

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA

STATE OF GEORGIA <i>ex rel.</i>	)	
CHRISTOPHER M. CARR,	)	
Attorney General State of Georgia,	)	
	)	CIVIL ACTION FILE NO.
Plaintiff,	)	
	)	
vs.	)	
	)	
MV REALTY PBC, LLC, MV REALTY	)	
HOLDINGS, LLC, MV REALTY OF	)	
GEORGIA, LLC, MV BROKERAGE OF	)	
GEORGIA, LLC, MV REALTY	)	
RECEIVABLES I, LLC, MV RECEIVABLES	)	
II, LLC, MV RECEIVABLES III, LLC, and	)	
ANTONY MITCHELL, AMANDA	)	
ZACHMAN, and DAVID MANCHESTER,	)	
Individually,	)	
	)	
Defendants.	)	
	)	
	)	
	)	
	)	
	)	

**COMPLAINT FOR INJUNCTIVE RELIEF, CIVIL
PENALTIES, RESTITUTION AND OTHER EQUITABLE RELIEF**

COMES NOW Plaintiff State of Georgia through Christopher M. Carr, Attorney General
for the State of Georgia (“Attorney General”), and files this Complaint as follows:

INTRODUCTION

MV Realty widely and aggressively promoted its deceptively-branded “Homeowner
Benefit Program” in Georgia on websites and social media, and through a massive telemarketing
operation. MV Realty presented the Homeowner Benefit Program to Georgia consumers as a
way to “get cash without borrowing” and represented that consumers could keep the cash
payment “no matter what” in exchange for simply agreeing to use MV Realty’s services in the

future. In reality, the Homeowner Benefit Program is a predatory business model. MV Realty offers a supposed no-strings-attached cash payment to vulnerable consumers while hiding the true nature of the Homeowner Benefit Program. MV Realty uses this cash payment, which is in essence a promotion fee, to unfairly and deceptively lure consumers into signing an agreement that contains one-sided and onerous terms that will result in consumers owing MV Realty many times the promotion fee and will bind consumers and potentially their heirs for 40 years. MV Realty viewed this process as a transaction whereby consumers “monetize an asset they didn’t even know they owned.” MV Realty then secures the predetermined value of this asset – 3% of the value of the home upon any transfer of the consumer’s title interest – by recording a Memorandum of Homeowner Benefit Agreement in the real property records without consumers’ knowledge and/or consent. This cloud on title or lien on equity is worth no less than ten times the amount of the purported no-strings-attached promotion fee paid to consumers.

In an attempt to legitimize the scheme, MV Realty falsely promotes itself as a “professional and innovative real estate firm” that spends “a lot of time and resources building relationships.” But MV Realty never intended to operate a traditional real estate brokerage firm. Defendant Amanda Zachman, a former Hollywood reality television star, is the only named defendant who has some residential real estate experience. Defendant Antony Mitchell, on the other hand, is a tenured professional in finance with significant experience in special asset acquisition, funding, and securitization. In late 2017, Antony Mitchell and Amanda Zachman, together with other longtime business associates of Antony Mitchell, developed and implemented the Homeowner Benefit Program as a way to generate a new asset-backed obligation that could be packaged in a portfolio to be sold to investors later. MV Realty initially promoted the Homeowner Benefit Program in Florida in 2019 but aspired to expand its predatory business model across the country to increase the size of its portfolio.

MV Realty's false and misleading representations about what the business really is and the true nature of the Homeowner Benefit Program results in consumers making uninformed decisions about one of the most valuable and important assets they own, their home. The truth is that consumers will have to pay back the incentive payment ten-fold, either as an earned commission when they use MV Realty as their real estate agent or, more often, as an early termination fee when they do not use MV Realty to sell their home or there is any other transfer of their title.

Consumers do not understand that even if they do not sell their home, their heirs will be stuck paying the early termination fee and that MV Realty will block any attempt to obtain a reverse mortgage. This is a tremendous downside to the Homeowner Benefit Program for most elderly consumers. Most importantly, consumers are not aware that MV Realty always intended to cloud their titles to secure the value of the Homeowner Benefit Agreement. Even a consumer's attempt to refinance is controlled by MV Realty. Consumers effectively hand over equity in their homes to MV Realty without intending to do so.

Consumers began filing complaints with the Better Business Bureau about MV Realty's predatory and unlawful practices in May 2021.¹ Media coverage of MV Realty's practices began in Georgia in May 2021² and quickly spread around the country. Beginning in November 2022, state attorneys general began filing regulatory enforcement actions involving the Homeowner Benefit Program and MV Realty's violations of state consumer protection laws.³

¹ <https://www.bbb.org/us/fl/delray-beach/profile/real-estate/mv-realty-pbc-llc-0633-90370741/complaints?page=12>

² <https://www.wsbtv.com/news/local/gwinnett-county/metro-homeowners-locked-into-40-year-contracts-with-real-estate-company/XIAVXYAXWRAMBPB6K7RQ3LHPKY/>

³ <https://www.myfloridalegal.com/newsrelease/ag-moody-takes-legal-action-against-mv-realty>; <https://www.mass.gov/news/ag-healey-sues-florida-company-for-scamming-financially-struggling-residents-into-mortgaging-their-homes-in-exchange-for-small-cash-payments>; <https://www.attorneygeneral.gov/taking-action/ag-shapiro-sues-real-estate-brokerage-firm-mv->

The attorneys general of Massachusetts and North Carolina have each secured preliminary injunctions.⁴ MV Realty's conduct also became the subject of a United States Senate inquiry.⁵ In response, MV Realty sought refuge in a chapter 11 bankruptcy case filed in the Southern District of Florida on September 22, 2023⁶ to thwart states' investigative powers and enforcement efforts, and MV Realty continues to operate unlawfully to this day.

NATURE OF THE ACTION

1. The Attorney General brings this action pursuant to the Georgia Fair Business Practices Act, O.C.G.A. § 10-1-390 *et seq.* ("FBPA"). The purpose of the FBPA is to protect consumers and legitimate business enterprises from "unfair or deceptive practices in the conduct of any trade or commerce in part or wholly in the state." O.C.G.A. § 10-1-391(a). It prohibits, among other things, the making of representations that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have, and the use of telemarketing and/or a computer or computer network to engage in these practices.

2. Pursuant to O.C.G.A. § 10-1-397(b), the Attorney General may take action to enforce the FBPA whenever it may appear that any person is using, has used, or is about to use

[realty-over-misleading-homeowner-benefit-program/](https://www.mass.gov/news/ags-office-secures-preliminary-injunction-against-mv-realty-blocking-the-company-from-stripping-equity-from-homeowners); <https://ncdoj.gov/attorney-general-josh-stein-sues-mv-realty/>; <https://www.njoag.gov/attorney-general-platkin-the-new-jersey-division-of-consumer-affairs-and-the-department-of-banking-and-insurance-take-action-against-mv-realty-for-misleading-consumers/>; <https://oag.ca.gov/news/press-releases/attorney-general-bonta-files-lawsuit-against-mv-realty-over-predatory-real-estate>; https://content.govdelivery.com/attachments/INAG/2023/09/05/file_attachments/2604021/1%20-%20MV%20Realty%20Complaint.pdfhttps://content.govdelivery.com/attachments/INAG/2023/09/05/file_attachments/2604021/1%20-%20MV%20Realty%20Complaint.pdf

⁴ <https://www.mass.gov/news/ags-office-secures-preliminary-injunction-against-mv-realty-blocking-the-company-from-stripping-equity-from-homeowners>; <https://ncdoj.gov/attorney-general-josh-stein-wins-preliminary-injunction-in-mv-realty-case/>.

⁵ <https://www.brown.senate.gov/newsroom/press/release/sherrod-brown-colleagues-call-review-mv-realtys-deceptive-listing-agreements>; <https://www.aging.senate.gov/press-releases/casey-brown-wyden-probe-real-estate-company-over-allegations-of-predatory-business-practices>.

⁶ <https://dm.epiq11.com/case/mvrealtyholdings/info>

any method, act, or practice declared by the FBPA or certain regulations to be unlawful and that proceedings would be in the public interest, whether or not any person has actually been misled.

3. The Attorney General brings this action against MV Realty PBC, LLC, MV Realty of Georgia, LLC, MV Brokerage of Georgia, LLC, MV Realty Receivables I, LLC, MV Receivables II, LLC, MV Receivables III, LLC (hereinafter “MV Realty”), and Antony Mitchell, Amanda Zachman, and David Manchester, individually (hereinafter “Individual Defendants”), (collectively “Defendants”) pursuant to the FBPA, seeking remedies available under O.C.G.A. § 10-1-397(b) and O.C.G.A. § 10-1-851, including but not limited to injunctive relief, civil penalties, restitution to consumers, and other equitable relief.

PARTIES, JURISDICTION, AND VENUE

4. Plaintiff is the State of Georgia, ex rel. Georgia Attorney General Christopher M. Carr. The Attorney General has authority to enforce the FBPA and is authorized to act in the public interest to protect consumers from unfair and deceptive practices. In his official capacity pursuant to O.C.G.A. § 10-1-397, the Attorney General commences this lawsuit against the above-named Defendants.

5. Defendant MV Realty PBC, LLC is a Florida limited liability company, having its current principal place of business at 851 Broken Sound Pkwy, Suite 140, Boca Raton, FL 33487. MV Realty PBC, LLC is authorized to transact business in Georgia. MV Realty PBC, LLC’s registered agent for service of process is C T Corporation System, 289 S Culver St., Lawrenceville, GA 30046-4805. At all times material to this Complaint, MV Realty PBC, LLC operated a business that promotes and advertises to Georgia consumers a Homeowner Benefit Program and originated Homeowner Benefit Agreements in Georgia.

6. Defendant MV Realty Holdings, LLC f/k/a MV Realty IP Holding Company, LLC is a Florida limited liability company, having its current principal place of business at 851

Broken Sound Pkwy, Suite 140, Boca Raton, FL 33487. MV Realty Holdings, LLC's registered agent for service of process is F&L Corp., One Independent Drive, Suite 1300, Jacksonville, FL 32202. MV Realty Holdings, LLC is the sole owner of MV Realty PBC, LLC and at all times material to this Complaint, operated a business that promotes and advertises to Georgia consumers a Homeowner Benefit Program.

7. Defendant MV Realty of Georgia, LLC is a Georgia limited liability company, having its current principal place of business at 851 Broken Sound Pkwy, Suite 140, Boca Raton, FL 33487. MV Realty of Georgia, LLC's registered agent for service of process is C T Corporation System, 289 S Culver St., Lawrenceville, GA 30046-4805. At all times material to this Complaint, MV Realty of Georgia, LLC originated Homeowner Benefits Agreements in Georgia.

8. Defendant MV Brokerage of Georgia, LLC is a Georgia limited liability company, having its current principal place of business at 851 Broken Sound Pkwy, Suite 140, Boca Raton, FL 33487. MV Brokerage of Georgia, LLC's registered agent for service of process is C T Corporation System, 289 S Culver St., Lawrenceville, GA 30046-4805. At all times material to this Complaint, MV Brokerage of Georgia, LLC originated Homeowner Benefit Agreements in Georgia.

9. Defendant MV Realty Receivables I, LLC ("Receivables I") is a Delaware limited liability company, having its current principal place of business at 851 Broken Sound Pkwy, Suite 140, Boca Raton, FL 33487. MV Realty Receivables I, LLC's registered agent for service of process is The Corporation Trust Company, Corporation Trust Center, 1209 Orange St., Wilmington, DE 19801. At all times material to this Complaint, MV Realty Receivables I, LLC owned and/or otherwise held an interest in Homeowner Benefit Agreements originated in Georgia.

10. Defendant MV Receivables II, LLC (“Receivables II”) is a Florida limited liability company, having its current principal place of business at 851 Broken Sound Pkwy, Suite 140, Boca Raton, FL 33487. MV Receivables II, LLC’s registered agent for service of process is F&L Corp., 1 Independent Drive, Suite 1300, Jacksonville, Florida 32202. At all times material to this Complaint, MV Receivables II, LLC owned and/or otherwise held an interest in Homeowner Benefit Agreements originated in Georgia.

11. Defendant MV Receivables III, LLC (“Receivables III”) is a Florida limited liability company, having its current principal place of business at 851 Broken Sound Pkwy, Suite 140, Boca Raton, FL 33487. MV Receivables III, LLC’s registered agent for service of process is F&L Corp., 1 Independent Drive, Suite 1300, Jacksonville, FL 32202. At all times material to this Complaint, MV Receivables III, LLC owned and/or otherwise held an interest in Homeowner Benefit Agreements originated in Georgia.

12. Defendant Antony Mitchell (“Mitchell”) is an individual residing in the state of Florida at 16754 Knightsbridge Ln, Delray Beach, FL 33484. Mitchell is the CEO of MV Realty PBC, LLC, the President of MV Brokerage of Georgia, LLC, and manager of MV Realty Holdings, LLC, MV Realty of Georgia, LLC, and Receivables I, II, and III. At all times material to this Complaint, Mitchell had the authority to control, and participated in the acts and practices of MV Realty including the acts and practices that are set forth in this Complaint.

13. Defendant Amanda Zachman (“Zachman”) is an individual residing in the state of Florida at [REDACTED] Zachman is a licensed broker in Georgia and is the managing director and officer of MV Realty PBC, LLC, manager of MV Realty of Georgia, LLC, and Secretary of MV Brokerage of Georgia, LLC. At all times material to this Complaint, Zachman had the authority to control, and participated in the acts and practices of MV Realty including the acts and practices that are set forth in this Complaint.

14. According to her biography on MV Realty's website as of January 3, 2024, Zachman spearheaded the expansion of the Homeowner Benefit Program across 33 states resulting in MV Realty originating at least 32,000 Homeowner Benefit Agreements nationwide.

15. Zachman prepared and executed Homeowner Benefit Agreements and Memorandums of Homeowner Benefit Agreement originated in Georgia. Zachman also prepares and executes termination documents and approves steps to enforce Homeowner Benefit Agreements against Georgia consumers.

16. Defendant David Manchester ("Manchester") is an individual residing in the state of Florida at 425 NW 18th St, Delray Beach, FL 33444. Manchester is MV Realty's COO, manager of MV Realty of Georgia, and treasurer of MV Brokerage of Georgia, LLC. At all times material to this Complaint, Manchester had the authority to control, and participated in the acts and practices of MV Realty including the acts and practices that are set forth in this Complaint. Manchester is responsible for reviewing and approving MV Realty's advertising and marketing. Manchester has also executed termination documents relating to Homeowner Benefit Agreements originated in Georgia.

17. Defendants transacted business in the State of Georgia and, at all times relevant to this Complaint, purposefully availed themselves of this forum.

18. Pursuant to the provisions of O.C.G.A. § 10-1-403, the Attorney General investigated the acts and practices of MV Realty that appeared to be unlawful under the FBPA. Pursuant to O.C.G.A. § 10-1-402, at the conclusion of the investigation of MV Realty, each of the Defendants were given the opportunity to appear before the Attorney General and to propose a resolution acceptable to the Attorney General. None of the Defendants proposed a resolution acceptable to the Attorney General.

19. This Court has jurisdiction over this action and the parties pursuant to Ga. Const. art. 6, § IV, ¶ I, O.C.G.A. § 10-1-397(b)(2), O.C.G.A. § 15-6-8, and O.C.G.A. § 9-10-91.

20. Venue for this action against all MV Realty Defendants is proper in this Court, pursuant to Ga. Const. art. 6, § II, ¶ VI, O.C.G.A. § 10-1-397(b)(2), O.C.G.A. § 9-10-93, and O.C.G.A. § 14-2-510 because a substantial part of MV Realty's business was transacted in Fulton County. Venue as to all Individual Defendants is proper in Fulton County pursuant to O.C.G.A. § 9-10-31 because the Individual Defendants are joint obligors and/or joint participants in the acts and practices described below.

21. The Attorney General's action is excepted from the automatic stay that went into effect when MV Realty filed for bankruptcy protection in the Bankruptcy Court for the Southern District of Florida. 11 U.S.C. § 362(b)(4). The bankruptcy court issued a number of orders in this case clarifying that states may continue to prosecute their enforcement actions including without limitation to seek the liquidation of any fine, penalty, restitution, fee, or other monetary award, but excluding the collection of any such monetary award.

FACTUAL ALLEGATIONS

22. MV Realty PBC, LLC incorporated in August 2014 and operated as a residential real estate firm. When MV Realty PBC, LLC incorporated, Zachman was an authorized member and later became a manager in 2016. By March 2018, Zachman was the sole manager.

23. Zachman is the only officer/manager of MV Realty that had any residential real estate experience prior to the development and implementation of MV Realty's Homeowner Benefit Program. Zachman obtained her broker's license in Florida in 2011.

24. Prior to joining MV Realty, Mitchell had no experience in providing residential real estate services. Instead, according to his biography on the MV Realty website visible as of January 3, 2023, Mitchell had more than 30 years of experience as a "specialty financial services

and turnaround specialist...in developing and growing organizations focused on alternative financial asset classes.”

25. Mitchell was introduced to Zachman in 2017 through two of his longtime business associates, Jonathan Neuman and James Terlizzi.

26. Jonathan Neuman was involved in the development of the Homeowner Benefit Program, the operations of MV Realty, and is an MV Realty shareholder.

27. Terlizzi is an MV Realty board member and investor. Terlizzi also worked with Mitchell at Imperial Holdings, DRB Financial Solutions, and Peach Holdings a/k/a Peachtree Settlement Funding, companies that Mitchell claims to have been the CEO of in his biography.

28. Manchester, prior to becoming the COO of MV Realty, likewise had no experience in providing residential real estate services. Instead, Manchester previously worked with Mitchell and Terlizzi at Imperial Holdings, DRB Financial Solutions, and Peachtree Settlement Funding.

Development of the Homeowner Benefit Program

29. Innovatus Capital Partners, LLC (“Innovatus”) approached Mitchell and Neuman, longtime business associates, about a potential business opportunity because Mitchell and Neuman had extensive experience originating and securitizing asset classes that had not previously been securitized.

30. In August 2017, Mitchell and Neuman entered into a non-disclosure agreement (“NDA”) with Innovatus for the purpose of jointly pursuing a business opportunity “related to the purchase, and subsequent securitization, of real estate forward contracts.” The business opportunity involved two steps. First, homeowners would enter into an agreement whereby a homeowner would receive an upfront payment and, in return, grant a broker the first right of

refusal to list the home. Second, the agreements – referred to as “right to list agreements” – would be bundled into securities to be sold to investors.

31. By October 2017, Mitchell and Neuman decided that it would be helpful for real estate agents to begin entering into transactions with homeowners that would result in broker listings. Zachman then entered into an NDA with Innovatus in November 2017.

32. MV Realty contends that it developed its business model based on the following two patented business methods:

- (a) A 2008 patented business method referred to as the Harrington Patent. The Harrington Patent describes a system or method that applies to many different types of consumer-based goods and services industries but mentions the possibilities of securitizing assets.
- (b) A subsequent similar patented business method from 2012, that involves a system and method for generating and securing in a broker an interest in future real estate transactions and includes the possibilities of recording the contract and obtaining a lien in the event of a breach.

33. Between November 2017 and April 2018, the parties took steps to facilitate the joint venture. But in April 2018, Mitchell and Neuman told Innovatus that MV Realty intended to pursue the business opportunity without Innovatus and then litigation between the parties ensued.⁷

⁷ Innovatus filed a lawsuit against Mitchell, Zachman, and Neuman on May 11, 2018, seeking to enjoin them from using the business opportunity and related confidential information. MV Realty filed a counter-complaint against Innovatus on August 2, 2018, seeking a declaration that Innovatus could not enjoin MV Realty (not named as a defendant in Innovatus’ lawsuit) from entering into HBAs. This litigation resolved in late 2022 and required MV Realty to pay Innovatus millions of dollars.

34. MV Realty began testing its business model in Florida in 2017 and then, in 2019, began promoting the Homeowner Benefit Program.

Description of the Home Benefit Program including Material Terms and Conditions

35. MV Realty described itself to Georgia consumers as a “professional and innovative real estate firm” that “spends a lot of time and resources building relationships with homeowners.”

36. MV Realty described the Homeowner Benefit Program (“the Program”) as a program where it paid a promotion fee to consumers to build future relationships and represented that the promotion fee would never have to be paid back.

37. The promotion fee is equal to approximately 0.3% of a consumer’s home value, on average \$789.59 for consumers in the program.

38. Execution of a Homeowner Benefit Agreement (“HBA”) and Memorandum of Homeowner Benefit Agreement (“Memorandum”) is a condition to receiving the promotion fee.

39. The preamble to the HBA states that “[p]roperty owner desires to enter into an agreement to engage the [c]ompany or its designees to act as listing agent should [p]roperty owner decide to market the [p]roperty for sale”.

40. Yet MV Realty contends that execution of an HBA is really a transaction whereby MV Realty is purchasing the right to act as the exclusive listing agent if the consumer ever decides to sell their home in the future and considers this right an asset that is acquired from a homeowner.

41. The five-to-eight page long HBA contains fine print that partially describes material terms and conditions of the Program.

42. Among the material terms and conditions stated in the HBA is that the HBA binds consumers for 40 years. This 40-year term may end earlier, but only in the event that MV Realty

receives 3% of a home's value either as an earned commission resulting from the listing of the property or as an early termination fee ("ETF") deemed to be due based on any transfer of the property where MV Realty does not receive an earned commission.

43. A related material term is that the 3% commission or ETF is a floor amount based on the value of the home when the HBA is executed. If a consumer is subsequently unable to sell his or her home for the amount MV determines to be the value when the HBA is executed, the consumer will nevertheless still owe 3% of the higher amount.

44. Another related material term is that the 40-year term does not expire when a consumer passes away and is therefore binding a consumer's heirs.

45. Another equally-material term is that MV Realty reserves the unilateral right to record a Memorandum.

46. While MV Realty has used different versions of the HBA in Georgia, the material terms and conditions described in the HBA have remained the same.

47. MV Realty does not disclose all material terms and conditions in the HBA. For instance, MV Realty does not disclose that it intends to record the Memorandum to ensure that it will receive the 3% fee either as a commission or an ETF.

48. MV Realty also does not disclose in the HBA that it construes a "transfer" to include refinance transactions and reverse mortgages.

49. MV Realty does not disclose that it will attempt to collect an ETF from excess proceeds that may be due to a consumer after completion of a foreclosure or tax sale.

50. None of these written or unwritten material terms and conditions are disclosed by MV Realty during promotion of the Program.

51. The Memorandum is a one or two-page document containing fine print, legalese, and technical property descriptions.

52. The Memorandum references the HBA and states that obligations in the HBA are a covenant running with the land.

53. The fine print in the Memorandum states that the Memorandum is executed solely for the purpose of recordation in the land records.

54. None of these terms contained in the Memorandum are explained to consumers prior to the execution of the Memorandum and are certainly not mentioned in any of MV Realty's advertising.

Promotion and Advertising of the Homeowner Benefit Program

55. MV Realty promotes the Program by advertising on the internet and social media.

56. MV Realty expressly represents that the promotion fee is a way to get "cash" quickly to consumers and is a "loan alternative." MV Realty also describes the promotion fee as "Benefit Funds" that are "more than a stimulus."

57. MV Realty emphasizes that the fee will never have to be paid back.

Website Advertising

58. MV Realty advertised the Program through the websites: www.mvrealtyfl.com; www.homeownerbenefit.com; www.whatsmybenefit.com; www.homeownerbenefit.org; and www.homesatmv.com.

59. Examples of statements appearing on MV Realty's website(s) are referenced at Figures 1 through 4 below. Figures 1 and 2 below are excerpts from the website homeownerbenefit.com that were visible on December 2, 2020:

Figure 1.

The screenshot shows the MV Realty Homeowner Benefit Program website. The header includes the MV Realty logo and a 'Call or Text Us Now' button. The main heading reads 'Homeowners Receive Cash Quickly with this Loan Alternative!'. Below this, a subheading states: 'MV Realty's Homeowner Benefit Program® offers between \$300-\$5000 cash without taking out a loan.' A list of benefits is provided: Homeowners Pre-Qualify, No Obligation to Sell Your Home, Payouts in 24 Hours or Less, Personal Loan Alternative, No Need to Borrow or make payments, and Absolutely NO Credit Check. A 'Call or Text Us Now 866-919-7851' button is present. A text prompt says: 'Text us your address and we'll get you a CASH OFFER in less than 5 minutes!'. On the right, a dark grey form titled 'Get Between \$300-\$5,000' asks for 'Full Name', 'Your Email', 'Phone Number', and 'Select Nearest Location'. It includes a checkbox for consent to the Privacy Policy and Terms of Use, a 'Get my Free Quote' button, and a 'Call or Text Us Now 866-919-7851' button at the bottom.

Figure 2.

The infographic features a teal background with a faint house silhouette. The title reads: 'MV Realty will pay you to work with us when you're ready. Here's some of the benefits to joining the Homeowner Benefit Program ®:'. The benefits are listed in three columns, each with an icon and a description:

- Cash Payout in Less Than 24 Hours** (House icon): Great for home renovations or repairs, unexpected expenses, life emergencies, travel, spontaneous purchases, or savings.
- Absolutely No Credit Check Required** (Dollar sign icon): This is not a financing plan or loan, so your credit history is not applicable.
- Get Cash without Borrowing** (Banknote icon): This innovative approach offers a great way to receive quick cash without taking out a loan, paying interest, or having monthly payments.
- Full Time Real Estate Agent on Your Side** (Person icon): You get a dedicated resource for any of your real estate needs. You can find out the current market value of your home, new homes selling in your area, and current market trends.
- No Requirement to Sell Your Home** (House icon): There is no requirement to sell. You keep this money no matter what, even if you never decide to sell your home.
- Build Relationships with Innovative Local Experts** (Thumbs up icon): Gain home improvement recommendations to maximize the investment in your home, gain access to trusted local providers, and stay informed on a constantly changing real estate market.

60. Figures 3 and 4 below are screenshots of pop-ups that appeared on the website: mvrealtyfl.com on June 22, 2022:

Figure 3.

Wait! Do you need money now?

Life happens, and when it does, it can be pretty expensive.
Find out how much you qualify for in minutes.

Full Name

Your Email

Phone Number

Get My Cash Bonus Value Now

Submitting this form is consent to the [Privacy Policy & Terms of Use](#) and authorizes MV Realty PBC, LLC and affiliates to call, email, SMS via autodialed/prerecorded means.
[Don't want to wait?](#)
[Call or Text Us Now: 561-286-8542](#)

Figure 4.

Unlock Your Money Today

Life happens, and when it does, it can be pretty expensive.
Find out how much you qualify for in minutes.

Full Name

Your Email

Phone Number

Continue

Submitting this form is consent to the [Privacy Policy & Terms of Use](#) and authorizes MV Realty PBC, LLC and affiliates to call, email, SMS via autodialed/prerecorded means.
[Don't want to wait?](#)
[Call or Text Us Now: 561-461-2453](#)

Google Advertising

61. Defendants advertised the Program on Google advertisements.
62. During the Attorney General's investigation, MV Realty produced the following examples of Google advertisements, depicted in Figures 5 through 7 below:

Figure 5.

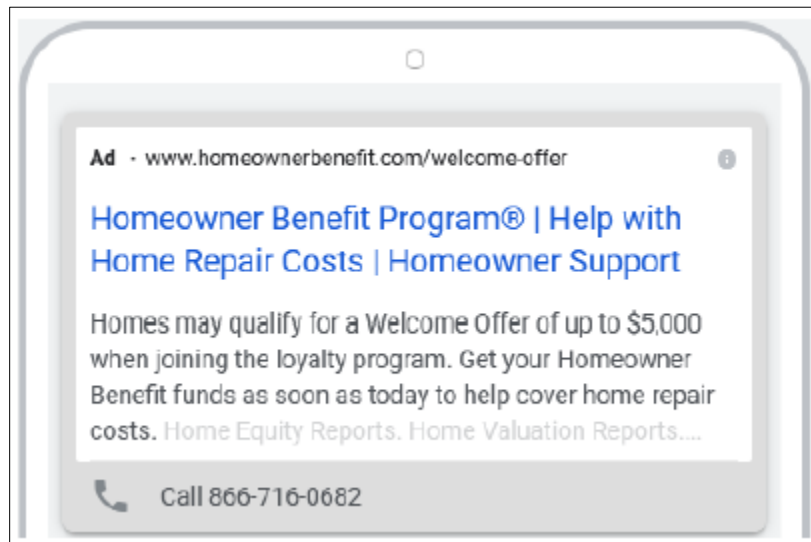


Figure 6.

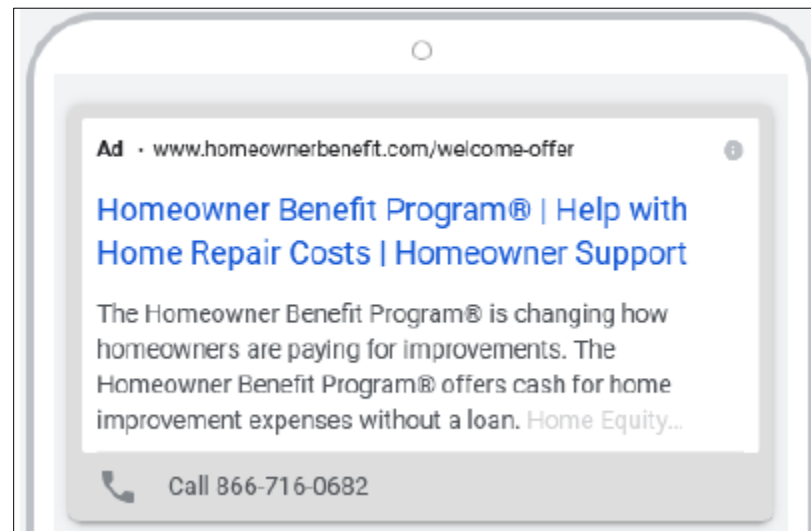
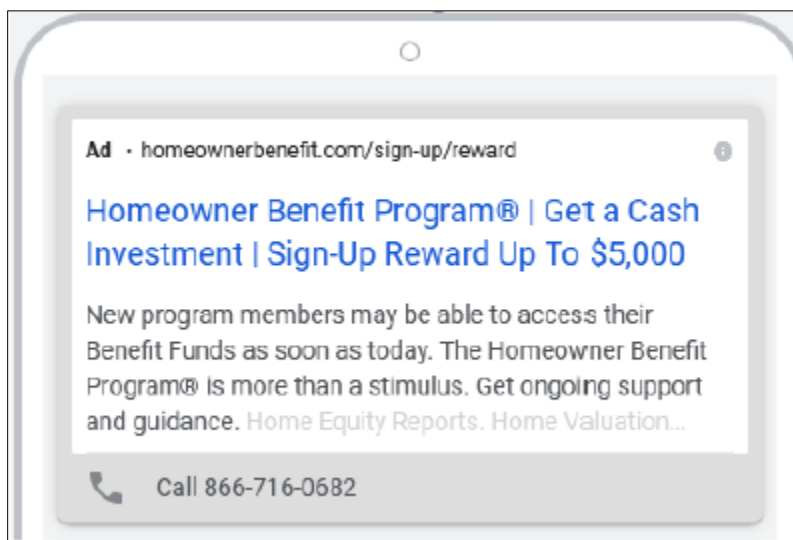


Figure 7.



Social Media Advertising

63. Defendants also advertised the Program on social media.
64. During the Attorney General's investigation, MV Realty produced the following examples of its Facebook advertisements, depicted in Figures 8 and 9 below:

Figure 8. (Facebook ad)

**MV Realty**
Sponsored

...

✕

If you own a house, townhouse or condo and could use some extra cash, raise your hand!

MV Realty can help.

We pay homeowners an incentive to be your real estate agent in the future, if you ever decide to sell.

No obligation to return the payment and you have no obligation to sell.

Click learn more to get more info.



NO CREDIT NEEDED

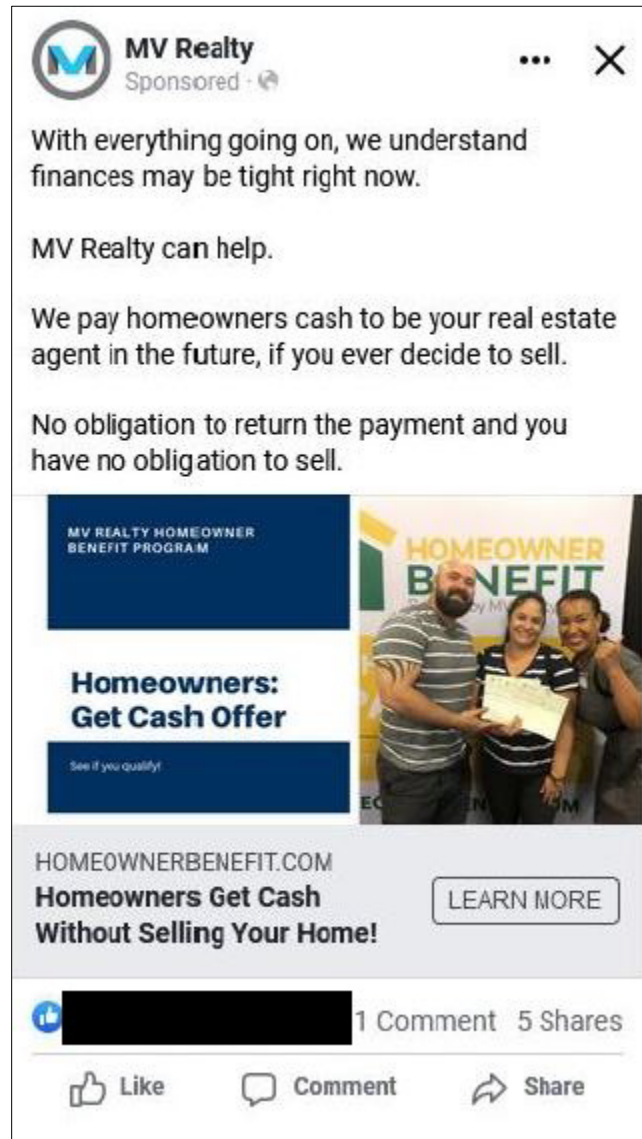
HOMEOWNERBENEFIT.COM
Homeowners Get Cash
MV Realty PBC, LLC.

LEARN MORE

 1 Comment

 Like  Comment  Share

Figure 9. (Facebook ad)



65. Figures 10 and 11 below are screenshots of Facebook posts that appeared on the website: www.facebook.com/MVRealty on August 22, 2022 and September 13, 2022 respectively:

Figure 10. (Facebook post)

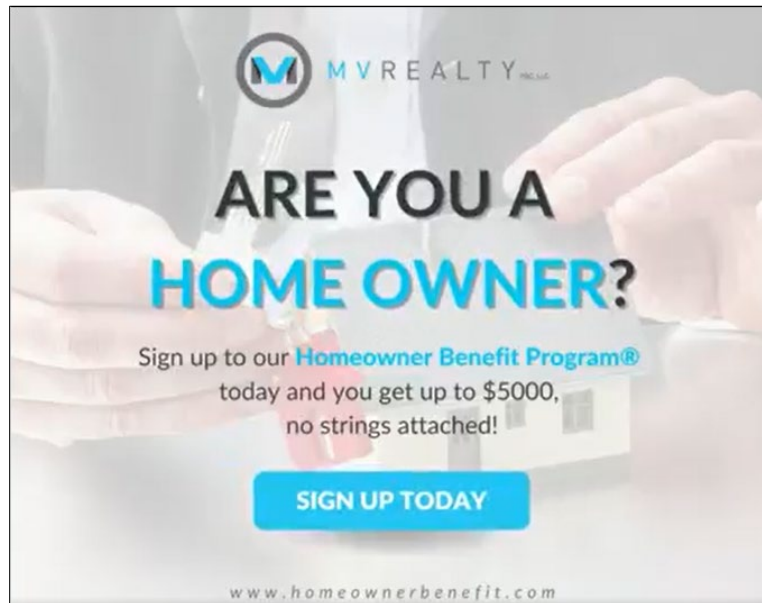


Figure 11. (Facebook post)

**MV Realty**
September 13, 2022 · 🌐

Our Homeowner's Benefit Program® was implemented to offer #homeowners quick cash without taking out a loan, paying interest, or having monthly payments.

This is not a financing program but a way to provide you access to:

- ◆ Top Innovative Real Estate Agents
- And
- ◆ Up-To-Date Market Data & Analysis

At MV Realty, we specialize in helping homeowners get their homes on the #market and sold quickly.

Sign up today! 🏡

<http://www.homeownerbenefit.com>

#mvrealty #faqs #realestate #realestateagents

Telemarketing Operation

66. To facilitate the aggressive expansion of the Program, MV Realty began utilizing a telemarketing operation in March 2021.

67. To facilitate the operation, MV Realty purchased Georgia consumers' contact information, also known as leads, from numerous third-party lead-generation companies.

68. Many of these lead-generation companies were in the business of providing advertising services to source online users interested in receiving offers for financial products.

69. MV Realty executed contracts with these lead generators, representing that its business includes issuing loans via the internet, that it was purchasing leads with the intent of providing an extension of credit to consumers, and agreeing that it would only use the purchased leads to offer consumer financial products and services.

70. Consumers whose contact information was acquired by lead generators were then solicited by MV Realty through telemarketing.

71. MV Realty employed "transfer specialists" to implement the telemarketing program and to initiate the solicitation process by making outbound cold calls, leaving prerecorded voicemails, or sending text messages to leads on a daily basis.

72. MV Realty provided transfer specialists with sales scripts and consumer leads to contact.

73. If a cold call from a transfer specialist went to voicemail, the transfer specialist would leave a prerecorded voicemail such as the following⁸:

⁸ *Actual audio of a Realty Scam exploiting the MV Realty Brand captured by YouMail Inc.*, YouTube (Feb. 6, 2023), <https://www.youtube.com/watch?v=O5oq7AdFw7c>. *See also* 704-368-0726, YouMail, <https://directory.youmail.com/phone/704-368-0726> (last visited July 6, 2023).

Hi, this is Amanda with MV Realty. We're offering cash to homeowners as a part of our Homeowner Benefit Program. You can receive up to \$5,000 without selling your home or paying us back. For more details and to find out how much money you can get please call us back or dial 866-770-8587.

74. MV Realty trained its transfer specialists to use calling scripts when a consumer answers the phone.

75. During the investigation, MV Realty produced three scripts it provided to transfer specialists. These scripts are depicted in Figures 12 through 14 below:

Figure 12.

Script 1

“Hi (Homeowner Name)?” [Pause]

“It’s with MV! I am reaching out to homeowners here in (City) because my company is offering on average \$400-\$1,000 dollars that you would never have to pay back.

To make sure I’m not wasting your time, are you still a homeowner here in (City)?” [Pause]

Great ! (Homeowner Name), what we would ask is that IF you ever decide to sell your home in the future that you give our company the first right to list your home.

The great thing is that if you choose to never sell your home, then you get to keep the money regardless. Does that make sense?” [Pause]

“Great! In less than 2 minutes, I will have one of my agents give you the exact amount we can offer you.

You will hear the phone ring, while I get an agent on the line with us. Hold on.

Figure 13.

<u>Script 2</u> “Hello (Homeowner Name)?” [Pause] “Hi (Homeowner Name), my name is _____ with the Homeowner Benefit Program! The reason for my call today, is that my company offers homeowners, like yourself, anywhere on average \$400-\$1,000 dollars in hopes of creating future business. Just to confirm, are you still a homeowner here in (City)?” [Pause] “Great! Now (Homeowner Name), this is not a loan - so we don’t ask that you pay us back. We simply offer money in exchange for you to use our company; if you ever decide to sell your home in the future. If you choose to never sell your home, then you still get to keep the money, as you are under no obligation to ever sell. Does that make sense?” [Pause] “Great! In less than 2 minutes, I will have one of my agents give you the exact amount we can offer you for us to be your future real estate brokerage. I am going to bring the agent on the line with us now.
--

Figure 14.

<u>Script 3</u> “Hello (Homeowner)?” [Pause] “This is _____ with the Homeowner Benefit Program. The reason for the call is that you qualify for our Homeowner Benefit Program, where we pay homeowners on average \$400-\$1,000 dollars. Just to confirm, are you still a homeowner here in (City)?” [Pause] “Excellent! (Homeowner), to be more specific, we will pay you for us to be your future realtor. To be clear, this is not a loan, so we would never ask for you to pay us back, and you’re not required to ever sell your home. All we ask is that IF you ever decide that you need a realtor in the future that you choose to work with us. And for this opportunity, we will pay you for this opportunity. Does that make sense?” [Pause] “Great! In less than 2 minutes, I will have one of my agents give you the exact amount we can offer you today. You will hear the phone ring, but know that I will be on the phone with you the entire time. Hold on.
--

76. As demonstrated by the content of the scripts, transfer specialists who followed the scripts would identify themselves as “from the Homeowner Benefit Program,” rather than from MV Realty, would emphasize they were calling about an opportunity to receive a payment between \$400 - \$1,000, and would then tell consumers they would never be asked to pay the money back.

77. MV Realty did not provide transfer specialists with any language or instruction about disclosing material terms and conditions of the Program.

78. MV Realty expected transfer specialists to make between 60 and 70 calls an hour, and up to 400 to 450 calls per day.

79. MV Realty also produced during the Attorney General’s investigation, documents showing MV Realty’s instruction on how to respond to the most common questions or “objections.” Instructed responses are depicted in Figures 15 through 17 below.

80. When consumers asked MV Realty to put them on the Do No Call List, the instructed response was:

Figure 15.

Put Me On the Do Not Call List (DNC) – (During the Introduction)

“I am calling homeowners here in (City) because my company is offering homeowners on average \$400-\$1,000 dollars for the first rights to list your property should you ever decide to sell your home.

[I am but put me on your Do Not Call List.]

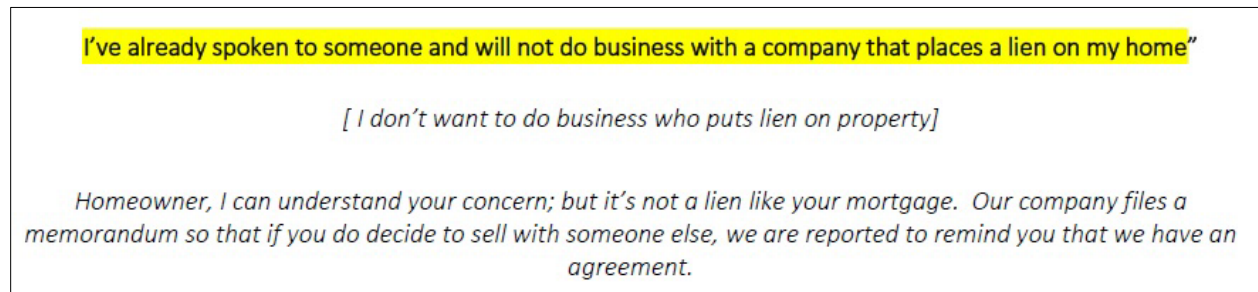
“(Homeowner), before I do that I am offering money that is not in a form of a loan, and you never have to pay it back. To make sure I’m not wasting your time, are you still a homeowner here in (City)?” **[Pause]**

[What’s the catch?]

[Continue On With Your Script...] “What we would ask is that IF you ever decide to sell your home in the future that you give our company the first right to list your home...” If you choose to never sell your home, that’s okay.

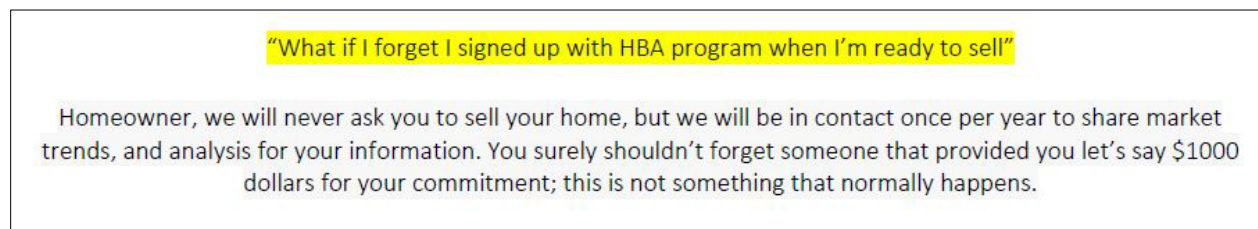
81. When a consumer said they did not want to do business with a company that places a lien on their home, the instructed response was:

Figure 16.



82. When a consumer asked what happens if they forget they signed an HBA, the instructed response was:

Figure 17.



83. MV Realty also initiated and/or sent unsolicited text messages to Georgia consumers that did not indicate the identity of the sender, emphasized the possibility of a “check” or “cash incentive”, and that the payment would never have to be paid back.

84. MV Realty promoted the Program while hiding the true nature of the Program, notwithstanding objections from consumers. MV Realty instructs that emphasis should be put on “money” that is not a loan and will never have to be paid back, that the Memorandum does not function like a lien, and that it will never ask a consumer to sell their home.

85. Transfer specialists transferred both inbound and outbound calls from leads to a real estate agent who would continue the solicitation process. Transfer specialists were expected to hit a goal of a ten percent transfer rate for all answered calls.

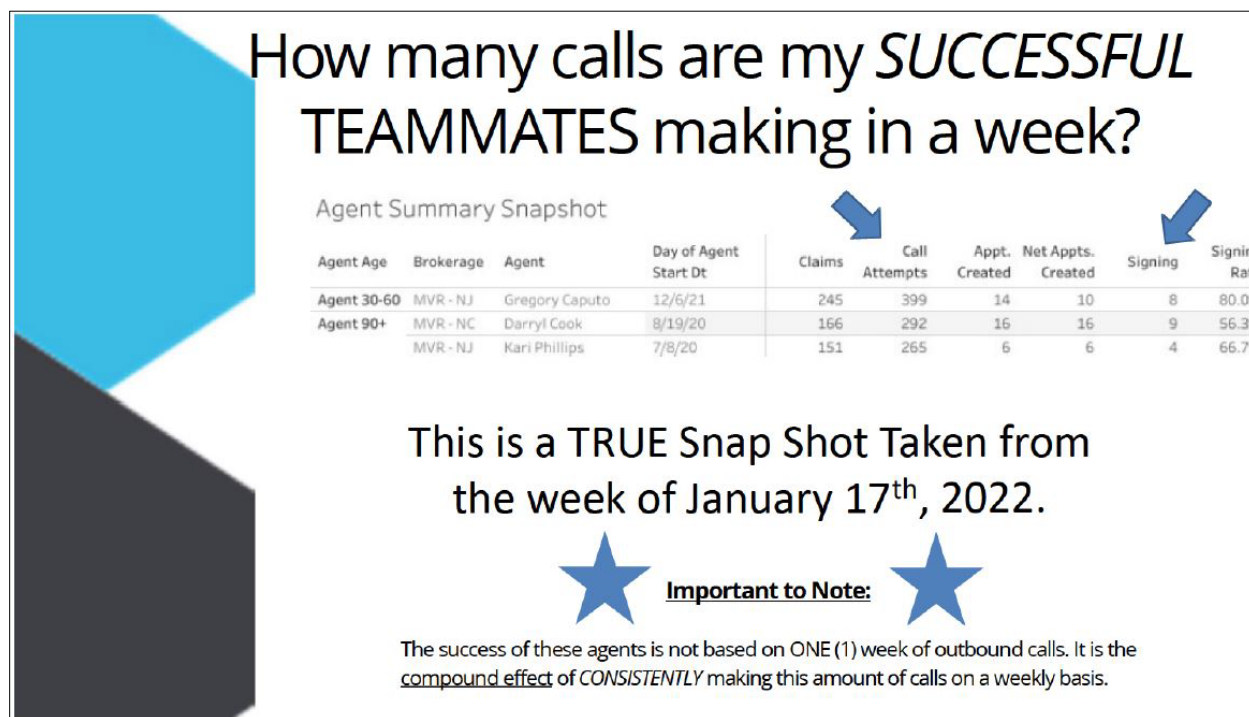
86. Claiming a lead, or otherwise performing tasks similar to those of a sales agent, was a crucial responsibility of real estate agents.

87. MV Realty expected real estate agents to claim no fewer than 30 leads per day, although MV Realty encouraged agents to claim many more than 30 leads per day.

88. MV Realty also expected real estate agents to have two HBA appointments per week to close the HBA sales process.

89. Training material produced by MV Realty during the Attorney General's investigation include a training slide presented as a "TRUE Snap Shot" of one real estate agent's calls the week of January 17, 2022. The slide, depicted in Figure 18 below, highlights the fact that a top real estate agent claimed 245 leads that week, which led to 8 HBAs being signed:

Figure 18.



90. MV Realty's training materials show that real estate agents were expected to continue the solicitation process until an HBA was signed and payment was disbursed to consumers. Even when the first call did not work, MV Realty directed real estate agents to

continue calling. Effectively, MV Realty's instruction to real estate agents was that success in originating an HBA was based on bombarding Georgia consumers with a high volume of calls.

91. Real estate agents are rewarded for their efforts by receiving a flat fee of \$500.00 upon the closing of an HBA.

92. MV Realty utilized software and a virtual portal provided by PhoneBurner, Inc. to place telemarketing calls and texts to Georgia consumers.

93. The Federal Communications Commission ("FCC") investigated MV Realty's use of PhoneBurner's software and virtual portal and on January 24, 2023, ordered all United States-based voice service providers to prevent the transmission on their networks of suspected illegal robocall traffic from MV Realty using the PhoneBurner platform.⁹

94. The FCC concluded as part of its investigation that: (1) the calls were telephone solicitations; (2) homeowners called by MV Realty "did not give consent to be called and did not have an established business relationship with MV Realty"; (3) MV Realty "frequently called consumers who repeatedly and affirmatively asked MV Realty to stop calling them"; and (4) MV Realty failed to remove homeowners from its calling list despite being notified by MV Realty's own employees that those homeowners had asked to be removed.¹⁰

95. The FCC further concluded as part of its investigation that nationally, 10,926,635 calls were placed to wireless numbers and 1,022,739 calls were placed to landline phone numbers actively listed on the DNC Registry.¹¹

⁹ Fed. Comm'n Comm'n, Public Notice: FCC Enforcement Bureau Notifies All U.S.- Based Providers of Apparently Illegal Robocall Traffic from PhoneBurner, Inc. and MV Realty PBC, LLC, File No. EB-TCD-22-00033721, pp. 2-3, <https://docs.fcc.gov/public/attachments/DA-23-65A1.pdf> (Jan. 24, 2023).

¹⁰ *Id.* at 4.

¹¹ *Id.* at 4; The Federal Trade Commission maintains a national list of consumers who do not wish to receive certain types of telemarketing calls (the "National Do Not Call Registry" or

96. In response to an investigative demand issued by the Attorney General, PhoneBurner, Inc., produced information specific to MV Realty's telemarketing to Georgia consumers confirming that MV Realty made or initiated over 550,000 telemarketing calls to Georgia consumers.

97. PhoneBurner's records also confirm that MV Realty's telemarketers do not state they are calling on behalf of MV Realty and that MV Realty purchased a large set of phone numbers from PhoneBurner with Georgia-specific area codes indicating that MV Realty used this software to "spoof" numbers, which is when a caller deliberately falsifies the information transmitted to a caller ID display to disguise their identity.

98. Based on the FCC's findings and PhoneBurner records regarding Georgia-specific calls, MV Realty made or initiated no fewer than hundreds of thousands of unlawful telephone solicitations to Georgia consumers.

Origination Process

99. The origination process begins after consumers confirm they want to receive a payment. MV Realty then quickly initiates the process to obtain consumers' signatures on the HBA and Memorandum.

100. Execution of the HBA and Memorandum is a condition to receiving the promotion fee.

101. Unless requested by consumers, MV Realty does not send the HBA and Memorandum to consumers to review before execution or otherwise describe to consumers the documents that need to be executed.

"Registry"). Consumers can register their telephone numbers on the Registry without charge, either through a toll-free telephone call or over the Internet at www.donotcall.gov.

102. MV Realty employs a third-party notary service to facilitate the execution process.
103. Execution usually takes place at consumers' homes.
104. Notaries arrive at consumers' homes and simply obtain signatures without any explanation of the content of the HBA or Memorandum.
105. Notaries do not have a statutory duty in Georgia to know the contents of the document that is being signed.
106. Notaries sign both the HBA and the Memorandum, attesting that they witnessed the consumer executing the documents.
107. In Georgia, instruments like the Memorandum that are intended to be recorded in the real property records require an extra signature of an unofficial witness who witnessed the execution of the Memorandum.
108. Consumers often report that there are no other parties present during execution of the HBA and Memorandum, and they do not otherwise know the person who purportedly signed the Memorandum as a witness.
109. Notaries do not have a statutory duty in Georgia to ensure that the instrument is properly executed by an unofficial witness.
110. Notaries are responsible for sending executed HBAs and Memorandums to MV Realty, who then causes the Memorandums to be recorded in the real property records.
111. On at least one occasion, MV Realty caused a Memorandum to be recorded that clearly contained the same name and signature for both the notary and the unofficial witness.
112. Once recorded, a Memorandum functions as a lien, or at minimum a cloud on the title, to the property that will not be insured over by a title company unless the cloud is released.

113. MV Realty was aware that a Memorandum would function as a cloud or a lien on title but did not disclose to consumers its intention to cloud title through the recording of the Memorandum.

114. Many of the Memorandums MV Realty caused to be recorded were not properly witnessed by an unofficial witness.

115. MV Realty described the origination process to potential lenders as a transaction whereby consumers “monetize an asset they didn’t even know they owned” and stated that “HBAs are collateralized assets.”

116. MV Realty’s origination process effectively limited the flow of truthful information about the Program while keeping the downsides of the Program hidden from consumers and making it nearly impossible for consumers to make informed decisions about whether to execute HBAs and Memorandums in order to receive the promotion fee.

117. Between June 13, 2020 and November 18, 2022, MV Realty originated no fewer than 3,371 HBAs in Georgia and caused no fewer than 3,306 accompanying Memorandums to be recorded.

Role of Real Estate Agents and Harvest via Collection of Commission

118. MV Realty refers to receiving a financial return on its origination of an HBA as a “harvest” of the HBA. A “harvest” includes collection of a real estate commission in connection with the sale of a property that an MV Realty agent lists for sale. A “harvest” also includes collection of an ETF when there is any type of transfer or transaction that reduces MV Realty’s secured equity position in a consumer’s home.

119. A “harvest” resulting from an earned real estate commission results in MV Realty receiving a payment that is the greater of 3% of the sale price (or 6% if a separate buyer’s agent is not involved in the sale) or 3% - 6% of a predetermined value.

120. In addition to soliciting and originating an HBA, real estate agents may also play a role in earning a commission for MV Realty. MV Realty is guaranteed to receive no less than 3% of the value of the home at the time the HBA is originated.

121. Real estate agents, on the other hand, earn approximately 3% of the entire commission paid to MV Realty's commission.

122. Real estate agents have very little incentive to perform real estate services typically expected of a real estate agent since they earn a predetermined amount that is nominal in comparison to traditional agent earnings.

123. Consumers have reported that agents do not perform services that are usually expected of a real estate agent. For example, consumers have reported that agents sometimes do not even list the property on a multi-listing service or otherwise market the property. Consumers also report that MV Realty is unresponsive to requests from consumers to obtain an agent to assist in the sale of their home.

124. Information obtained from the Georgia Multi-Listing Service indicates that between January 2021 and December 2022, MV Realty acted as the listing agent for approximately 51 consumers who entered into HBAs. Only 35 of these listings generated a closed sale that should have resulted in payment of a commission to MV Realty.

Harvesting via Collection of Penalties

125. The second type of "harvest" does not result from any services provided by an MV Realty agent and is considered an ETF.

126. The ETF is an unenforceable penalty under Georgia law.

127. MV Realty collects ETFs when consumers choose to sell their homes using a non-MV Realty agent and is a predetermined calculation equal to the greater of 3% of the value placed on the home at the time the HBA is executed or 3% of the actual sales price.

128. MV Realty also collects ETFs in many other circumstances. To protect the value of its cloud or lien on equity, MV Realty often interferes with a consumer's ability to refinance and always refuses to remove its cloud when a consumer wants to obtain a reverse mortgage, unless of course, the consumer pays the ETF.

129. Examples of other non-sale transfers include an heir taking title to property through the death estate process, transfer of title to family members or friends as a gift, and foreclosure and tax sales where there are excess proceeds due to consumers.¹² These types of non-sale transfers that MV Realty contends trigger an obligation to pay an ETF are not disclosed in marketing content and are mentioned broadly in small print buried in the HBA.

130. Consumers who were not willing to pay an ETF or engaged in conduct that MV Realty viewed as an anticipatory breach of the HBA were often served with a lawsuit seeking to enforce payment along with notice that a lis pendens had been filed against their home.

131. MV Realty produced information during the Attorney General's investigation revealing that, during the time period between January 2021 and December 2022, MV Realty collected an ETF from 124 Georgia consumers, or 77% of all harvests during this time period.

Elderly Consumers

132. Consumers aged 60 years and older (hereinafter "elderly consumers") executed no fewer than 1,062 HBAs or 31% of MV Realty's entire portfolio of HBAs.¹³

133. Elderly consumers were more susceptible to MV Realty's predatory practices because of age, poor health, infirmity, and impaired understanding that younger consumers do not suffer from.

¹² MV Realty contends in its bankruptcy case that any order granting relief to a mortgagee may not restrict or prevent MV Realty from pursuing claims against surplus funds that may exist following any foreclosure sale. [Doc. 515, p. 4].

¹³ Notably, 51 of these elderly consumers were between the ages of 80 and 89.

134. Additionally, elderly consumers report that they are not told the HBA lasts 40 years and is binding on their heirs.

135. Elderly consumers report that they believed that if they passed away without selling their home that neither they nor their heirs would ever owe any money to MV Realty.¹⁴

136. Elderly consumers have also reported that MV Realty has blocked their attempts to obtain a reverse mortgage.

137. It is objectively unreasonable to think that any elderly consumer would want a nominal payment in exchange for a 40-year agreement that will affect their home and potentially their heirs and that also forbids the possibility of obtaining a reverse mortgage as a method of receiving income during retirement.

138. MV Realty's conduct was in disregard of the rights and welfare of elderly consumers.

139. The United States Senate Special Committee on Aging expressed concerns about the impacts of MV Realty's acts and practices on the financial well-being and housing stability of elderly consumers in its letter to MV Realty dated September 6, 2023.

Regulatory Advice and Basis for Recording of Memorandums

140. MV Realty contends that prior to expanding its operations into Georgia, it obtained "regulatory" advice from counsel to ensure it could operate its business in a manner that is consistent with applicable state law.

141. Initially, MV Realty sought and received advice as to whether the HBA implicates any laws regulating real estate brokers and agents. MV Realty also sought advice as

¹⁴ 39 elderly Georgia consumers who executed HBAs have since passed away. The status of their homes is unknown.

to whether the Memorandum was in a form sufficient for recording in the public land records under Georgia law.

142. In June 2020, MV Realty’s counsel advised: 1) that homeowners expressly authorize MV Realty to record the Memorandum in the public land records, based on the language in the HBA, 2) that a homeowner’s obligations under the HBA are covenants running with the land, and 3) the Memorandum containing notice of the covenant is an instrument that may be recorded in Georgia. Counsel further instructed that, under Georgia law, signature on the Memorandum must be witnessed by a notary and one other witness. The ultimate conclusion was that, if the Memorandum was properly executed, the county recorder’s office should accept and index the Memorandum in the public land records.

143. After operating in Georgia for just a short time, MV Realty sought additional advice from counsel about the propriety of filing a lawsuit and a lis pendens to enforce the HBA. Counsel concluded in December 2020 that the HBA would need to give MV Realty some right in the real property itself upon a breach in order to properly file a lis pendens, and counsel cautioned that the HBA was collateral or personal and thus did not run with or affect the land.

144. In February 2021, counsel cautioned MV Realty that language in Paragraph 5.(b). of the HBA – “the Company reserves the right to record a memorandum of this Agreement” – does not technically grant the right to record the Memorandum.

145. MV Realty was also advised by counsel in February 2021 that the filing of a lis pendens to enforce the HBA was arguably improper because the right to collect a commission or an ETF under the HBA does not run with the land.

146. Nevertheless, MV Realty continued recording Memorandums with the same form language and enforcing payment of ETFs by filing lis pendens.

147. In October 2021, counsel further cautioned that MV Realty should be aware of the risks of filing a lis pendens because there is no case law in Georgia to support the filing of a lis pendens to recover broker commissions.

148. In sum, within the first eight months of operating in Georgia, MV Realty was advised that 1) consumers do not expressly authorize the recording of Memorandums, 2) a homeowner's obligations under the HBA do not constitute restrictions or covenants that run with the land because the substance or nature of the obligations are personal, rather than affecting the land, and 3) the filing of lis pendens to enforce HBAs was improper. MV Realty nevertheless continued operating in Georgia in complete disregard of applicable law.

149. Recording of the Memorandum to cloud consumers' titles and the filing of lis pendens to enforce payment of ETFs was the cornerstone of the Program and created the value to the HBA.

Funding of Business Operations in Georgia

150. MV Realty did not have sufficient cash flow from its initial operations in Florida to expand the Program into other states. MV Realty turned to private equity as a source to obtain funds to originate new HBAs.

151. In furtherance of MV Realty's plans for expansion, MV Realty began creating "special purpose" entities, including Defendants Receivables I, II, and III ("Receivables Entities") in January 2020. The stated purpose and business of the Receivables Entities was to engage exclusively in activities that included purchasing, acquiring, or accepting from MV Realty under a purchase and contribution agreement all of MV Realty's right, title, and interest in HBAs and to own, sell, transfer, finance, and otherwise deal with the HBAs.

152. Receivables Entities would, in turn, pledge the HBAs acquired from MV Realty as collateral to credit facility lenders for the purpose of receiving advances that were used by MV Realty to originate new HBAs.

153. MV Realty initially obtained advances from a credit facility provided by Canadian entities, Goodwood, Inc. and its affiliates (“Goodwood”), on February 11, 2020. Advances from the Goodwood credit facility were used mainly to expand operations in Florida. Receivables I held the HBAs that were pledged to Goodwood.

154. After an unsuccessful attempt to secure a second credit facility to further expand, Terlizzi introduced another potential lender, Monroe Capital, to Mitchell in early 2021. Monroe Capital subsequently entered into a credit agreement with MV Realty on July 28, 2021 to provide a \$40 million dollar credit facility to fund MV Realty’s expansion in Georgia and elsewhere around the country.

155. In response to an investigative demand issued by the Attorney General, Monroe Capital produced a document titled “MV Receivables II, LLC New Business Presentation” that was dated May 28, 2021 (“Business Presentation”). A true and correct copy of this document is attached hereto as Exhibit “A”.

156. Among other topics, the 39-page Business Presentation contains summaries of MV Realty’s Program, background on MV Realty’s principals and owners, financial data regarding revenue generated from harvests of HBAs, financial projections tied to MV Realty’s plan for expansion, and a potential “Exit Strategy.”

157. As stated in the second paragraph on page 1 of the Business Presentation, funds from the credit facility were going to be used to expand MV Realty’s operations across the country by originating 28,000 new HBAs and MV Realty’s plan was to eventually securitize

HBAs, noting that Mitchell and Terlizzi were the first to execute rated securitizations in several asset classes in specialty finance.

158. As stated on page 1 of the Business Presentation, MV Realty earns an internal rate of return of 150% on an HBA and “[i]mportantly, the FLC (referring to an HBA), is recorded on the home title.....so the homeowners are unable to sell the homes with clean title without paying MV its commissions.”

159. On page 35 of the Business Presentation, potential exit strategies were listed and included “Portfolio Securitization” and/or “Sale of the Company.”

160. The information in the Business Presentation further confirms, among other things, that MV Realty did not intend to operate as a residential real estate firm and instead intended to record Memorandums on consumers’ homes to cloud the title and to generate and secure an asset that could later be sold to investors.

161. Page 8 of the Business Presentation contains a statement confirming that MV Realty purchased consumers’ loans from mortgage servicers and originators and consumer lenders.

162. As stated in the first paragraph on page 1 of the Business Presentation, the nature and purpose of the Program was a way for homeowners to monetize a very small portion of their home value without the burden associated with incurring traditional debt.

163. In subsequent SEC filings, Monroe Capital declared that MV Realty portfolio was in the banking industry, rather than the real estate industry.¹⁵

¹⁵ https://www.annualreports.com/HostedData/AnnualReports/PDF/NASDAQ_MRCC_2022.pdf (see Attachment F, F-8, F-15, and F-26) Form 10-K filed 3/21/2023 for Monroe Capital Corporations; https://www.sec.gov/Archives/edgar/data/1742313/000110465922090146/tm2216379d1_10q.htm (Form 10-Q for period ending 6.30.22 for Monroe Capital Income Plus Corporation)

164. Clearly, MV Realty considered itself a quasi-lender that would collect payment from consumers in the future. In essence, consumers do have to pay the promotion fee back to MV Realty, either as an earned commission or an ETF.

165. Approximately 2,189 HBAs, which make up 65% of the total HBAs originated in Georgia and housed by Receivables II and III, were funded through the Monroe Capital credit facility.

Chapter 11 Bankruptcy Filing

166. Defendants MV Realty PBC, LLC, MV Realty Holdings, LLC, MV Realty of Georgia, MV Receivables II, LLC and MV Receivables III, LLC filed chapter 11 bankruptcy cases in the Southern District of Florida on September 22, 2023, along with numerous other MV Realty affiliates that operate across the county. All of the bankruptcy cases are being jointly administered under the lead case *In re: MV Realty PBC, LLC, Case No. 23-17590-EPK*. MV Realty was authorized by the bankruptcy court to continue operating as a debtor-in-possession and continues to collect unlawful ETFs from Georgia consumers.

COUNT I – FALSE AND MISLEADING ADVERTISING REPRESENTATIONS ABOUT THE HOMEOWNER BENEFIT PROGRAM

167. Plaintiff incorporates the preceding paragraphs as if specifically stated herein.

168. The MV Realty Defendants made false and misleading representations, expressly and/or by implication, to consumers on websites and social media, about the true nature of the Program. The MV Realty Defendants also failed to disclose and/or otherwise hid material terms and conditions of the Program. Individual Defendants Mitchell, Zachman, and Manchester had

the authority to control, and participated in, these acts and practices and are therefore jointly and severally liable under the FBPA.

169. The dissemination of false and misleading representations about the Program violates O.C.G.A. § 10-1-393(a), the FBPA's general prohibition against unfair and deceptive acts and practices and O.C.G.A. § 10-1-393(b)(5) which prohibits representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have.

170. The MV Realty Defendants and the Individual Defendants violated the FBPA each and every time they disseminated the false and misleading representations, and as a result, every single HBA was tainted by deception.

171. The MV Realty Defendants and the Individual Defendants violated the FBPA no less than daily from at least June 1, 2020 through November 30, 2022.

**COUNT II – UNFAIR AND DECEPTIVE PRACTICES THAT LURED CONSUMERS INTO
EXECUTING HOMEOWNER BENEFIT AGREEMENTS**

172. Plaintiff incorporates the preceding paragraphs as if specifically stated herein.

173. The MV Realty Defendants unfairly and deceptively lured consumers into executing HBAs through its advertising and origination process. The Individual Defendants had the authority to control, and participated in, these acts and practices and are therefore jointly and severally liable under the FBPA.

174. Luring consumers into executing HBAs through unfair and deceptive acts and practices violates O.C.G.A. § 10-1-393(a), the FBPA's general prohibition against unfair and deceptive acts and practices.

175. The MV Realty Defendants and the Individual Defendants violated the FBPA every time the MV Realty Defendants originated the 3,371 HBAs executed by Georgia consumers.

COUNT III – UNFAIRLY CLOUDING CONSUMERS’ TITLES TO THEIR HOMES

176. Plaintiff incorporates the preceding paragraphs as if specifically stated herein.

177. The MV Realty Defendants unfairly and deceptively lured consumers into executing Memorandums through its advertising and origination process. The MV Realty Defendants also unfairly recorded Memorandums. The Individual Defendants had the authority to control, and participated in, these acts and practices and are therefore jointly and severally liable under the FBPA.

178. Luring consumers into executing Memorandums and subsequently recording Memorandums through unfair and deceptive acts and practices violates O.C.G.A. § 10-1-393(a), the FBPA’s general prohibition against unfair and deceptive acts and practices.

179. The MV Realty Defendants and the Individual Defendants violated the FBPA every time the MV Realty Defendants facilitated execution by a Georgia consumer on a Memorandum and every time the MV Realty Defendants caused the 3,306 Memorandums to be recorded in the real property records.

COUNT IV – UNFAIRLY COLLECTING HIDDEN AND UNDISCLOSED FEES AND PENALTIES

180. Plaintiff incorporates the preceding paragraphs as if specifically stated herein.

181. The MV Realty Defendants collected no fewer than 124 ETFs from Georgia consumers. ETFs are deemed penalties under Georgia law that are unenforceable. The MV Realty Defendants continue to collect unlawful penalties. The Individual Defendants have the

authority to control, and participated in, these acts and practices and are therefore jointly and severally liable under the FBPA.

182. MV Realty's collection of ETFs is unfair and violates O.C.G.A. § 10-1-393(a), the FBPA's general prohibition against unfair and deceptive acts and practices.

183. The MV Realty Defendants and the Individual Defendants violated the FBPA each time the MV Realty Defendants collected an ETF.

COUNT V – USE OF A COMPUTER OR COMPUTER NETWORK TO DISSEMINATE
FALSE AND MISLEADING REPRESENTATIONS ABOUT THE HOMEOWNER BENEFIT
PROGRAM

184. Plaintiff incorporates the preceding paragraphs as if specifically stated herein.

185. The MV Realty Defendants used a computer or computer network to disseminate false and misleading representations to consumers. The Individual Defendants had the authority to control, and participated in, these acts and practices and are therefore jointly and severally liable under the FBPA.

186. MV Realty's acts and practices violate O.C.G.A. § 10-1-393.5(b), which prohibits using a computer or computer network to engage in an act or practice that would operate as a deceit upon any person.

187. The MV Realty Defendants and Individual Defendants violated the FBPA each day MV Realty used a computer or computer network to disseminate deceptive representations.

COUNT VI – USE OF UNFAIR AND DECEPTIVE TELEMARKETING PRACTICES TO
PROMOTE THE HOMEOWNER BENEFIT PROGRAM

188. Plaintiff incorporates the preceding paragraphs as if specifically stated herein.

189. The MV Realty Defendants engaged in a massive telemarketing operation to unfairly and deceptively promote the Program. Individual Defendants had the authority to

control, and participated in, these acts and practices and are therefore jointly and severally liable under the FBPA.

190. The MV Realty Defendants engaged in widespread practices of:

- (a) calling consumers listed on the National Do Not Call Registry,
- (b) leaving prerecording messages and sending text messages without consumers' consent,
- (c) utilizing methods to block or otherwise circumvent caller identification services and displaying an identity on caller identification services that does not accurately reflect the identity of the caller,
- (d) disguising or otherwise failing to accurately disclose the identity of the caller,
- (e) spoofing phone numbers,
- (f) disguising the true nature of the Program, and
- (g) failing to disclose or otherwise misrepresenting material terms and conditions of the Program.

191. These practices violate O.C.G.A. § 10-1-393(a), the FBPA's general prohibition against unfair and deceptive acts and practices; O.C.G.A. § 10-1-393(b)(2), which prohibits causing actual confusion or misunderstanding as to the source of goods or services; O.C.G.A. § 10-1-393(b)(3), which prohibits causing actual confusion or misunderstanding as to the affiliation, connection, or association with another; O.C.G.A. § 393.5(b), which prohibits the use of telemarketing to engage in any act, practice, or course of business that would operate as a fraud or deceit; and O.C.G.A. § 10-1-393.13(b)(2) – (4).

192. Each unlawful telemarketing solicitation to a Georgia consumer constitutes a separate violation of the FBPA.

COUNT VII – VIOLATIONS OF THE FBPA AGAINST ELDERLY CONSUMERS

193. Plaintiff incorporates the preceding paragraphs as if specifically stated herein.

194. MV Realty, Mitchell, Zachman, and Manchester deceptively and unfairly originated no fewer than 1,062 HBAs executed by elderly consumers.

195. Pursuant to O.C.G.A. § 10-1-851, the court may impose an additional civil penalty against all named Defendants, jointly and severally, not to exceed \$10,000.00 for each violation of the FBPA committed against elderly consumers.

WHEREFORE, Plaintiff prays that this Court enter an Order:

- (a) Finding that Defendants have violated O.C.G.A §§10-1-393(a), 10-1-393(b)(2), 10-1-393(b)(3), 10-1-393(b)(5), 10-1-393.5(b), and 10-1-393.13 of the FBPA;
- (b) Assessing a civil penalty against Defendants in the amount of \$10,000.00 for each violation of the FBPA committed against elderly consumers pursuant to O.C.G.A. § 10-1-851; and
- (c) Granting relief pursuant to O.C.G.A. § 10-1-397(b)(2) including:
 - i. Permanently enjoining Defendants from engaging in the unfair or deceptive acts or practices as alleged in Counts I through VII above;
 - ii. Permanently enjoining Defendants from enforcing HBAs and Memorandums;
 - iii. Requiring Defendants to pay restitution in an amount equal to all ETFs received from Georgia consumers;
 - iv. Assessing a civil penalty against Defendants in the amount of \$5,000.00 per violation of the FBPA; and
 - v. Granting other relief as the Court deems just and equitable, including but not limited to voiding all HBAs and recorded Memorandums.

This 30th day of January, 2024.

CHRISTOPHER M. CARR
Attorney General 112505

Daniel Walsh 735040
Deputy Attorney General
Consumer Protection

/s/ Jacquelyn L. Kneidel
Jacquelyn L. Kneidel 644727
Assistant Attorney General
Andrew Chesser 417888
Assistant Attorney General

PLEASE DIRECT ALL
COMMUNICATIONS TO:
Jacquelyn L. Kneidel, Assistant Attorney General
Consumer Protection Division
2 Martin Luther King, Jr. Drive
Suite 356, East Tower
Atlanta, Georgia 30334
(404) 656-3959
jkneidel@law.ga.gov