IN THE CIRCUIT COURT OF THE SEVENTEENTH JUDICIAL CIRCUIT,
IN AND FOR BROWARD COUNTY, FLORIDA

OFFICE OF THE ATTORNEY GENERAL,
DEPARTMENT OF LEGAL AFFAIRS,
STATE OF FLORIDA,

Plaintiff,

CASE NO. ______________

v.

FLORIDA HOUSING COUNCIL, LIMITED
PARTNERSHIP; EQUITY INVESTMENT
CAPITAL MANAGEMENT, INC.; STAR
ENTERPRISES, LLC; JACK MOUSSA;
and ROSE MOUSSA,

Defendants.

COMPLAINT FOR DAMAGES, CIVIL PENALTIES, INJUNCTIVE RELIEF, AND OTHER EQUITABLE RELIEF

Plaintiff, OFFICE OF THE ATTORNEY GENERAL, DEPARTMENT OF LEGAL AFFAIRS, STATE OF FLORIDA ("OAG"), sues Florida Housing Council, Limited Partnership, Equity Investment Capital Management, Inc., Star Enterprises, LLC, Jack Moussa, and Rose Moussa and alleges:

Jurisdiction and Venue

1. This is an action for damages, civil penalties, injunctive and equitable relief, and attorneys' fees and costs for defendants' violations of the Florida Deceptive and Unfair Trade Practices Act (FDUTPA), Fla. Stat. §§ 501.201 et seq.

2. This Court has jurisdiction pursuant to the provisions of said statute.

3. The statutory violations alleged herein occurred in or affected more than one judicial circuit in the State of Florida.

4. Venue is proper in the Seventeenth Judicial Circuit for Broward County, Florida, for the following reasons: the defendants are located in Broward County; the cause of action arose at least in part in Broward County because the defendants transacted business in Broward County and much of the conduct alleged herein occurred in Broward County; and some of the real property at issue in this action is located in Broward County.

5. The OAG is the enforcing authority of Florida's Deceptive and Unfair Trade Practices Act, Chapter 501, Part II, Fla. Stat., and is authorized to seek injunctive and other statutory and civil relief pursuant to the provisions of that Act.

6. The OAG has conducted an investigation and the head of the enforcing authority, Attorney General Bill McCollum, has determined that an enforcement action serves the public interest.

7. Defendants, at all times material hereto, have engaged in "trade or commerce" by advertising, soliciting, offering or distributing a good or service, within the definition of § 501.203(8), Florida Statutes.

8. Defendants, at all times material hereto, provided goods or services as defined within § 501.203(8), Florida Statutes.

9. Defendants, at all times material hereto, solicited consumers within the definitions of § 501.203(7), Florida Statutes.

The Defendants

10. Florida Housing Council, Limited Partnership ("FHC") is a Florida partnership with its principal place of business in Broward County, Florida.

11. Equity Investment Capital Management, Inc. ("EICM") is a Florida corporation with its principal place of business in Broward County, Florida. EICM is the general partner and owner of FHC.

12. Star Enterprises, LLC ("Star Enterprises") is a Florida limited liability company with its principal place of business in Broward County, Florida.

13. Jack Moussa is a resident of Broward County, Florida, and is the president and registered agent of both FHC and EICM.

14. Rose Moussa is a resident of Broward County, Florida, and is the manager and registered agent of Star Enterprises, LLC. Upon information and belief, Ms. Moussa is the former spouse of Jack Moussa.

Factual Allegations–Defendants' Fraudulent Scheme

15. Beginning in at least 2004, the defendants operated a "mortgage rescue" business purporting to help homeowners in foreclosure save their homes.

16. However, defendants used the guise of a mortgage rescue business as a means of preying upon those whose homes were in foreclosure.

17. The defendants targeted homeowners who owned properties with significant equity but were unable to make their mortgage payments or pay assessments.

18. Defendants Jack Moussa and Rose Moussa were and are direct participants in the fraudulent scheme.

19. The homeowners were contacted by an unsolicited postcard, letter, e-mail, or telephone call from FHC.

20. The postcard purported to supply the homeowner with "Federal guideline assistance" and required "No credit, No advance fees & No payments for one (1) year." The postcard noted: "*Federal guidelines assist homeowners behind in their mortgage, to apply the equity in their homes to catch up with payments.*" It further threatened: "**WARNING**: Failure to contact this office within 48 hours may result in the court sale of your property."

21. An example of the postcard is attached hereto as Exhibit "A." What follows is a description of the manner in which a typical FHC transaction occurred.

22. If the homeowner responded to the solicitations, a representative of FHC conducted an interview in the consumer's home.

23. The FHC representative, usually defendant Jack Moussa, told the homeowner that he administered various federal programs designed to assist those facing foreclosure. Mr. Moussa represented that through these programs, FHC could bring a homeowner's mortgage current, and the homeowner would then repay FHC through monthly payments.

24. FHC represented it would make the mortgage payments and at the end of one year, the homeowner's credit would be repaired and the home could be refinanced.

25. A stack of documents was provided to the homeowner to sign, but the contents of the documents were complex and difficult to understand and were not explained to the homeowner.

26. The documents conveyed the property to a trustee, usually FHC, of a newly created trust for a "mutually agreed upon value."

27. As part of the transaction, the homeowner became a 50% or less beneficiary of the trust. The remaining interest in the trust was owned by one or more of the defendants, usually Star Enterprises and/or EICM.

28. The "mutually agreed upon value" of the property was an amount far below the fair market value of the property, sometimes even hundreds of thousands of dollars lower than the fair market value of the property.

29. The documents further provided that the homeowner was now leasing the property from the trust at a rent that often exceeded the mortgage payment the homeowner could not afford to pay in the first place.

30. The trust agreement and other related documents are form documents copyrighted by defendant EICM.

31. Copies of the executed documents were rarely provided to the homeowner.

32. FHC and defendant Jack Moussa failed to inform the homeowner that the execution of the documents would deprive the homeowner of the homestead exemption on the property.

33. If the homeowner was able to pay the rent for a year, the home would be offered for sale back to the homeowner for the fair market value, a price which far exceeded the "mutually agreed upon value" used to convey the home into the trust.

34. Further, at the end of the one year period, as a 50% or more beneficiary of the trust, one of the defendants would receive payment from the homeowner for half of the difference between the mutually agreed upon value and the fair market price in addition to receiving

payment for defendants' "equity contribution." Often, the "equity contribution" included amounts that were never actually contributed by the defendants.

35. In addition, defendant Star Enterprises, through defendant Rose Moussa, often offered financing for the consumer at the end of the rental period. Sometimes Star Enterprises placed a phantom second mortgage on the property with none of the proceeds going to the homeowner or to pay off the first mortgage.

36. If the homeowner was unable to pay the rent, which was often the case, the homeowner would be evicted. The property would then remain under the control of one of the defendants and either be kept or sold at a prodigious profit from the "mutually agreed upon value."

37. Defendant Rose Moussa conspired with the other defendants and directly participated in the defendants' fraudulent schemes through her actions as sole manager of defendant Star Enterprises. In addition, upon information and belief, in at least one case, FHC as trustee conveyed trust property to defendant Rose Moussa without the consent of the trust beneficiaries.

38. Defendant EICM conspired with the other defendants and participated in the fraudulent scheme by obtaining interests in the various trusts and receiving fraudulent fees charged to the homeowner to set up the trust arrangement, even though defendant EICM performed no services for the homeowner.

39. Defendants also improperly procured money from consumers as part of this scheme by recruiting investors or "straw buyers" to invest in the particular trusts.

40. In such instances, one of the defendants would offer an investment opportunity to a third party. In exchange for a cash payment, the investor would be given a portion of the beneficial interest in the trust into which the property was conveyed, and the investment would be secured by the equity in the home.

41. Defendants promised the investor a profit on his investment of approximately thirty to forty percent after the property was redeemed at an inflated price.

42. On at least one occasion, in exchange for a cash payment, the property was conveyed to the investor and the investor was told that the tenant would pay the mortgage payments, taxes, insurance, and upkeep on the home.

43. Sometimes, when an investor or straw buyer was involved, FHC failed to pay the mortgage even though FHC received rent payments from the homeowner. After a few months, the home would be foreclosed, the investment would be lost, and the defendants would abscond with the equity represented by the investor's or straw buyer's investment in addition to the amounts taken from the former homeowner.

44. Regardless of the scheme implemented, the defendants used unfair and deceptive acts and practices to appropriate the equity from consumers' homes for the defendants' own use at a time those consumers were facing foreclosure and were most vulnerable.

Factual Allegations - First Example of an Actual Transaction

45. In September 2005, defendant Jack Moussa, as representative of defendant FHC, sent an unsolicited mailing to a homeowner in West Palm Beach facing foreclosure and indicated that FHC could assist in stopping the foreclosure on her home.

46. Jack Moussa called the homeowner and eventually visited her home. Jack Moussa falsely represented to the homeowner that his company, FHC, was a government-funded program. He further stated that the program covered a one-year period and at the end of the year, the homeowner would have good credit and be able to refinance her home.

47. Jack Moussa agreed to bring the mortgage current and also agreed to pay off the homeowner's consumer debt. The homeowner would then begin making monthly payments to an agent of Jack Moussa.

48. The homeowner traveled to meet with Jack Moussa's agent in Pompano Beach, Florida to execute documents. She was uncertain what documents she signed and none were explained to her. She was not given copies of the documents at the time and was unable to obtain copies until several months after they were executed.

49. A copy of a document provided at this later time indicates that the homeowner entered into an agreement that transferred ownership of her home to an unnamed third-party trustee.

50. The document shows a "mutually agreed upon value" of $130,000 for the home. The document purportedly reaches this "mutually agreed upon value" by citing to $91,000 of existing encumbrances including an outstanding first mortgage of $81,000 and a second mortgage of $10,000, "investor contributions" of $28,800, and a $10,200 equity contribution by the homeowner payable at the end of the year.

51. The investor contribution of $28,800 from Star Enterprises consisted of: (a) payment of $8,000 in arrearage on the first mortgage, (b) payment of $2,500 in arrearage on a second mortgage, (c) a "payment reduction" of $3,000 which reduced the homeowner's estimated

monthly payment from $1,225 to $975 for 12 months, (d) a contingency payment of $1,225, (e) an "investor retainer" of $3,000, (f) a "trust setup" fee of $4,075, (g) a "facilitation" fee of $3,000, (h) attorney's fees of $1,000, and (i) an "auto payoff" of $3,000. However, only approximately $13,500 of defendant Star Enterprises' contribution constituted legitimate expenses necessary to bring the mortgage current. Defendant Star Enterprises fraudulently designated the additional $15,300 as a contribution to equity when, in fact, this amount was not contributed to equity.

52. Of the $4,075 "trust setup" fee, $3,000 was distributed to defendant EICM, a corporation held solely by defendant Jack Moussa, for EICM's alleged role in the trust arrangement, even though EICM apparently performed no services for the homeowner.

53. The homeowner retained only 49% of the value of the trust. Defendant Star Enterprises received 51% of the value of the trust.

54. A warranty deed conveyed the property from the homeowner to defendant FHC as trustee of a newly created trust.

55. At the end of the one-year trust period, defendant Jack Moussa persuaded the homeowner to execute a second mortgage in favor of defendant Star Enterprises in the amount of $85,000 in September 2006 to "satisfy" the homeowner's obligations under the trust agreement.

56. However, the homeowner received nothing at the closing of this second mortgage, and defendant Star Enterprises failed to pay off the first mortgage of $81,000. Further, the homeowner was not even the owner of record of the subject property at the time of the execution of the second mortgage.

57. In November 2006, the property was conveyed back to the homeowner by an undated quit claim deed.

58. The homeowner sought to obtain alternative financing. She has been unable to do so because the second mortgage in favor of Star Enterprises in the amount of $85,000 is recorded against the property in the Public Records of Palm Beach County. Because she has been unable to obtain refinancing, the home is the subject of foreclosure proceedings brought by the first mortgagee in early 2007.

59. Moreover, the defendants stand to receive an unjust windfall from their deceptive acts against this particular homeowner. Defendants may gain as much as $85,000 from the eventual payoff of the second mortgage, even though the defendants made only an initial investment of $13,500. Such gain in two years constitutes a return of over 300% per year at the expense of the individual homeowner.

60. As a direct and proximate result of defendants' unfair and deceptive acts and practices, the homeowner has suffered an undetermined amount of damages including without limitation an $85,000 second mortgage recorded against her property, the loss of much of the equity in her home, and the potential total loss of her property through foreclosure.

<u>Factual Allegations - Second Example of an Actual Transaction</u>

61. A married couple in Pembroke Pines, Florida faced foreclosure of their home as a result of a judgment entered against them in favor of a homeowners association with the judicial sale set for April 2005.

62. In March 2005, Jack Moussa, as agent for FHC, met with the homeowners and advised them that FHC was a federally sponsored corporation, the purpose of which was to assist

persons facing foreclosure of their homes until they were able to resolve their economic difficulties.

63. Defendant Jack Moussa indicated to the homeowners that FHC would satisfy the judgment and the homeowners' property would be held in trust for one year until the homeowners were able to repay the funds advanced. Defendant Jack Moussa also agreed to pay off a second mortgage of approximately $8,375 and a third mortgage of $2,000.

64. Based on these representations, the homeowners executed a number of papers, believing they were giving a security interest in their home for the funds to be advanced by defendant FHC.

65. Instead, on March 29, 2005, FHC induced the homeowners into executing documents that transferred their property to defendant FHC as trustee of a newly created trust.

66. The "mutually agreed upon value" of the home was set at $336,000 even though the home was appraised at $533,000 in April 2005. The home was later appraised at $564,000 in September 2005.

67. The homeowners were given credit for $45,850 as the difference between the outstanding mortgage of $291,150 and the "mutually agreed upon value" of $336,000. The homeowners were to rent the property from the trust for $3,534 per month.

68. According to the executed documents, the homeowners retained only 50% of the value of the trust property. Defendant Star Enterprises received a 40% share of the value of the trust and defendant EICM received a 10% share of the value of the trust. Star Enterprises also received a right to recover $53,461 in equity contributions in the event of a sale of the property.

69. The homeowners had the right to repurchase the property at the end of the one-year trust period not at the agreed upon value of $336,000, but at the fair market value of $533,000 contained in an April 2005 appraisal.

70. If the homeowners did not make an offer to purchase the property at the end of the trust period, then Star Enterprises or EICM had the right under the trust agreement to purchase the property. If the homeowners chose to make an offer to purchase the property, Star Enterprises could reject the offer and purchase the property itself or allow a third party to purchase the property.

71. Upon sale of the property, after initial contributions were reimbursed, further proceeds would be split in accordance with the beneficial interests among the parties. Thus, if the defendants sold the property for $533,000, the defendants would realize over $100,000 from an outlay of approximately $23,375, which constitutes a return of more than four times the amount of the initial loan.

72. Furthermore, within days after defendants FHC and Jack Moussa were extracting the agreements described above from the homeowners, an agent of defendant Jack Moussa solicited an investor to invest in the trust, which held the homeowners' property. The agent of Defendant Jack Moussa proposed that the investor contribute $53,461, which is the exact amount of the equity contribution claimed by defendant Star Enterprises.

73. The proposal indicated that the investor, within one year, would receive his investment back plus a return of $19,700, which constitutes a 36.84% profit.

74. The investor agreed and paid the $53,461 to defendant Jack Moussa in accordance with the general terms described as follows:

a. The investor would contribute $53,461.

b. In exchange, defendant Star Enterprises would convey 10% of its beneficial interest in the trust to the investor.

c. An appraisal provided to the investor dated April 4, 2005, indicated that the fair market value of the homeowners' property was $533,000.

d. The "mutually agreed upon value" with the homeowners was $336,000.

e. The difference between the "mutually agreed upon value" and the appraised value was $197,000.

f. The investor would receive 10% of 197,000, which is $19,700, as the return on his $53,461 investment. The investor would also receive back his initial investment.

75. The investor never received his initial investment back or his promised return on the investment and is currently in litigation with the defendants.

76. As a direct and proximate result of defendants' unfair and deceptive acts and practices, the homeowners and the investor have suffered an undetermined amount of damages.

COUNT I – VIOLATION OF THE FLORIDA DECEPTIVE AND UNFAIR TRADE PRACTICES ACT

77. Plaintiff OAG adopts, realleges, and incorporates by reference paragraphs 1 through 76 above as if fully set forth herein.

78. Section 501.204(1), Florida Statutes, declares that unfair or deceptive acts or practices in the conduct of any trade or commerce are unlawful.

79. Defendants have committed the following acts or practices that are unfair, deceptive, and unconscionable in willful violation of Chapter 501, Part II, Florida Statutes:

a. Sending a postcard through the U.S. mail leading recipients to believe that FHC is a government program;

b. Misrepresenting in writing and in person that FHC is affiliated or associated with a federal government program;

c. Threatening that failing to respond to the postcard within 48 hours could result in the judicial sale of the recipient's property;

d. Providing documents to consumers that did not comport with the oral representations made to them;

e. Inducing homeowners to agree to a value for their homes that was far below the fair market value of the property that resulted, upon the sale or repurchase of the property, in far less equity going to the homeowner than the homeowner would have been entitled;

f. Loaning homeowners money at a usurious rate of return;

g. Failing to comply with the Truth in Lending Act;

h. Concealing the fact that the property would be conveyed to another entity;

i. Concealing the fact that the homeowner's homestead exemption would be lost;

j. Padding the trust agreement with fictitious charges for services not rendered;

k. Collecting money from consumers for services not rendered;

l. Inducing some homeowners to execute a second mortgage without ever intending to give them the proceeds or apply the proceeds to the first mortgage;

m. Setting "rents" in excess of the mortgage payments that the homeowners could not make in the first place, thus ensuring evictions and/or foreclosures of the properties;

n. Failing to use rent payments to satisfy mortgage payments;

o. Inducing investors to contribute money to a trust with false promises of extravagant returns on the investment; and

p. Failing to provide to homeowners copies of the documents signed by the homeowners.

80. The acts and practices of the defendants described herein have caused injury, damages, and prejudice to consumers and the public and constitute unconscionable acts or practices and unfair and deceptive acts and trade practices within the intent and meaning of Section 501, Part II, Florida Statutes. Further, the acts and practices of the defendants described herein have caused a likelihood of confusion among consumers.

81. Defendants knew or should have known that their acts and practices were unfair, deceptive, or unconscionable.

82. Defendants Jack Moussa and Rose Moussa are direct participants in the activities of Defendants FHC, EICM, and Star Enterprises described herein.

83. Defendants' activities violate FDUTPA and should be enjoined. Consumers are likely to suffer irreparable harm absent injunctive relief, and the entry of injunctive relief will serve the public interest.

WHEREFORE, Plaintiff OAG requests that the Court, as authorized by the provisions of Fla. Stat. § 501.207, and pursuant to its own equitable powers:

(1) enter an Order pursuant to Fla. Stat. § 501.207 permanently enjoining the defendants, their agents, employees, attorneys, or any other persons who act under, by, through, in concert with or on behalf of the defendants, from operating or participating in any type of industry related to real estate;

(2) enter an Order pursuant to Fla. Stat. § 501.207 permanently enjoining defendants, their agents, employees, attorneys, or any other persons who act under, by, through, in concert with or on behalf of the defendants from disposing of, transferring, relocating, dissipating or otherwise altering the status of their assets, bank accounts, and property (real, personal, and intangible), or divesting themselves of any interest in any enterprise, including real estate, without prior Court approval;

(3) enter an Order pursuant to Fla. Stat. § 501.207 enjoining defendants, their agents, employees, attorneys, or any other persons who act under, by, through, in concert with or on behalf of the defendants from engaging in the collection of monies allegedly owed to defendants by consumers induced into enrolling in the defendants' program;

(4) enter an Order awarding actual damages to all consumers, known and unknown, who are shown to have been injured in this action, pursuant to Fla. Stat. § 501.207;

(5) assess against the defendants herein civil penalties, pursuant to Fla. Stat. § 501.2075, in the amount of Ten Thousand Dollars ($10,000.00) for each act or practice found to be in violation of Chapter 501, Part II, Florida Statutes, or Fifteen Thousand Dollars ($15,000.00) for each act or practice committed against a senior citizen in violation of Chapter 501, Part II, Florida Statutes;

(6) enter an Order pursuant to Fla. Stat. § 501.207 permanently enjoining the defendants, their agents, employees, attorneys, or any other persons who act under, by, through, in concert with or on behalf of the defendants from violating the FDUTPA;

(7) enter an Order dissolving defendants Florida Housing Council, Limited Partnership, Equity Investment Capital Management, Inc., and Star Enterprises, LLC as Florida partnerships, corporations, and limited liability companies;

(8) waive the posting of a bond by Plaintiff OAG in this action pursuant to Fla. Stat. § 60.08 and Fla.R.Civ.P. 1.610(b);

(9) award reasonable attorney's fees and costs to Plaintiff OAG herein, pursuant to Fla. Stat. § 501.2105; and

(10) grant, pursuant to Fla. Stat. § 501.207, temporary relief and such other and further legal and equitable relief as this Court deems just and proper to redress injury to consumers resulting from defendants' violations of the FDUTPA, including, but not limited to, rescission of contracts,

rescission and/or voiding of deeds, reinstatement of homestead exemptions, and disgorgement of ill-gotten gains by the defendants.

Plaintiff demands a trial by jury on all claims so triable.

Dated this 25th day of March, 2008.

BILL McCOLLUM
ATTORNEY GENERAL

Gregory S. Slemp

R. Scott Palmer
Chief, Mortgage Fraud Task Force
Fla Bar No. 220353
Gregory S. Slemp
Assistant Attorney General
Fla. Bar No. 478865
Office of the Attorney General
Department of Legal Affairs
PL-01; The Capitol
Tallahassee, Florida 32399
Telephone: (850) 414-3300
Facsimile: (850) 488-9134

EXHIBIT

A

Florida Housing Council
Financial Assistance Programs®

Federal guidelines assist homeowners, behind in their mortgage, to apply the equity in their homes to catch up with their payments...

This special program requires No credit, No advance fees, & No payments for one (1) year.

To stop this foreclosure, and to apply for this Federal guideline assistance, contact this office immediately to review your case and provide help to save your property.

"This is not a Bankruptcy program"

WARNING: Failure to contact this office within 48 hours may result in the court sale of your property.

FOR APPOINTMENT CALL (24 HOURS)

1 (866) 203-7816

Jack

REV. 10/03
COPYRIGHT