tax) monthly income.

Eligibility

You may be eligible to modify your home loan under the Home Affordable Modification Program, if:

your home is your primary residence

the amount you owe on your first mortgage is equal to or less than:

- \$729,750 for 1 unit
- \$934,200 for 2 units
- \$1,129,250 for 3 units
- \$1,403,400 for 4 units

you are experiencing a financial hardship, such as a job loss, divorce or medical emergency

your current mortgage was taken out before January 1, 2009

your payment on your first mortgage (including principal, interest, taxes, flood and hazard insurance, and homeowners association dues, if applicable) is more than **31%** of your current gross (before taxes and deductions) monthly income

Is your loan an FHA loan? If so, try modifying your loan under the federal government's **FHA Home Affordable Modification Program**.

Estimate your reduced home loan payment¹

If you are not eligible

Program at a glance



Step 1: If you meet the minimum eligibility requirements, call us to request a Home Affordable Modification. We'll review your situation, confirm that you meet the requirements for this program and then send you a financial information packet.



Step 2: Once you've received your packet, you'll need to fill-out the forms and collect your documents. Sign and return the information to us as soon as possible. We can't evaluate you for a trial modification without all of your required documentation.



Step 3: If you qualify for the program, you'll enter a trial period of at least 3 months. Making all of your payments during this trial period will demonstrate that you can afford the modified payments and that they work within your budget.



Step 4: If you successfully make all of your Trial Period Plan payments, you will receive a Modification Agreement defining the changes. After this document has been signed, notarized and returned to us, your modification will be officially made permanent.

Get more details on the Home Affordable Modification Program.

There are no fees and no minimum credit requirements with the Home Affordable Modification Program, a part of the federal government's Making Home Affordable program.

Get Started

¹ This calculation is for informational purposes only, is based upon unverified information you provided at our website and should not be construed to mean that you qualify or do not qualify for a home loan modification. We are required to consider other factors in assessing whether you qualify for a home loan modification.

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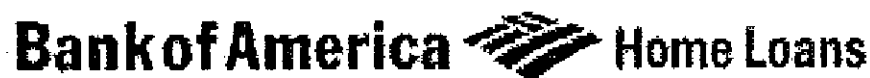
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Home Affordable Modification

Federal government home loan modification program

If you've suffered a hardship that is affecting your ability to make your mortgage payments or have already missed a payment, you may be able to receive a more affordable mortgage payment under the Home Affordable Modification Program.

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Is a Home Affordable Modification right for me?

Program goal

Home Affordable Modification is one of the federal government's Making Home Affordable programs. The government's goal for modifying your loan is to make your monthly payments **31%** of your gross (pre-tax) monthly income.

Eligibility

You may be eligible to modify your home loan under the Home Affordable Modification Program, if:

- your home is your primary residence
- the amount you owe on your first mortgage is equal to or less than:
 - \$729,750 for 1 unit
 - \$934,200 for 2 units
 - \$1,129,250 for 3 units
 - \$1,403,400 for 4 units
- you are experiencing a financial hardship, such as a job loss, divorce or medical emergency
- your current mortgage was taken out before January 1, 2009
- your payment on your first mortgage (including principal, interest, taxes, flood and hazard insurance, and

homeowners association dues, if applicable) is more than **31%** of your current gross (before taxes and deductions) monthly income

Is your loan an FHA loan? If so, try modifying your loan under the federal government's **FHA Home Affordable Modification Program**.

Estimate your reduced home loan payment¹

If you are not eligible

Program at a glance

Step 1: If you meet the minimum eligibility requirements, call us to request a Home Affordable Modification. We'll review your situation, confirm that you meet the requirements for this program and then send you a financial information packet.

Step 2: Once you've received your packet, you'll need to fill-out the forms and collect your documents. Sign and return the information to us as soon as possible. We can't evaluate you for a trial modification without all of your required documentation.

Step 3: If you qualify for the program, you'll enter a trial period of at least 3 months. Making all of your payments during this trial period will demonstrate that you can afford the modified payments and that they work within your budget.

Step 4: If you successfully make all of your Trial Period Plan payments, you will receive a Modification Agreement defining the changes. After this document has been signed, notarized and returned to us, your modification will be officially made permanent.

Get more details on the Home Affordable Modification Program.

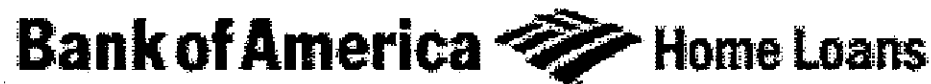
There are no fees and no minimum credit requirements with this program.

Get Started

¹ This calculation is for informational purposes only, is based upon unverified information you provided at our website and should not be construed as a guarantee that you qualify for a home loan modification. We are required to consider other factors in assessing whether you qualify for a home loan modification.

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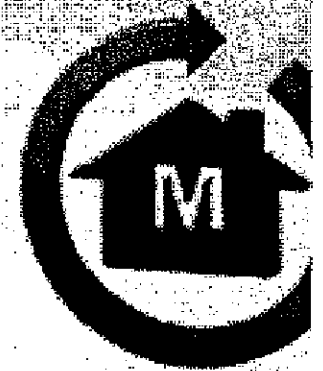
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FHA Home Affordable Modification

The Federal Housing Administration Home Affordable Modification Program

If you have an FHA-insured home loan and you're having trouble paying your mortgage, you may be able to receive a more affordable mortgage payment under this government program.

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Is the FHA Home Affordable Modification Program right for me?

Program goal

The FHA Home Affordable Modification Program is part of the federal government's Making Home Affordable program. The goal of this program is to help homeowners with an FHA-insured mortgage lower their monthly mortgage payments to a sustainable level.

Eligibility

You may be eligible¹ to modify your FHA home loan under the FHA Home Affordable Modification Program if:

your first mortgage is an FHA-insured home loan

How do I know?

you have had your FHA-insured mortgage for at least 12 months

Less than a year?

you are the owner of the home and you live in it as your primary residence

have made at least 4 full payments during the life of your loan

you are having trouble paying your mortgage (e.g. if you've had an increase in your mortgage payment, a

reduction in your income or have suffered a hardship that has increased your expenses, such as medical bills)

the total amount you pay each month (including mortgage principal, interest, taxes, flood and hazard insurance, and homeowners association dues, if applicable) is generally more than 31% of your current gross (before taxes and deductions) income

Estimate your reduced home loan payment²

This calculator will help you estimate your current payment-to-income ratio and how much your monthly payment may be reduced if you qualify under the federal government's FHA Home Affordable Modification Program.

Gross monthly income

Total income of all borrowers listed on your mortgage before taxes and any other adjustments.

\$ 0

Total monthly mortgage payment

Including tax, insurance, interest and homeowner association dues, if applicable. Do not include any payments on your second mortgage.

\$ 0

Calculate

If you may not be eligible

Please fill out our **Financial Worksheet** and we'll look at your financial information and compare it to all possible FHA home loan assistance solutions and let you know what other options may be available to you.

Program at a glance

Step 1: If you think you meet the minimum eligibility requirements, or even if you are not sure, please call us to request an FHA Home Affordable Modification assessment. We'll review your situation, confirm whether or not you meet the requirements of this program and then send you a financial information packet.

Step 2: Once you've received your packet, you need to fill out the forms and collect your documents. Sign and return the information to us as soon as possible. We can't evaluate you for

a trial modification without all of your required documentation.

Step 3: If you qualify for the program, you'll enter a 3-month trial period. Making all of your payments during this trial period will demonstrate that you can afford the modified payments and that they work within your budget.

Step 4: If you successfully make all of your Trial Period Plan payments, you'll receive a Modification Agreement defining the changes that must be signed, notarized and returned to us; then your modification will be officially made permanent.

Get **more details** on the FHA Home Affordable Modification Program.

There are no fees and no minimum credit score requirements with this program, however you will be responsible for certain costs, expenses and fees associated with the servicing of your loan (e.g., foreclosure attorney fees, etc.). These were incurred by you before you entered into the FHA Home Affordable Modification Program. When your FHA Home Affordable Modification becomes final, all prior late charges will be waived.

Get Started

¹ These eligibility requirements are informational and are not intended as a commitment to modify your home loan nor is this an exhaustive list of parameters of the Program.

² This calculation is for informational purpose only, is based upon unverified information you provided at our website and should not be construed to mean you qualify or do not qualify for a home loan modification. We are required to consider other factors in assessing whether you qualify for a home loan modification.

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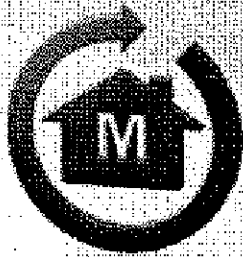
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FHA Home Affordable Modification

The Federal Housing Administration
Home Affordable Modification Program

If you have an FHA-insured home loan and you're having trouble paying your mortgage, you may be able to receive a more affordable mortgage payment under this government program.



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Program goal

The FHA Home Affordable Modification Program is part of the federal government's Making Home Affordable program. The goal of this program is to help homeowners with an FHA-insured mortgage lower their monthly mortgage payments to a sustainable level.

Eligibility

You may be eligible¹ to modify your FHA home loan under the FHA Home Affordable Modification Program if:

- your first mortgage is an FHA-insured home loan

How do I know?
- you have had your FHA-insured mortgage for at least 12 months

Less than a year?
- you are the owner of the home and you live in it as your primary residence
- have made at least four full payments during the life of your loan
- you are having trouble paying your mortgage (e.g. if you've had an increase in your mortgage payment, a reduction in your income or have suffered a hardship that has increased your expenses, such as medical bills)
- the total amount you pay each month (including mortgage principal, interest, taxes, flood and hazard insurance, and homeowners association dues, if applicable) is generally more than 31% of your current gross (before taxes and deductions) income

Estimate your reduced home loan payment²

If you may not be eligible

Program at a glance

- Step 1:** If you think you meet the minimum eligibility requirements, or even if you are you are not sure, please call us to request an FHA Home Affordable Modification assessment. We'll review your situation, confirm whether or not you meet the requirements of this program and then send you a financial information packet.
- Step 2:** Once you've received your packet, you need to fill out the forms and collect your documents. Sign and return the information to us as soon as possible. We can't evaluate you for a trial modification without all of your required documentation.



Step 3: If you qualify for the program, you'll enter a three-month trial period. Making all of your payments during this trial period will demonstrate that you can afford the modified payments and that they work within your budget.



Step 4: If you successfully make all of your Trial Period Plan payments, you'll receive a Modification Agreement defining the changes that must be signed, notarized and returned to us—then your modification will be officially made permanent.

Get more details on the FHA Home Affordable Modification Program.

There are no fees and no minimum credit score requirements with this program, however you will be responsible for certain costs, expenses and fees associated with the servicing of your loan (e.g., foreclosure attorney fees, etc.). These were incurred by you before you entered into the FHA Home Affordable Modification Program. When your FHA Home Affordable Modification becomes final, all prior late charges will be waived.

Get Started

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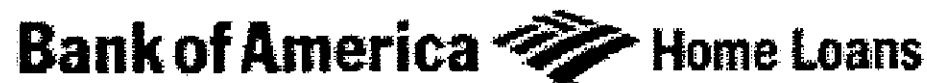
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Home Affordable Modification

Federal government home loan modification program

If you've suffered a hardship that is affecting your ability to make your mortgage payments or have already missed a payment, you may be able to receive a more affordable mortgage payment under the Home Affordable Modification Program.

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Now that I'm in the process, what's next?

If you're already in the process of being evaluated for a modification of your loan through the federal government's Home Affordable Modification Program, we can help you understand what you need to do next.

I have made all three payments during my trial period

If you successfully make your Trial Period Plan payments during the trial period, you will be approved for a permanent modification of your loan. You must continue making your Trial Period Plan payments until you receive a letter and Modification Agreement from us — this may be longer than 3 months.

The Modification Agreement you receive from us defines the changes to your home loan. This agreement must be signed, notarized and returned to us before your modification becomes permanent.

We strongly encourage you to continue making your monthly mortgage payments at least in the amount of Trial Period Plan payments until you receive this agreement and your modification has been officially made permanent. Not staying current on your monthly mortgage payments could negatively impact your credit.

In addition, the amount of any missed payments will be added to your unpaid principal balance, which could increase the amount of your payments after the loan is permanently modified.

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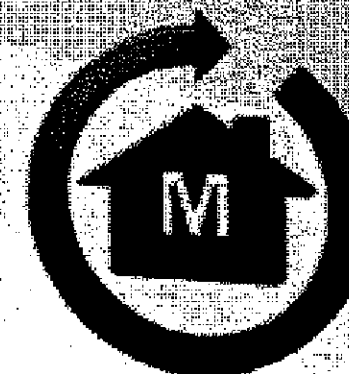

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FHA Home Affordable Modification

The Federal Housing Administration Home Affordable Modification Program

If you have an FHA-insured home loan and you're having trouble paying your mortgage, you may be able to receive a more affordable mortgage payment under this government program.

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Now that I'm in the process, what's next?

If you're already in the process of modifying your loan through the federal government's FHA Home Affordable Modification Program, we can help you understand what you need to do next.



I have been approved for a Trial Period Plan

If you qualify, you'll receive a Trial Period Plan Notice outlining the terms and the amount of your Trial Period Plan mortgage payments (our estimate of what your payments will be if your loan is permanently modified). To begin your trial period you can either send us your first Trial Period Plan payment or call and make a payment over the phone at no additional charge. At this time, these payments cannot be made at your banking center.

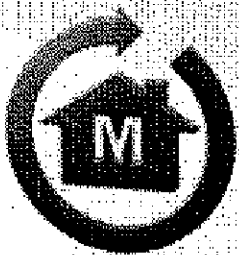
Your trial period will last 3 or 4 months, depending on your circumstances. Making your Trial Period Plan payments on a timely basis is essential. This will show us that you can afford the modified payments—this is required to receive a permanent modification.

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FHA Home Affordable Modification

The Federal Housing Administration
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If you have an FHA-insured home loan and you're having trouble paying your mortgage, you may be able to receive a more affordable mortgage payment under this government program.



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Your trial period will last three or four months, depending on your circumstances. Making your Trial Period Plan payments on a timely basis is essential. This will show us that you can afford the modified payments—this is required to receive a permanent modification.

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EXHIBIT P

REDACTED

SEP-21-2010 00:53 FROM:

TO: REDACTED

You're on your way toward
a more affordable mortgage payment.

To accept our offer,
make your first payment today.

REDACTED

Loan Number REDACTED

September 08, 2010

Dear REDACTED

We are pleased to tell you that you are approved to enter into a trial period plan under the Home Affordable Modification Program. This is the next step toward qualifying for more affordable and sustainable mortgage payments. Please read this letter so that you understand all the steps you need to take to permanently modify your mortgage, starting with your first trial payment. Remember, there are no fees associated with this program.

What you need to do

To accept this offer you must make new monthly "trial period payments" in place of your normal monthly mortgage payment. Send in your monthly trial period payments—instead of your normal monthly mortgage payments—as follows:

1 st payment: \$1,046.56 by 10/01/2010
2 nd payment: \$1,046.56 by 11/01/2010
3 rd payment: \$1,046.56 by 12/01/2010

Payment coupons are included in this package if you wish to send your payment in the mail, or you can call us at 1.800.669.6650 and we can deduct your payment directly from your checking account. (There are no fees to make your payment by phone.)

If you do not make each trial period payment in the month in which it is due, your loan will not be modified under the Home Affordable Modification Program. Please also note that your existing loan requirements remain in effect and unchanged during the trial period.

If you successfully make all of your trial period plan payments, complete housing counseling (as explained on the enclosed page entitled Housing Counseling) and return any additional documents that may be required, you may receive a Modification Agreement defining your loan modification terms that must be signed, notarized and returned to us. At that time, your modification will be officially permanent.

If you have any questions, if you cannot afford the trial period payments shown above but want to remain in your home, or if you have decided to leave your home but still want to avoid foreclosure, please call us at 1.800.669.6650 as we may be able to help you.

We are glad you have been accepted into a trial period plan with the Home Affordable Modification Program. Start it today by making your first payment.

Home Retention Division
BAC Home Loans Servicing, LP

Bank of America  Home Loans

*1-800-669-2423
our file is now in
this Dept*

P.S. For your convenience, and to ensure you receive all required program documents in a timely manner, this package may be sent via multiple delivery methods and to all addresses on file with us.

Attachments: (1) Frequently Asked Questions. (2) Additional Trial Period Plan Information and Legal Notices. (3) Housing Counseling. (4) Payment Coupons

LMO 206



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FOR IMMEDIATE RELEASE
December 30, 2010

Edie Cartwright
775.684.1189

RESIDENTIAL FACILITY CAREGIVER SENTENCED

Las Vegas, NV – Today, Lilia A. Serrano was sentenced for Neglect of Duty in Willful or Wanton Disregard of Safety of Person or Property. The Neglect of Duty violation is a gross misdemeanor offense.

Ms. Serrano, age 50, was a caregiver at a residential facility group home housing elderly and disabled persons. Judge Melisa De La Garza sentenced Ms. Serrano to 30 days in jail, suspended. Ms. Serrano was also sentenced to one year probation with conditions that she perform 20 hours of community service and pay a \$250.00 fine. The case was investigated and prosecuted by the Attorney General's Medicaid Fraud Control Unit.

"We have an obligation to ensure that our older and less able citizens are receiving proper care and attention," said Attorney General Catherine Cortez Masto. "Prosecuting these cases promotes safe and secure living environments for our citizens who depend on the care of others."

Ms. Serrano was the caregiver on duty at Angels Care Group Home on September 9, 2009, when one of the residents called 911 to report a medical emergency. Upon arriving at the facility, emergency responders found the medical emergency report was unfounded. However, the emergency responders discovered that no caregiver was present at the facility. Ms. Serrano arrived shortly thereafter, having been absent from the facility for three to four hours. Las Vegas Metropolitan Police Department Abuse/Neglect personnel referred the matter to the Aging and Disability Services Division of the Department of Health and Human Services who then referred the matter to the Attorney General's Office, Medicaid Fraud Control Unit.

The Nevada Attorney General's Medicaid Fraud Control Unit investigates and prosecutes instances of elder abuse or neglect. The unit also investigates and prosecutes financial fraud by those providing healthcare services or goods to Medicaid patients. Anyone who has information regarding this case or wishing to

report suspected elder abuse or neglect or instances of Medicaid fraud may contact the Medicaid Fraud Control Unit in Carson City (775) 684-1191 or in Las Vegas (702) 486-3187. Medicaid fraud information can also be found on the Attorney General's web site: <http://ag.state.nv.us>