

STATE OF NORTH CAROLINA
WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
NO. 07 CVS 009006

2010 AUG 20 AM 11:34
WAKE COUNTY, C.S.C.

STATE OF NORTH CAROLINA ex rel.)
ROY COOPER, Attorney General,)

Plaintiff,)

vs.)

PEERLESS REAL ESTATE SERVICES, INC.,)
VILLAGE OF PENLAND, L.L.C., MFSL)
LANDHOLDINGS, L.L.C., COMMUNITIES OF)
PENLAND, L.L.C., COP LAND HOLDINGS,)
L.L.C., PG CAPITAL HOLDINGS, L.L.C.,)
WEST SIDE DEVELOPMENT, L.L.C.,)
ANTHONY PORTER, FRANK AMELUNG,)
RICHARD AMELUNG, J. KEVIN FOSTER,)
NEIL O'ROURKE, MICHAEL YEOMANS,)
A. GREG ANDERSON, OCEANS)
INVESTMENTS, L.L.C., THE PENLAND)
RESERVE TRACT, L.L.C., COP)
PRESERVATION PARTNERS, L.L.C., RIVER)
POINTE, INC., AND F.W.,INC.,)

CONSENT JUDGMENT AS TO
A. GREG ANDERSON

Defendants.)

This cause coming on to be heard and being heard before the undersigned Superior Court Judge in Wake County for entry of a Consent Judgment at the joint request of plaintiff State of North Carolina, by and through Attorney General Roy Cooper, defendant A Greg Anderson, and Joseph W. Grier, III, the court-appointed Receiver in this action ("the Receiver"), the Court, with the consent of plaintiff, Anderson, and the Receiver, makes the following:

FINDINGS OF FACT

1. Plaintiff is the State of North Carolina, acting on the relation of Roy Cooper, Attorney General, pursuant to authority granted in Chapters 75 and 114 of the General Statutes of

North Carolina.

2. Defendant A Greg Anderson is a resident of North Carolina and conducted appraisals on parcels of real property in a development in Mitchell County, North Carolina, sold by other defendants in this matter (the "Peerless Group").

3. The Receiver was appointed by order of this Court entered on June 6, 2007, ("Receivership Order") to serve as Receiver for Peerless Real Estate Services, Inc., Village of Penland, L.L.C., MFSL Landholdings, L.L.C., Communities of Penland, L.L.C., COP Land Holdings, L.L.C., PG Capital Holdings, L.L.C., and West Side Development, L.L.C. On November 9, 2009, the Receiver was appointed by order of this Court to serve as Receiver for the Penland Reserve Tract, L.L.C., COP Preservation Partners, L.L.C., River Pointe, Inc., and F.W., Inc. Although not a party to this action, the Receiver has determined that it is in the best interest of the Receivership for the Receiver to enter into this Consent Judgment with defendant Anderson.

4. Plaintiff alleges the following:

(a) Around 2002, the Peerless Group began developing a project known as the Village of Penland on a 1200 to 1400 acre tract of real property in Mitchell County, North Carolina. Additional property was added to the development over time, and the property was subdivided into more than 2000 residential lots;

(b) The Peerless Group organized the lots within the Village of Penland into multiple smaller subdivisions, each purportedly operated by a different corporate entity but under a common promotional plan. The Peerless Group never registered the development with the United States Department of Housing and Urban Development pursuant to the requirements of

the Interstate Land Sales Full Disclosure Act, 15 U.S.C. § 1701, *et seq.*, and consequently, purchasers did not receive the property report (15 U.S.C. § 1707) nor the right of cancellation (15 U.S.C. § 1703(b)) required by the Interstate Land Sales Full Disclosure Act;

(c) Prior to engaging in sales to the public, the Peerless Group conducted bogus sales to insiders at inflated prices, enabling one or more appraisers to use the insider sales as comparables to support subsequent appraisals at the inflated prices;

(d) Defendant Anderson conducted a number of appraisals for banks lending upon the project without following the Uniform Standards of Professional Appraisal Practice (USPAP) guidelines, as reflected in the December 15, 2009 Order entered by the North Carolina Appraisal Board. These appraisals substantially overstated the values of the parcels of real property the Peerless Group sold to consumers and enabled consumers to qualify for mortgages far in excess of the value of the land;

(e) Consumers were told that the Peerless Group would use the funds obtained from the consumer's loans to develop the Village of Penland project. Consumers also were typically told, among other things, that:

- i. they could buy multiple lots, usually somewhere between 2 and 20;
- ii. they would not have to pay any of their own money in the purchase;
- iii. an employee of the Peerless Group would assist the consumers in applying for mortgage loans;
- iv. the Peerless Group would provide the consumer with an option contract requiring the Peerless Group to repurchase each lot within a certain

period of time, guaranteeing the consumers a profit; and

v. the option contracts would be secured by personal guarantees from defendant Porter and other members of the Peerless Group;

(f) To further convince consumers that their investments were safe, members of the Peerless Group gave consumers copies of what was reported to be their United States income tax returns and financial statements that overstated the net worth of such members of the Peerless Group;

(g) The lots, some of which were only .14 acre in size, had no water or sewer on site at the time of the sale, and many were too small to sustain septic tank systems. The selling price generally was \$125,000 per lot, regardless of the size or whether, due to topography, a home could reasonably be built on the lot;

(h) The Peerless Group had the majority of consumers complete multiple loan applications and told the consumers that the employees would “shop” the applications around with several lenders to obtain the best rates for the consumers. The applications did not disclose that consumers were, in the same time period, applying for and receiving loans from other lenders to purchase additional lots. The consumers almost never dealt directly with the lenders because the Peerless Group generally handled contact with the lenders;

(i) The closings on the lot purchases were primarily handled by an attorney who worked exclusively or almost exclusively for the Peerless Group. Some consumers gave a power of attorney to the closing attorney so he could sign the documents on behalf of the consumer. Most consumers never met the attorney in person;

(j) The HUD-1 Closing Statements for these transactions reflected purported

earnest money deposits and/or down payments, but such earnest money deposits and/or down payments were not paid by the consumers and were illusory;

(k) For the most part, the money the Peerless Group received from consumers was not used to develop the project, as promised, but was instead used for other unrelated purposes. Eventually, the Peerless Group notified consumers that they would be unable to fulfill their obligations to consumers, leaving consumers with mortgages on property that was in many instances unbuildable and in all instances worth only a fraction of the purchase price; and

(l) Defendant Anderson's failure to follow USPAP guidelines when performing appraisals for banks on the real property marketed and sold by the Peerless Group are alleged to be unfair or deceptive business practices in or affecting commerce in North Carolina.

5. Defendant Anderson denies the allegations in Paragraph 4(l) and denies that the practice of appraisal is in commerce for purposes of N.C.G.S. § 75-1.1. Defendant anderson neither admits nor denies the remaining allegations in Paragraph 4 and does not object to the entry of this Consent Judgment.

6. Defendant Anderson has provided financial information to plaintiff and the Receiver and warrants that the financial information, including values, he provided is true and accurate and fully and fairly reflects his financial condition as of the date reflected on the financial information.

CONCLUSIONS OF LAW

1. The court has jurisdiction over the parties and the subject matter.
2. Entry of this Judgment is just and proper.

3. The complaint states a cause of action against defendant Anderson pursuant to N.C.G.S. § 75-1.1 in connection with his appraisal of parcels of real property in Mitchell County, North Carolina, and the Court finds good and sufficient cause to adopt the agreement of the parties and these findings of fact and conclusions of law as its determination of their respective rights and obligations and for the entry of this Consent Judgment.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. Consistent with the order of December 15, 2009, entered by the North Carolina Appraisal Board suspending defendant Anderson's appraisal license until July 11, 2011, defendant Anderson is enjoined from working as an appraiser until such time as he has an active appraiser's license issued by the North Carolina Appraisal Board;

2. Defendant Anderson is further permanently enjoined from conducting appraisals on parcels of real property where the seller is offering purchasers any sales incentive with a value of more than \$100; provided, however, that this provision does not apply to payment by the seller of closing costs as long as that fact is fully disclosed to any lender extending credit on the sale;

3. This Consent Judgment shall not affect the rights of any private party to pursue any remedy or remedies allowed pursuant to the laws of the State of North Carolina.

4. This Consent Judgment Agreement shall not bind any other offices, boards, commissions, or agencies of the State of North Carolina.

5. Defendant Anderson shall cooperate with plaintiff and the Receiver by providing any information plaintiff or the Receiver requests to assist in the investigation or litigation of plaintiff's and the Receiver's claims in this matter as to the other defendants.

IT IS FURTHER ORDERED THAT

6. If any part of the financial information or tax returns provided to plaintiff and the Receiver by defendant Anderson is false, unfair, deceptive, misleading, or inaccurate in any material respect, plaintiff, in its sole discretion, may:

- (a) move the Court to impose sanctions;
- (b) move the court to rescind this Consent Judgment and proceed on its original complaint; and
- (c) seek any other remedy or relief afforded by law or equity.

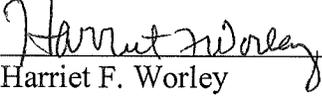
This the 20 day of August, 2010.



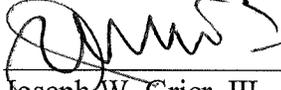
Superior Court Judge

WE CONSENT:

STATE OF NORTH CAROLINA
ex rel. ROY COOPER,
Attorney General



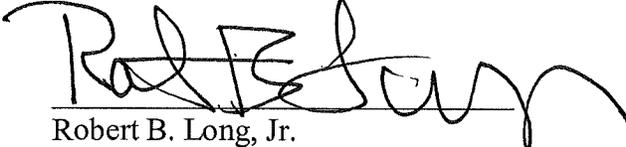
Harriet F. Worley
Assistant Attorney General



Joseph W. Grier, III,
Receiver of Peerless Real Estate Services,
Inc., Village of Penland, LLC, MFSL
Landholdings, LLC, Communities of
Penland, LLC, COP Land Holdings, LLC, PG
Capital Holdings, LLC, and West Side
Development, LLC, Penland Reserve Tract,
L.L.C., COP Preservation Partners, L.L.C.,
River Pointe, Inc., and F.W., Inc.



A. Greg Anderson



Robert B. Long, Jr.
Counsel for A. Greg Anderson