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DISTRICT COURT

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

ROCKETED
AUG 15 2002

MATILDA PULPHUS,)
BARBARA VANZANT,)
SYLVIA MANDERSON, and)
STEPHANIE BARNAS)

Plaintiffs,)

v.)

JOHN J. SULLIVAN; NEW LOOK)
HOME SERVICES, INC.; ERIC GOLD;)
MDR MORTGAGE CORPORATION;)
ESTHER ALFARO-GILER; HERITAGE)
TITLE COMPANY; HARTFORD)
FINANCIAL SERVICES, INC.;)
CITIZENS BANK; BANK ONE;)
PROVIDENT BANK; EQUICREDIT)
CORPORATION OF AMERICA and)
FAIRBANKS CAPITAL CORPORATION,)

Defendants.)

020 5794

No.

JUDGE PLUNKETT

MAGISTRATE JUDGE ASHMAN

COMPLAINT

Plaintiffs, Matilda Pulphus, Barbara Vanzant, Sylvia Manderson, and Stephanie Barnas bring this complaint and allege as follows:

NATURE OF THE ACTION

1. Plaintiffs bring this action pursuant to the Racketeering Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961 *et seq.*, the Truth In Lending Act, 15 U.S.C. § 1601 *et seq.*, and pursuant to state law to recover damages sustained as a result of a continuing pattern and practice of unlawful, unfair, deceptive and fraudulent acts and omissions arising out of a home improvement financing scheme.

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JURISDICTION AND VENUE

2. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331, 15 U.S.C. § 1640 et seq., and 18 U.S.C. § 1961 et seq., and has supplemental jurisdiction over the state law claims pursuant to 28 U.S.C. § 1367.
3. Venue lies in this District pursuant to the provisions of 28 U.S.C. § 1391(b) and 18 U.S.C. § 1965(a) in that defendants have transacted business of a substantial and continuous character in this District, defendants are subject to personal jurisdiction in this District, and a substantial part of the events or omissions giving rise to these claims occurred in this District. Additionally, the ends of justice require that defendants be brought before the Court pursuant to 18 U.S.C. § 1965(b).

PARTIES

Plaintiffs

4. Plaintiff, Matilda Pulphus, is a 74-year-old African American woman who lives on the South Side of Chicago in a home she has owned since 1954. Ms. Pulphus is an unsophisticated consumer with a third-grade education and is unfamiliar with the details of a modern mortgage transaction.
5. Plaintiff, Barbara Vanzant, is a 73-year-old African American woman who lives on the West Side of Chicago in a home she has owned for over 35 years. Her 91-year-old infirm mother resides with her in the home. Ms. Vanzant is an unsophisticated consumer who is unfamiliar with the details of a modern mortgage transaction.
6. Plaintiff, Sylvia Manderson, is a 69-year-old African American woman who lives on the South Side of Chicago in a home she has owned since 1969. Ms. Manderson is an

unsophisticated consumer who is unfamiliar with the details of a modern mortgage transaction.

7. Plaintiff Stephanie Barnas is an 86-year-old Caucasian woman who lives in a home purchased by her father in approximately 1920. Ms. Barnas is an unsophisticated consumer who is unfamiliar with the details of a modern mortgage transaction and unfamiliar with home improvement contracts.

Defendants Directly Involved In Scheme To Defraud

8. Defendant John J. Sullivan is an individual who is believed to reside at 2936 Acorn in Northbrook, Illinois 60062. Sullivan owns and/or controls New Look Home Services, Inc., a home improvement contracting business.
9. Defendant New Look Home Services is an Illinois corporation ostensibly engaged in the business of a home improvement contractor, with offices at 2655 N. Laramie, Chicago, Illinois 60639.
10. Defendant Eric Gold is an individual who may be found at the offices of defendant MDR Mortgage Corporation, 855 N. Sterling Ave., Suite 180, Palatine, Illinois 60067, and/or 399 Quentin Road, Suite A, Palatine, Illinois 60067. Eric Gold is a mortgage broker and/or loan officer employed by MDR Mortgage.
11. Defendant MDR Mortgage Corporation is an Illinois corporation engaged in the business of a mortgage broker, with offices located at 855 N. Sterling Ave., Suite 190, Palatine, Illinois 60067, and/or 399 Quentin Road, Suite A, Palatine, Illinois 60067.
12. Defendant Esther Alfaro-Giler is an individual who may be found at 3424 N. Central Park, Chicago, Illinois 60618. Alfaro-Giler is a registered Notary Public in the state of Illinois and is believed to be employed by Heritage Title Company as a mortgage loan “closer” or closing agent.

13. Defendant Heritage Title Company is an Illinois corporation doing business in Illinois as a real estate title company, with approximately twelve office locations in Illinois, including one at 5849 W. Lawrence, Chicago, Illinois 60630. Heritage Title directly participated in the scheme to defraud, as set forth below.
14. Defendant Hartford Financial Services Company is an Illinois corporation doing business in Illinois as a mortgage broker and lender, with offices located at 1515 Woodfield Drive, Suite 110, Schaumburg, Illinois, 60173. Hartford Financial directly participated in the scheme to defraud, as set forth below.
15. Defendant Citizens Bank is a Tennessee banking corporation which does business in Illinois as a residential mortgage lender, with offices located at 130 S. Broad Street, New Tazewell, Tennessee, 37825. Citizens Bank provided certain funds which were wrongfully paid to other defendants herein.

Assignee Lender Defendants

16. Defendant Bank One is a national banking corporation doing business in Illinois, with offices located in Chicago. Bank One accepted assignment of one of the fraudulently induced loans, as set forth below.
17. Defendant Equicredit Corporation of America is a Delaware corporation doing business in Illinois as a residential mortgage lender and/or servicer. Equicredit accepted assignment of one of the fraudulently induced loans, as set forth below.
18. Defendant Fairbanks Capital Corporation is a Utah corporation doing business in Illinois as a residential mortgage lender and/or servicer. Fairbanks accepted assignment of one of the fraudulently induced loans, as set forth below.
19. Defendant Provident Bank is a bank with headquarters located at 1 E. 4th Street,

Cincinnati, Ohio 45202. Provident Bank does business in Illinois as a residential mortgage lender and/or servicer. Provident Bank accepted assignment of one of the fraudulently induced loans, as set forth below.

COUNT I – CIVIL RICO

Facts Related To Plaintiffs

Matilda Pulphus

20. In or around September or October 1999, plaintiff Matilda Pulphus applied for utility assistance through a government-funded program known as CEDA. CEDA assists low income and elderly persons in paying their gas and electric bills, and is administered through private and non-profit agencies.
21. Shortly after applying for the CEDA grant, Ms. Pulphus received a telephone call from defendant Sullivan, who stated that he was from CEDA and offered to provide certain home repairs through the “weatherization program.”
22. Ms. Pulphus was familiar with the Illinois Home Weatherization Assistance Program, which is administered by the Illinois Department of Commerce and Community Affairs through local community groups and not-for-profit agencies. The Weatherization Program evaluates a home and provides such repairs and services as sealing cracks with weather stripping and caulk, insulating attics and walls, repairing windows and doors, and inspecting, repairing and in some cases, even replacing heating units, free of charge.
23. Approximately ten years earlier, the Weatherization Program provided Ms. Pulphus with a new energy efficient furnace. Therefore, she reasonably believed that Sullivan was with the Weatherization Program.
24. Shortly thereafter, Sullivan visited Ms. Pulphus at her home and offered to do a broad

- range of improvements, including all new windows, a new two-story back porch, and a new roof.
25. Sullivan did not give Ms. Pulphus a price figure or a written contract for the home repairs.
 26. Ms. Pulphus specifically requested that the work be done only while she was present at home. Sullivan agreed.
 27. A few days later, Ms. Pulphus arrived home from a doctor's appointment to find that her back porch had been removed from the home and two-by-four boards were nailed across her back door. Because Ms. Pulphus regularly used the back door, and did not carry the key to the front door, she was effectively locked out of her house. She was required to call the police and/or fire department, which arrived and assisted her in entering the home.
 28. Shortly thereafter, Sullivan returned to the home with defendants Eric Gold and Esther Alfaro-Giler. Sullivan stated that Alfaro-Giler was his daughter. These three defendants presented numerous documents for Ms. Pulphus to sign, specifically and repeatedly misrepresenting them to be related to the "Weatherization Program."
 29. Moreover, because the porch had already been removed from her house, Ms. Pulphus felt she had no choice but to sign the documents in order to get the porch replaced.
 30. Ms. Pulphus has a third-grade education and worked in a candy factory for most of her working career. She was unable to read or understand the documents that were being presented to her and therefore relied on defendants' representations.
 31. In fact, the documents created a mortgage loan transaction between Ms. Pulphus and defendant Citizens Bank in the amount of \$71,000, with an annual percentage rate of

10.722% , monthly payments of \$601 (not including tax and insurance) for fifteen years and a balloon payment of \$57,924 at the end of fifteen years, when Ms. Pulphus will be 89 years old.

32. Even if Ms. Pulphus could have read and understood the documents, they were full of conflicting and erroneous information. For example, defendants caused Ms. Pulphus to sign two different Truth In Lending disclosures on the same day, as well as a purported “Good Faith Estimate” which grossly underestimated the closing costs.
33. Defendants also caused Ms. Pulphus to sign, in connection with the notice of right to cancel in three days, a “confirmation” that she had not exercised her right to cancel. Although defendants dated this signature October 27, 1999, in fact Ms. Pulphus signed this “confirmation” at the same time as all the other documents.
34. Moreover, defendants failed to give Ms. Pulphus a copy of a HUD-1 Settlement Statement setting forth the charges and disbursements of the loan proceeds.
35. On information and belief, based on counsel’s investigation into Sullivan’s standard practices and the (partial) loan documents provided to Ms. Pulphus, Sullivan and New Look received approximately \$38,000 of the loan proceeds.
36. Based on the loan documents, Eric Gold and/or MDR Mortgage received over \$6,000 in connection with the transaction.
37. Approximately \$27,000 of the loan proceeds was paid to Advance Bank, a local bank which held a first mortgage on the home and with which Ms. Pulphus had a longstanding banking relationship.
38. Ms. Pulphus was not told and was not aware that the transaction had refinanced her first mortgage until she went to the local bank to make her regular payment and was told that

the balance had been paid in full.

39. Sullivan and/or New Look replaced the back porch but did no further work on the property. The maximum value of the work that was done is only approximately \$6,000, for which Sullivan and/or New Look received approximately \$38,000.
40. Heritage Title wrongfully disbursed the loan proceeds knowing that Sullivan/New Look did not intend to perform the promised home improvements.
41. As a result of defendants' fraudulent conduct, Ms. Pulphus suffered damage to her property, including the encumbrance of her home with a \$71,000 mortgage.
42. Defendants made use of interstate wires in furtherance of the scheme, in that the loan funds were wired from Citizens Bank in Tennessee to Heritage Title in Chicago. Heritage Title, Sullivan/New Look and Gold/MDR knew and agreed that the funds would be wired from Citizens Bank. On information and belief, Citizens Bank and Heritage Title also made use of interstate wires by fax and telephone in the course of the transaction.
43. Immediately after the transaction, Citizens Bank assigned the mortgage and note to defendant Bank One.
44. Ms. Pulphus has made monthly payments to Bank One.

Barbara Vanzant

45. Prior to January 2001, Ms. Vanzant owned her home free and clear of all mortgages.
46. On or about October 1 2000, Ms. Vanzant hired New Look to perform a small number of home improvements for \$2,916 New Look replaced four windows and a door, and the work seemed satisfactory to Ms. Vanzant.
47. In December 2000, Sullivan began calling on Ms. Vanzant at her home, seeking to do

- additional improvements, including all of the remaining windows in the home, glass block windows on the basement level, a front porch, exterior concrete steps leading to her basement, a new garage, extensive drywall on both floors of the building, and a new bathroom toilet, sink and tub. Sullivan stated that he would “remodel the whole house.”
48. Sullivan did not give Ms. Vanzant a written proposal or contract, or a total price for the job, but said that they would do a “walk through” to make sure all the work was done.
 49. Sullivan further stated he could arrange for a mortgage to finance the project.
 50. Sullivan also told Ms. Vanzant that he would provide special insurance that would pay off the mortgage “if something happened to” her, so Ms. Vanzant would not have to worry and her children wouldn’t have to repay the mortgage in the event of her death.
 51. Presumably, Sullivan was referring to some kind of credit life insurance. However, as a retired elderly person, Ms. Vanzant would likely not qualify for any lender’s credit life insurance policy.
 52. Sullivan then introduced Ms. Vanzant to Eric Gold, stating that he was “in our finance department.”
 53. On or about January 12, 2001, Gold came to Ms. Vanzant’s home and took her to an office on the North Side of Chicago, where she signed numerous documents relating to a mortgage transaction. The closing agent rushed Ms. Vanzant through the signing and did not allow her an opportunity to review the documents before signing.
 54. On information and belief, based on the fact that Heritage Title was the lender’s closing and disbursement agent, the closing took place at an office of defendant Heritage Title.
 55. Prior to January 12, 2001, Ms. Vanzant did not receive any preliminary lending disclosures and did not sign any documents.

56. Ms. Vanzant received copies of some or all of the documents she signed on or about January 12, 2001. However, a couple of days later, Sullivan came to her house and asked for all of the documents back. Ms. Vanzant returned the documents to him.
57. While Sullivan still had all of the loan documents, New Look or one of its subcontractors began some of the home improvement work, but only worked a few hours a day. The little work that was done is shoddy and unworkmanlike.
58. Sullivan returned the loan documents a couple of weeks later. Ms. Vanzant, being unfamiliar with all of the documents associated with a mortgage loan, did not realize that she did not have copies of many important documents, including the note and the HUD-1 Settlement Statement showing charges and disbursements of loan proceeds.
59. The documents created a mortgage transaction between Ms. Vanzant and defendant Hartford Financial for a principal loan of \$50,000. Ms. Vanzant received approximately \$4,200 of the loan proceeds, in the form of checks made payable to various creditors to whom she owed relatively small sums.
60. On information and belief, based on the principal amount of the loan, defendants New Look and MDR Mortgage received the balance of the loan proceeds, or about \$45,800.
61. Heritage Title wrongfully disbursed the loan proceeds knowing that Sullivan/New Look did not intend to perform the promised home improvements.
62. The note bears an adjustable or variable interest rate. However, without a copy of the note, Ms. Vanzant cannot state the actual interest rate. According to the Truth In Lending disclosure she received, the Annual Percentage Rate (which includes prepaid finance charges) was 12.01%, with monthly payments of \$476.16 and a balloon payment in the amount of \$42,370.44 after fifteen years, when Ms. Vanzant will be 87 years old.

63. This loan also contained a prepayment penalty clause, requiring Ms. Vanzant to pay six months advance interest if the loan is paid off within the first three years.
64. Ms. Vanzant was unaware of the prepayment penalty and the balloon payment terms at the time she signed the documents.
65. On or about February 6, 2001, Hartford Financial assigned this loan to defendant Equicredit.
66. Hartford Financial used the United States mails to send Ms. Vanzant a notice of the assignment. On information and belief, based on standard practices in the mortgage industry, Hartford Financial used the interstate wires to receive the fraudulently obtained loan proceeds from Equicredit.
67. Sullivan and Gold knew and agreed that Hartford would use the mails and wires in furtherance of the scheme.
68. Eventually, the workers failed to return to complete the improvements. Ms. Vanzant repeatedly called Sullivan to complain and demand that the work be finished. Sullivan initially failed to return her calls, then made excuses for the slow pace of the work, and finally said she was “on the waiting list” for the remaining repairs.
69. While Ms. Vanzant was waiting for New Look to finish the work, Sullivan approached her again, and apologized for the delay. He stated that they would have to “re-do” the mortgage to get additional funds for all the work, but that as compensation for the delay, New Look would “give Barbara Vanzant 8 months of payments” on the second mortgage. Sullivan put this promise in writing and signed it, stating further, “In this loan (1) garage to be built; (2) fence in front and side; (3) cement additional work where needed; (4) any electric needed.”

70. In reliance on these promises, and in desperate need of the home improvements, Ms. Vanzant agreed to enter into another mortgage transaction with Sullivan and Gold.
71. On or about March 16, 2001, MDR Mortgage sent Ms. Vanzant a purported Good Faith Estimate of closing costs for the second loan through the U.S. Mail. Although the documents refer to a variable rate, no variable rate disclosures were provided to Ms. Vanzant prior to March 27, 2001.
72. On or about March 27, 2001, an associate of Sullivan possibly employed by New Look, J.B. Willis, took Ms. Vanzant back to the Heritage Title office on the North Side, where Gold and Alfaro-Giler had her execute another set of mortgage documents.
73. These documents created a new mortgage transaction between Ms. Vanzant and defendant Hartford Financial for a principal loan of \$80,000, at an adjustable rate starting at 7.5% which could rise to a maximum of 14.75%, with monthly payments starting at \$573.13 (not including taxes and insurance). The loan term is thirty years, and calls for a total of payments in the amount of \$225,708.48 over the life of the loan, and a prepayment penalty of six month's interest if the loan is paid off within the first three years.
74. Defendant Esther Alfaro-Giler, on behalf of Heritage Title, notarized the loan documents with knowledge that Ms. Vanzant's agreement had been procured by fraud. On information and belief, Equicredit wired the \$80,000 loan funds to Heritage Title for disbursement.
75. Defendants did not give Ms. Vanzant a copy of the HUD-1 Settlement Statement listing the charges and disbursements of the loan.
76. On information and belief, based on the loan application, \$50,305 was paid to Equicredit

as a pay-off of the first loan, a mere 74 days later. Therefore, Equicredit knew or had constructive knowledge that Ms. Vanzant had been “flipped” into the second loan at a disproportionate cost to her.

77. On or about April 4, 2001, Gold and MDR Mortgage sent Ms. Vanzant a check in the amount of \$952.69, through the United States Mail.
78. On information and belief, based on the amount of the loan, the balance of the loan proceeds, approximately \$28,742.31, was paid to defendants Sullivan, Gold, Alfaro-Giler and/or New Look, MDR Mortgage, Hartford Financial and Heritage Title. Without access to the actual disbursement statements and checks, Ms. Vanzant cannot specifically state who received what portion of the loan proceeds.
79. On information and belief, the individual defendants Sullivan, Gold and Alfaro-Giler shared portions of the fraudulently obtained loan proceeds.
80. New Look/Sullivan never completed the promised improvements. What little work was completed was done very poorly. In fact, Ms. Vanzant’s homeowners’ insurance was subsequently canceled as a result of the poor condition of her property.
81. Ms. Vanzant called Gold and complained about the work not being completed in a workmanlike manner. Shortly thereafter, Sullivan called Ms. Vanzant, stating, “Why did you tell Eric about that? He’s not my boss.” Sullivan also stated, in the context of Ms. Vanzant’s complaints, that “Scott ran away with the money.”
82. On information and belief, “Scott” referred to Scott Chastain, an associate of Sullivan’s who is also involved in the scheme.
83. On or about April 10, 2001, Hartford assigned the second loan to defendant Equicredit.
84. On or about April 1, 2002, Equicredit assigned the loan to defendant Fairbanks Capital

Corporation.

85. Ms. Vanzant has made monthly payments to Equicredit and Fairbanks Capital Corporation.
86. After Ms. Vanzant complained to the authorities, Sullivan provided copies of contracts, one dated 12/21/00 for \$38,000 and one dated 3/12/01 for \$23,600, and a “release” written on New Look’s contract form, dated 8/16/01, each purportedly signed by Ms. Vanzant. The “release” document is notarized by J.B. Willis, an associate of John Sullivan.
87. Ms. Vanzant’s signature was forged or otherwise fraudulently affixed to these documents.

Sylvia Manderson

88. Ms. Manderson purchased her home in 1969. Prior to March 2000, the property had a mortgage lien to Capital One Mortgage of approximately \$62,000, and a second lien to Conti Mortgage of approximately \$8,100.
89. In early February 2000, Ms. Manderson needed to have a leaky pipe replaced in her basement.
90. John Sullivan visited Ms. Manderson in her home and gave her an estimate of \$350 to have the pipe replaced. He also stated that he would rod out the pipes and clean her catch basin, included in the \$350 price. He wrote the information on a plain piece of paper, but did not give the paper to her.
91. Sullivan also asked Ms. Manderson about her then-current mortgage and asked to look at her mortgage documents. At the time, her monthly payment was approximately \$620 per month, including taxes and insurance.
92. Ms. Manderson showed him the documents, and Sullivan stated that he could get

someone to refinance the mortgage and lower her interest rate and monthly payment.

93. A couple of days later, Eric Gold visited Ms. Manderson in her home and asked her and her daughter, Eleanor McKenzie, to sign numerous documents related to a mortgage. There were no numbers or figures filled in the documents when they signed them. Gold took all the documents with him when he left that day and did not leave her any copies.
94. When Ms. Manderson asked what the documents were for, Gold stated that “this is only an application,” and he asked for information about income and Social Security number, and other loan application-type questions.
95. Gold also stated that he would lower her monthly payments and interest rate on the new loan.
96. Ms. Manderson asked Gold when her pipe would be fixed. Gold stated that these documents had to be completed first before any work could be done.
97. The next time Ms. Manderson saw Gold, he arrived at her house with a check for approximately \$1,799. Gold told Ms. Manderson to cash the check immediately.
98. At the same time, Gold gave Ms. Manderson a few documents relating to the mortgage. Ms. Manderson noticed that they had been notarized by Esther Alfaro-Giler, someone whom Ms. Manderson had never seen or met. Ms. Manderson asked how could the documents have been notarized when the notary was not present at the time of signing.
99. Gold responded that it was “customary” to do it this way.
100. After Gold left, Ms. Manderson tried to compare the documents Gold had given her with he previous mortgage documents. She then realized that he had not given her all of the loan documents and disclosures. Ms. Manderson called Gold and asked for the rest of the loan documents.

101. Gold sent additional documents to Ms. Manderson through the United States Mail.
102. The documents created a mortgage transaction between Ms. Manderson and defendant Hartford Financial in the principal amount of \$80,000, at a variable rate starting at 12% which could increase to a maximum of 19%. The loan calls for monthly payments starting at \$822.39, not including taxes and insurance.
103. Prior to receiving the loan documents in the mail, but after Gold's first visit to her home, two workmen showed up at Ms. Manderson's door purportedly to replace the leaky pipe. At this time, they brought her a contract in the amount of \$1,000 and asked her to sign it.
104. Ms. Manderson complained to the workmen that the estimate had only been \$350. The workmen then called Sullivan and he stated that the job would cost \$1,000.
105. Desperately in need of the repair, Ms. Manderson signed the contract for \$1,000. She did not receive a copy of this contract.
106. The workmen did not replace the pipe or rod out the system, and did not clean the catch basin. The only "work" done was to plug the leak with a little patch of some kind. Ms. Manderson was present the entire time the workmen were working in her home.
107. Later, after numerous calls to complain, Sullivan's employees or subcontractor replaced the piece of pipe. However, it still leaks.
108. When she received the loan documents in the mail, Ms. Manderson realized for the first time that the new loan had increased to \$80,000, and that New Look had apparently received \$7,000 in loan proceeds.
109. Ms. Manderson called Gold and asked about the loan amount and the amount paid to New Look.
110. Gold responded that he would refinance her in 12 months and lower her rate and

payments.

111. Shortly thereafter, Sullivan visited Ms. Manderson at her home and gave her a copy of the contract she had signed. The number 1 of the \$1,000 price had been altered with a perpendicular line to make it \$7,000.
112. Ms. Manderson complained, stating that she had never agreed to pay \$7,000, and demanded a refund of the additional \$6,000.
113. Sullivan refused to refund any money, but promised to do additional work on the house.
114. Ms. Manderson told Sullivan that she did not want him to do anything else to her house, and again demanded the money. Sullivan then stated that “Eric got all the money,” implying that there was nothing he could do.
115. Shortly after March 13, 2000, Hartford Title assigned Ms. Manderson’s loan to defendant Provident Bank.
116. Ms. Manderson has made monthly payments to Provident Bank.

Stephanie Barnas

117. In or around October 2001, Ms. Barnas called New Look requesting its services to repair a leaky roof at the home she had inherited from her father. New Look’s office is near Ms. Barnas’ home, so she felt she could trust a local business.
118. Sullivan visited Ms. Barnas in her home and promised to repair and “waterproof” the roof, and to do some tuckpointing on the north and south sides of the home.
119. Sullivan caused Ms. Barnas to sign a contract dated October 10, 2001, for the roof and tuckpointing, but no price was set forth.
120. On or about October 11, 2001, Scott Chastain, an employee of New Look, arrived at Ms. Barnas’ home to “do the attic.” Chastain told Ms. Barnas that he would finish the attic in

one day and she must pay \$2,400 in order for him to do this portion of the work. That same day, Ms. Barnas paid \$2,400 in the form of a cashiers check.

121. On or about October 12 and 15, 2001, John Sullivan and two New look employees or associates of Sullivan, Scott Chastain and Kyle Harvey, arrived at the home to “waterproof and paint” the basement.
122. On October 15, 2001, Chastain demanded payment of \$3,650 for the “second stage” of work. Chastain then took Ms. Barnas to her bank and waited in the car while she obtained a cashiers check in the amount of \$3,650.
123. Over the next two weeks, New Look employees or associates came to the home to do other purported work. On or about November 1, 2001, John Sullivan and Scott Chastain arrived at the home in the morning and reported to Ms. Barnas that all work was complete and she must pay another \$4,000. Chastain again took Ms. Barnas to the bank where she obtained a cashiers check in that amount.
124. Ms. Barnas’ home has a separate apartment on the second floor. In mid-November 2001, Sullivan insisted that Ms. Barnas allow his purported step-daughter, Valerie Harvey, to move into an apartment on the second floor of Ms. Barnas’ home. Valerie Harvey moved into the apartment on or about November 27, 2001, and lived there for a short time. Much later, Sullivan contended that Ms. Barnas had signed a lease and received a full year’s rent in advance. This was completely false and Ms. Barnas received no rent from Sullivan, Harvey or anyone else.
125. On or about November 30, 2001, John Sullivan arrived at the home and demanded two checks in the amount of \$4,000 and \$5,000, respectively, supposedly for payment of the balance due on the home improvement contract. Ms. Barnas complained that the work

had not actually been completed, but she was afraid of John Sullivan, who stated that he would return in the afternoon to collect the money. Ms. Barnas went to the bank and obtained money orders. Sullivan returned that afternoon and Barnas gave him the additional \$9,000 he had demanded.

126. New Look may have patched the roof on Ms. Barnas' home and partially installed some vinyl siding on her garage and back porch. New Look also did some very minimal and sloppy tuckpointing. New Look did no further work on Ms. Barnas' home.
127. On or about January 10, 2002, Chastain called Ms. Barnas and stated he was coming over with coffee and donuts. Ms. Barnas protested, but Chastain arrived anyway. At this time, Chastain told Ms. Barnas that when her parents had purchased the property (in the early 1920's), they had borrowed \$5,000 which Ms. Barnas must now repay.
128. Barnas told Chastain that this was not true, but eventually she succumbed to Chastain's insistence and allowed him to drive her to the bank where she obtained and gave Chastain a \$5,000 cashier's check as demanded.
129. On at least four additional separate occasions, on or about March 8, 11, and 12, 2002, John Sullivan, Dan Sullivan, Kyle Harvey, and/or one or more other persons associated with John Sullivan and New Look, visited Ms. Barnas in her home and, using veiled threats and intimidation, browbeat and scared Ms. Barnas into agreeing to go to her bank to withdraw and give them money.
130. On March 8, 2002, Dan Sullivan arrived to supposedly "finish the work" and demanded another \$10,000. Ms. Barnas went to the bank as before and gave him a check in the amount of \$10,000. This check was made payable to Kyle Harvey on instructions from either Dan or John Sullivan.

131. On March 11, 2002, John Sullivan and/or his associates took Ms. Barnas to the bank and caused her to give them two “official” bank checks in the amount of \$5,000 each, made payable to Kyle Harvey and Carl Harvey. However, the check payable to Carl Harvey was apparently voided and not actually withdrawn from the account.
132. On March 12, 2002, Dan Sullivan and several Polish-speaking workers arrived to install siding on the garage and back porch. That afternoon, Dan Sullivan told Ms. Barnas that the work was “almost completed” and he needed “the rest of the money.” Dan Sullivan then drove Ms. Barnas to the bank where she obtained a bank check in the amount of \$11,591.50, made payable to Kyle Harvey.
133. On information and belief, Kyle Harvey is John Sullivan’s stepson. Kyle Harvey has received or been the conduit of money fraudulently obtained by Sullivan on other occasions. *See Grutzmacher v. New Look Home Services, Inc., et al.*, No. 02 P 2611, Petition filed by the Cook County Public Guardian’s Office, ¶ 21.
134. Also on or about March 12, 2002, Sullivan and his associates caused Ms. Barnas to sign documents which, on information and belief, included a home improvement contract for \$60,000 and a mortgage in a similar amount. Sullivan did not give Ms. Barnas any of the documents she signed.
135. On or about March 15, 2002, Ms. Barnas contacted her nephew, Dan Czuba, and told him what had happened.
136. Mr. Czuba immediately went to Ms. Barnas’ home. While he was there, Dan Sullivan arrived, and Mr. Czuba told him to stay away from Ms. Barnas and to cancel whatever contract or mortgage she may have signed.
137. Dan Sullivan became belligerent and responded that “the mortgage did not go through

anyway because there was not clear title.”

138. Mr. Czuba and Ms. Barnas filed a police complaint. In response to the complaint, Sullivan and his associate, J.B. Willis, produced certain documents, including three home improvement contracts for \$13,650 (dated 10/10/01), \$26,591 (dated 2/22/02) and \$60,000 (dated 3/12/02); the purported lease for the second floor apartment, and a purported “release” of liability and completion certificate dated 3/12/02. Some of these documents were written and signed by John Sullivan, who typically prints in all capital letters, while the February and March, 2002, contracts are in a different handwriting and bear the signature of Dan Sullivan.
139. Ms. Barnas’ signature was forged or otherwise fraudulently affixed to these documents.
140. Sullivan and his associates received at least \$50,000 from Ms. Barnas. The work done by New Look on the home is worth, at most, approximately \$10,000.

Facts Relating To The Enterprise

141. At all times relevant hereto, defendants Sullivan, Gold and Alfaro-Giler, along with MDR, Heritage and Hartford, were members of and/or were employed by or associated-in-fact with an enterprise engaged activities which affected interstate or foreign commerce, as that term is defined by 18 U.S.C. § 1961(4).
142. The RICO enterprise (“the Enterprise”) includes all persons and entities who were or are associated-in-fact in the marketing and financing of the home improvement contracts and loans generated by Sullivan and Gold on behalf of New Look and MDR and Hartford Financial.
143. The Enterprise shares the common purposes of: (a) identifying vulnerable homeowners and targeting them for home improvement solicitations; (b) generating home

improvement contracts with the intent not to perform the home improvements; (c) generating related loans for the purpose of unlawfully obtaining the proceeds and unreasonable fees associated with the loans; and (d) assigning the loans on the secondary mortgage market in order to obtain funds and avoid the risk of nonpayment by borrowers after they discover they have been victims of a scam.

144. The Enterprise also has and had an existence and economic goal separate from the pattern of racketeering activity, in that:

- a. New Look purports to be engaged in the legitimate business and legal activity of performing home improvements;
- b. MDR Mortgage was at times engaged in the legitimate business and legal activity of a mortgage broker;
- c. Heritage Title was at times engaged in the legitimate business and legal activity of a real estate title company;
- d. Hartford Financial was at times engaged in the legitimate business and legal activity of a mortgage broker and lender;
- e. The other lender defendants were engaged in the legitimate business and legal activity of mortgage lending and servicing.

145. Sullivan, Gold and Alfaro-Giler conducted otherwise legitimate and lawful operations and affairs of the Enterprise in an unlawful manner designed to fraudulently induce borrowers to accept unreasonably costly home improvement loans and pay for services not actually rendered to the borrowers.

146. Defendants, as more fully set forth above, perverted and abused their positions in the Enterprise, and operated the affairs of that Enterprise, through a pattern of racketeering

activity in order to accomplish their fraudulent scheme.

147. The Enterprise has and had an ascertainable structure, and a continuity of structure and personnel. On information and belief, John Sullivan devised and directed the scheme with the agreement and participation of Eric Gold, Esther Alfaro-Giler, Heritage Title and Hartford Financial, as well as other individuals not named as defendants herein, including but not limited to Dan Sullivan, J.B. Willis, Scott Chastain, and Kyle Harvey.
148. Upon information and belief, certain members of the Enterprise, including Bank One, Equicredit, Fairbanks and Provident, had constructive knowledge that the loans were predatory and generated through a scheme to defraud.

The Role of The Defendants in The Enterprise

149. At all times material hereto, defendants were and remain “persons,” as that term is defined by 18 U.S.C. § 1963(3). At all times material hereto, defendants were employed by or associated with the Enterprise as defined above and conducted or participated in the conduct of the affairs of said Enterprise. As such, defendants worked and/or participated with and/or endorsed the actions and decisions and orders of other persons associated with the Enterprise in order to accomplish the common purpose of the Enterprise.
150. Defendant Sullivan directed, and/or approved, aided, abetted, counseled, and/or induced the commission of said acts by other persons associated in fact with the Enterprise, in violation of 18 U.S.C. §2.
151. Defendants Gold and MDR participated by acting ostensibly as a mortgage broker in each transaction; defendants Alfaro and Heritage Title participated by acting as the notary and lender’s closing agent in each transaction, and Heritage Title acted as disbursement agent

of the wrongfully obtained loan proceeds; and Hartford Financial participated by acting as the named lender in certain transactions. Each of these defendants participated in the scheme knowing that the loans were obtained by fraudulent means.

The Racketeering Conspiracy

152. As set forth herein, from on or about January 1, 1998 through the present, defendants Sullivan, Gold and Alfaro-Giler, being persons in control of and associated with the Enterprise, which Enterprise was engaged in, and the activities of which affected interstate commerce, did unlawfully, willfully and knowingly combine, confederate, conspire and agree together and with others to violate 18 U.S.C. § 1962(c) and to conduct and participate, directly and indirectly, in the conduct of the affairs of that Enterprise through a pattern of racketeering activity, as that term is defined in 18 U.S.C. §§1961(1) and 1961(5), by the commission of multiple racketeering acts, as set forth below, all in violation of 18 U.S.C. § 1962(d).

Facts Relating To The Fraudulent Scheme

153. Defendants Sullivan, Gold and Alfaro-Giler, New Look, MDR Mortgage, Heritage Title and Hartford Financial, conspired and agreed to engage in an ongoing scheme to defraud numerous low-income, elderly, uneducated homeowners, mostly African American women, as follows.
154. Sullivan, doing business as New Look Home Services, would approach the victims of the scheme with offers to perform a broad range of home improvement work.
155. Sullivan made numerous misrepresentations to the victims to induce them to enter into home improvement contracts with New Look, specifically with respect to the nature and

extent of the work and its ultimate cost.

156. In the presence of the victims, Sullivan sometimes would write down a list of the work to be performed and obtain the victims' signatures on contracts, but often failed to give the victims a copy of the contracts they had signed, altered contracts after they were signed, and/or forged customers' signatures on contracts, completion certificates, checks and other documents. Typically, the contracts were vague with respect to the work to be performed, or Sullivan failed to write down all of the work he orally promised to do, or he failed to state a price for the work.
157. At the time he entered into these contracts, and at all times relevant, Sullivan did not intend to perform the work as promised.
158. Sullivan knew that the victims would not have the necessary funds on hand to pay for the work, and he told them that his company would provide long term, low-cost financing for the work.
159. Sullivan also offered to provide additional funds to pay the victims' other debts or to refinance existing mortgages at a "lower rate" or lower monthly payment.
160. Sullivan told the victims that Eric Gold was with New Look's "finance department." Gold then approached the victims and purported to take accurate loan application information from the victims. On many occasions, Gold knowingly inflated the victims' income or otherwise made false statements on the loan applications, unbeknownst to the victims.
161. The victims of the scheme did not know that Eric Gold was actually employed by MDR Mortgage, a mortgage broker, and were unaware of the false statements made on the loan applications.

162. After taking the applications, Sullivan, Gold and/or Alfaro-Giler returned to the victims' homes with mortgage loan documents, or had the victims come to Heritage Title's offices to sign documents. Using subterfuge which discouraged the victims from reading the documents, including making statements which conflicted with the contents of the documents, Sullivan, Gold, and/or Alfaro-Giler caused the victims to sign documents constituting mortgage loan transactions. Defendants regularly caused unaware victims to sign numerous documents containing unfilled-in blanks, erroneous dates, and false and misleading information.
163. Defendants Citizens Bank and Hartford Financial participated in the scheme by approving the fraudulent loans, preparing loan documents, and authorizing Alfaro-Giler to act as their agent in closing the loan. On information and belief, Hartford Financial and Citizens Bank had an ongoing agreement with MDR and/or Eric Gold to accept loans without regard to whether they were generated through fraud on the borrowers.
164. Defendant Heritage Title, as closing agent of the lenders, participated in the scheme by wrongfully disbursing the loan proceeds and issuing checks to New Look, MDR Mortgage and Heritage Title.
165. On information and belief, based on the fact that it conducted each of the loan closings at issue, Heritage had an ongoing business relationship with MDR and was aware of the fraudulent nature of the loans and the misappropriation of loan proceeds by Sullivan and New Look.
166. On information and belief, based on the fact that Gold and Alfaro-Giler were personally and directly involved in the fraudulent conduct, Gold and Alfaro-Giler received a portion of the wrongfully obtained loan proceeds over and above their fees as listed in the loan

documents.

167. The systematic and repeated misrepresentations and false statements made by Sullivan, Gold and Alfaro-Giler were made to customers with the intent to defraud customers of money by means of the aforementioned home improvement loan scheme.
168. The lender defendants knew or had constructive knowledge of the fraudulent nature of the loans, as a result of irregularities in the documentation, and/or failed to monitor and control the activities of their closing agent who directly participated in the fraud.
169. On multiple occasions, Sullivan, Gold and/or Alfaro-Giler forged the victims' signatures on checks, contracts and/or completion certificates in order to wrongfully obtain the loan proceeds.
170. As a regular pattern and practice, New Look failed to perform the home improvements as promised. New Look regularly completed only a small portion of the work, but took all of the loan proceeds intended to pay for the improvements.
171. The prices charged for the purported home improvements were grossly in excess of the reasonable fair market value of the repairs, even if the repairs had been completed in a workmanlike manner.
172. Defendants Gold, MDR Mortgage and Hartford Financial knowingly benefitted from the scheme by reaping substantial commissions and fees. Gold's and MDR's fees were increased by the inflated price of the home improvements and by receiving kickbacks from the funding lenders.
173. On information and belief, Alfaro-Giler received a portion of the ill-gotten gains as payment for her participation as notary public and loan closer, for falsely notarizing documents, and for remaining silent while Sullivan and Gold made express

misrepresentations to the victims.

**The Role of The
Defendants in The Conspiracy**

174. Defendants were employed by or associated with the Enterprise, and assumed roles in furtherance of the conspiracy, by virtue of the following:
- a. Sullivan and New Look targeted and solicited the plaintiffs for home improvements and financing thereof;
 - b. Gold and MDR agreed to act as purported mortgage brokers on behalf of the plaintiffs and prepared the loan applications and related documents, knowing that the transactions were induced by fraud;
 - c. Alfaro-Giler and Heritage acted as title company and closing agent of the lenders and disbursed the loan proceeds, knowing that the transactions were induced by fraud;
 - d. Hartford and Citizens Bank agreed to (a) act as nominal originating lenders, (b) provide the funds which were the proceeds of the scheme, and (c) assign the loans to the other lender defendants, knowing that the loans were induced by fraud;
 - e. The other lender defendants agreed to accept the fraudulently induced loans.

The Pattern of Racketeering Activity

175. The pattern of racketeering activity, as defined in 18 U.S.C. § 1961(1) and § 1961(5), consisted of the acts hereinafter set forth, each of which was related to the common purpose of the Enterprise.
176. It was part of the pattern of racketeering activity that approximately between January 1, 1998 and the present, defendants and their co-conspirators and agents unlawfully,

willfully and knowingly devised and intended to devise a scheme and artifice for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and through the concealment of material facts relating to:

- a. their intention to solicit the home improvements and mortgage loans under false pretenses and to make it appear to plaintiffs that the home improvements were low cost and high quality and that the loans were reasonable and legitimate;
- b. their intention to reap substantial profit from the transactions without providing commensurate goods or services, *i.e.*, the home improvements;
- c. their development and marketing of the home improvement loans under these unfair and/or fraudulent terms.

177. From approximately January 1, 1998 to the present, defendants and their co-conspirators and agents unlawfully, willfully and knowingly, and for purposes of executing, and attempting to execute, the scheme and artifice to defraud, as more fully described above, and for obtaining money and property, did place and cause to be placed in post offices and authorized depositories for mail matter, and did cause to be delivered by mail, according to the directions thereon, certain mail matter to be sent and delivered by the United States Postal Service, in violation of 18 U.S.C. §1341 (Mail Fraud), including but not limited to loan checks and loan documents.

178. From approximately January 1, 1998 to the present, defendants and their co-conspirators and agents unlawfully, willfully and knowingly, and for purposes of executing, and attempting to execute, the scheme and artifice to defraud, as more fully described above, and for obtaining money and property, did make use of interstate wires, in violation of 18 U.S.C. § 1343 (Wire Fraud), including but not limited to sending and/or receiving loan

proceeds through interstate wires and sending and/or receiving certain documents through interstate phone (fax) lines.

179. Each of the aforesaid mailings and wire transfers were made in furtherance of the scheme to defraud alleged in the Complaint. Defendants knew of or authorized such mailings and wire transfers and knew that they were made in furtherance of and for the purpose of executing the scheme or were incidental to an essential part of the scheme.
180. Among the specific acts of racketeering committed by defendants are the systematic and repeated misrepresentations and false statements to customers, with the intent to defraud customers of money by means of the aforementioned scheme.
181. In addition to the plaintiffs herein, defendants Sullivan/New Look, Gold/ MDR and Alfaro-Giler committed similar frauds on other elderly, unsophisticated borrowers. *See, e.g., Mason v. Fieldstone Mortgage, No. 00 C 0228 (U.S. Dist. N.D. Ill.); Grutzmacher v. New Look Home Services, Inc., 02 P 2611 (Circuit Court of Cook County, Illinois).* At least six additional victims have complained to the City of Chicago Department of Consumer Services about the fraudulent practices of New Look.
182. The assignee lender defendants, Equicredit, Bank One and Provident Bank, have engaged in a pattern and practice of making loans through brokers and/or accepting assignment of loans without regard for the broker's or originator's violations of statutes and/or misrepresentations to borrowers.
183. Unscrupulous brokers are willing to make such misrepresentations because they collect their fees and have no further obligation or risk in the loan. The lenders are willing to accept loans generated through such fraudulent conduct because the loans are secured by the value of the property.

184. The assignee lenders are willing to purchase such loans because most of them are paid off one way or another, either by the borrowers sacrificing other household needs to pay the mortgage or by selling the home. Only a small percentage of loans end up in foreclosure, but even then the assignee lender is protected by the value of the property.
185. The assignee lender defendants knew or had constructive knowledge that the loans were procured by fraud.

WHEREFORE, plaintiffs pray that the Court enter judgment in their favor and against the defendants, and award the following relief: actual damages; automatic treble damages; punitive damages; injunctive relief; equitable relief; the imposition of a constructive trust; the voiding of all unlawful transfers and mortgages; disgorgement of all ill-gotten gains and profits; a return of any amount of money by which the defendants have been unjustly enriched; costs and litigation expenses; and all such other relief as this Court deems just and proper.

COUNT II – TRUTH IN LENDING ACT – MATILDA PULPHUS

186. This Count is brought by Matilda Pulphus against Citizens Bank and Bank One only.
187. On or about October 22, 1999, Esther Alfaro-Giler, acting as the agent of Citizens Bank, caused Ms. Pulphus to sign certain mortgage loan documents and disclosures.
188. The transaction was entered into for personal family or household purposes, namely for home improvements and mortgage refinancing.
189. Citizens Bank and Bank One regularly extend or offer to extend consumer credit for which a finance charge may be imposed or which is payable in four or more installments, and thus is a creditor within the meaning of 15 U.S.C. § 1602(f) and Regulation Z. §226.2(a)(17).
190. On or about October 22, 1999, Citizens Bank, through its agent, provided Ms. Pulphus

with two different Truth In Lending disclosures, disclosing the Annual Percentage Rate as 9.842% and 10.722% respectively.

191. Furthermore, on or about October 22, 1999, the agent of Citizens Bank provided Ms. Pulphus with the three-day Notice of Right to Cancel pursuant to TILA. On the same day, the agent of Citizens Bank caused Ms. Pulphus to sign a "confirmation certificate" stating that three days had elapsed since receipt of the three-day notice. In fact, the three days had not yet elapsed and therefore this "confirmation" was false and designed to interfere with Ms. Pulphus' right to cancel the loan.
192. On or about December 21, 2001, pursuant to 15 U.S.C. §1635(f), Ms. Pulphus rescinded the loan in writing to both Citizens Bank and Bank One.
193. Citizens Bank failed to respond to Ms. Pulphus' rescission. Bank One refused to release the lien, claiming that the loan was "valid."
194. Defendants' conduct violates TILA, entitling Ms. Pulphus to full rescission of the loan and \$2,000 statutory damages.

WHEREFORE, Ms. Pulphus prays that this Court enter judgment in her favor and against the defendants, declare that the security interest arising out of the transaction to be null and void, and award actual and statutory damages and costs of suit.

COUNT III – TRUTH IN LENDING ACT – BARBARA VANZANT

195. This Count is brought by Barbara Vanzant against Hartford Financial, Equicredit Mortgage Corporation and Fairbanks Capital Corporation only.
196. On or about January 12, 2001, Ms. Vanzant entered into a mortgage loan agreement with Hartford Financial and received various TILA disclosures including the three-day Notice of Right to Cancel. However, before the three-day rescission period had elapsed,

Hartford's agent took all of the documents from Ms. Vanzant, effectively preventing her from exercising her right to rescind.

197. Therefore, Ms. Vanzant hereby rescinds the loan dated January 12, 2001.
198. On or about March 27, 2001, Ms. Vanzant entered into a mortgage loan agreement with Hartford Financial and received various TILA disclosures. This loan contained variable rate terms.
199. Hartford failed to provide Ms. Vanzant with appropriate variable rate disclosures required by Regulation Z §§226.18(f)(iv) and 226.19(b). Therefore, Ms. Vanzant retains the right to rescind the March 27, 2001, loan.
200. Ms. Vanzant hereby rescinds the loan dated March 27, 2001.
201. Each of the foregoing loans was assigned by Hartford to Equicredit. The second loan was subsequently assigned by Equicredit to Fairbanks.
202. The rescission is effective against assignees Equicredit and Fairbanks pursuant to 15 U.S.C. §1641(c).
203. The transactions were entered into for personal family or household purposes, namely for home improvements and mortgage refinancing.
204. Hartford and Equicredit regularly extend or offer to extend consumer credit for which a finance charge may be imposed or which is payable in four or more installments, and thus each is a creditor within the meaning of 15 U.S.C. § 1602(f) and Regulation Z. §226.2(a)(17).

WHEREFORE, Ms. Vanzant prays that this Court enter judgment in her favor and against the defendants, declare that the security interest arising out of the transaction to be null and void, and award actual and statutory damages and costs of suit.

COUNT IV – SYLVIA MANDERSON – TRUTH IN LENDING ACT

205. Sylvia Manderson brings this Count against Hartford Financial and Provident Bank, only.
206. On or about March 7, 2000, Ms. Manderson entered into a mortgage loan transaction with defendant Hartford Financial. The loan was subsequently assigned to defendant Provident Bank.
207. In closing the transaction, Eric Gold acted as Hartford's agent, by presenting all of the documents to Ms. Manderson for signature.
208. The documents were blank when plaintiff signed them. Hartford's agent took all of the signed documents with him immediately after they were signed.
209. Hartford Financial's agent failed to provide Ms. Manderson with any of the disclosures required by the Truth In Lending Act, and interfered with effective notice of the three day right to rescind.
210. Therefore, Ms. Manderson has a continuing right to rescind and hereby rescinds the transaction.
211. The rescission is effective against assignee Provident Bank pursuant to 15 U.S.C. §1641(c).
212. The transactions were entered into for personal family or household purposes, namely for home improvements and mortgage refinancing.
213. Hartford and Provident Bank regularly extend or offer to extend consumer credit for which a finance charge may be imposed or which is payable in four or more installments, and thus each is a creditor within the meaning of 15 U.S.C. § 1602(f) and Regulation Z. §226.2(a)(17).

WHEREFORE, Ms. Manderson prays that this Court enter judgment in her favor and

against the defendants, declare that the security interest arising out of the transaction to be null and void, and award actual and statutory damages and costs of suit.

COUNT V – COMMON LAW FRAUD

214. Plaintiffs incorporate paragraphs 1-140 and 153-173 above as though set forth fully herein.
215. Defendants Sullivan/New Look, Gold/MDR, and Alfaro-Giler/Heritage made numerous false and representations and misleading omissions to plaintiffs as set forth above.
216. Alfaro-Giler and Gold were acting as agent of lenders Hartford Financial and Citizens Bank in the respective transactions, and therefore their misrepresentations are attributable to the lenders.
217. Defendants knew or had constructive knowledge that the statements were false at the time they were made, and knew that the omitted information was material to plaintiffs' decision to enter into the loans.
218. Defendants made the false statements and misleading omissions intentionally for the purpose of deceiving plaintiffs and thereby causing them to enter into costly mortgage loans in order to wrongfully obtain money for home improvements which they had no intention of performing.
219. As set forth above, plaintiffs reasonably relied on defendants' misrepresentations and deceptive omissions in choosing to enter into the transactions.
220. As set forth above, plaintiffs were injured by defendants' conduct.
221. Defendants' conduct was engaged in purely for monetary gain at the expense of plaintiffs' rights, and therefore substantial punitive damages are warranted.
222. The assignee lender defendants, Bank One, Provident Bank, Equicredit and Fairbanks,

knew or had constructive knowledge that the loans were induced by fraud.

WHEREFORE, plaintiffs pray that this Court enter judgment in their favor and against defendants, and award actual and punitive damages, costs of suit, and such other and further relief as the Court deems appropriate.

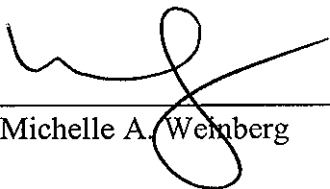
COUNT VI -- ILLINOIS CONSUMER FRAUD ACT

- 223. Plaintiffs incorporate paragraphs 214-222 above by reference herein.
- 224. Defendants made numerous misrepresentations and deceptive omissions, as set forth above, in the course of their business or trade.
- 225. Defendants made the misrepresentations and omissions with the intent that plaintiff's rely on them in deciding to enter into the transactions.
- 226. Plaintiffs have been damaged by defendants' conduct.

WHEREFORE, plaintiffs pray that this Court enter judgment in their favor and against defendants, and award actual and punitive damages, costs of suit, and such other and further relief as the Court deems appropriate.

A JURY TRIAL IS DEMANDED.

Respectfully submitted,



Michelle A. Weinberg

Michelle A. Weinberg
Amy Beckwith
LEGAL ASSISTANCE FOUNDATION OF
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111 W. Jackson, 3rd Floor
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#91017

CIVIL COVER SHEET

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

I. (a) PLAINTIFFS

Matilda Pulphus
Barbara Vanzant
Sylvia Manderson
Stephanie Barnas

DOCKETED

AUG 15 2002

COOK

DEFENDANTS

John Sullivan; New Look Home Services Inc
Eric Gold; MDR mortgage Corp; Esther A
Giler; Heritage Title Co; Hartford Financial
Services, Inc; Citizens Bank; Bank One; P
COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT COOK

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF (EXCEPT IN U.S. PLAINTIFF CASES)

(IN U.S. PLAINTIFF CASES ONLY)
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)

Michelle Weinberg / Legal Assistance Fdn
111 W. Jackson # 300 Chgo 60604
312-341-1070

ATTORNEYS (IF KNOWN)

020 5794

JUDGE PLUNKETT

MAGISTRATE JUDGE ASH

II. BASIS OF JURISDICTION (PLACE AN "X" IN ONE BOX ONLY)

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

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

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

IV. ORIGIN

(PLACE AN "X" IN ONE BOX ONLY)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

V. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 180 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc <input type="checkbox"/> 460 Deportation <input checked="" type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Appeal of Fee Determination Under Equal Access to Justice Act <input type="checkbox"/> 898 Constitutionality of State Statutes <input type="checkbox"/> 899 Other Statutory Actions
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 780 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark	SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g))
	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence HABEAS CORPUS: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition		FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7609	

VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY.)

RICO 18 U.S.C. §1961 et seq Home improvement and mortgage fraud
 TILA 15 U.S.C. §1601 et seq

VII. REQUESTED IN COMPLAINT

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

CHECK YES only if demanded in complaint

JURY DEMAND: YES NO

VIII. This case is not a refiling of a previously dismissed action.

is a refiling of case number _____, previously dismissed by Judge _____

DATE

8/15/02

SIGNATURE OF ATTORNEY OF RECORD

[Handwritten Signature]

1-2

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS**

Eastern Division

DOCKETED
AUG 15 2002

In the Matter of
Matilda Pulphus, et al.


v.
John J. Sullivan, et al.

Case Number: **020 5794**

APPEARANCES ARE HEREBY FILED BY THE UNDERSIGNED AS ATTORNEY(S) FOR:
PLAINTIFFS, MATILDA PULPHUS et al.

JUDGE PLUNKETT

MAGISTRATE JUDGE ASHMAN

(A)			(B)		
SIGNATURE 			SIGNATURE		
NAME Michelle A. Weinberg			NAME		
FIRM Legal Assistance Foundation of Metropolitan Chicago			FIRM		
STREET ADDRESS 111 W. Jackson Suite 300			STREET ADDRESS		
CITY/STATE/ZIP Chicago, Illinois 60604			CITY/STATE/ZIP		
TELEPHONE NUMBER (312) 347-8363			TELEPHONE NUMBER		
IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE) 6210390			IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)		
MEMBER OF TRIAL BAR? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>			MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input type="checkbox"/>		
TRIAL ATTORNEY? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>			TRIAL ATTORNEY? YES <input type="checkbox"/> NO <input type="checkbox"/>		
			DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input type="checkbox"/>		
(C)			(D)		
SIGNATURE			SIGNATURE		
NAME			NAME		
FIRM			FIRM		
STREET ADDRESS			STREET ADDRESS		
CITY/STATE/ZIP			CITY/STATE/ZIP		
TELEPHONE NUMBER			TELEPHONE NUMBER		
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