

STATE OF NORTH CAROLINA
COUNTY OF WAKE

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
File No. _____

STATE OF NORTH CAROLINA,)
ex rel. ROY COOPER, ATTORNEY)
GENERAL, and JANET COWELL,)
STATE TREASURER,)

Plaintiffs,)

v.)

Dein P. Spriggs, Bruce M. Cohen, Maria)
D. Cohen a/k/a Mara Cohen, Leo I.)
Liberto, III a/k/a/ Leo Liberto, and)
Equity Solutions of the Carolinas, Inc.,)

Defendants.)

COMPLAINT

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D. Cohen a/k/a Mara Cohen, Leo I.)
Liberto, III a/k/a/ Leo Liberto, and)
Equity Solutions of the Carolinas, Inc.,)

Defendants.)

COMPLAINT

NOW COMES the State of North Carolina, on relation of Roy Cooper, Attorney General, and Janet Cowell, State Treasurer (together referred to as "the State"), who complain and allege that, as more fully shown below, in violation of Chapters 75, 75D and 116B of the North Carolina General Statutes, and in violation of the common law, defendants engaged in a pattern of racketeering and unfair or deceptive practices, and were unjustly enriched, in acting as a finder of unclaimed or abandoned property on behalf of the owners of that property.

While the State pleads its allegations below in detail and with specificity (and the details and specifics of each individual situation may vary), at its core defendants' illegal scheme consists of, among other things, defendants initially representing that they will obtain unclaimed property for consumers at little or no cost, and then later deducting large amounts from the recovery once the property is obtained; obtaining recovery fees far in excess of those allowed under G.S. § 116B-78; inducing consumers to enter into property finder contracts that do not make the disclosures specifically required under that statute; making deceptive representations to consumers; and causing to be submitted to the various Clerks of Superior Court fraudulent and sham pleadings and documents as a means of obtaining funds from the Clerks of Superior Court by false pretenses. The results of defendants' conduct include consumers failing to obtaining their fair share of property and money rightfully owned by them, and defendants obtaining large amounts of money from consumers, Clerks of Superior Court and the State Treasurer under false and deceptive pretenses.

In support whereof the State alleges:

PARTIES

1. Plaintiff State of North Carolina, on relation of Roy Cooper, Attorney General, brings this action under G.S. §§ 75D-1 *et seq.*, and 75-1.1 and 75-14, seeking relief from defendants' fraudulent, unfair and deceptive practices alleged herein.

2. Plaintiff Janet Cowell, State Treasurer, joins in this action to address defendants' conduct in regard to funds that escheated to the State Treasurer. Those matters are set forth below under the following headings: 3. Wendell and Clifton Mathers; 4. Cecilia Redman; 18. Massaro and Call; 21. Rhodes Estate; 22. Whitaker-Henderson; and 25. Yaghjian.

3. Defendant Dein Patrick Spriggs is a resident of Florida. His home address is 10897 154th Rd. N, Jupiter, Florida, 33478. On information and belief, at all times relevant to this action he was president and chief operating officer of defendant Equity Solutions of the Carolinas, Inc. ("Equity Solutions").

4. Defendant Bruce M. Cohen is a resident of North Carolina. His home address is 304 Morganford Place, Cary, North Carolina 27518. On information and belief, at all times relevant to this action he was vice president and director of client services for defendant Equity Solutions.

5. Defendant Maria D. Cohen, a/k/a Mara Cohen, is a resident of North Carolina. Her home address is 304 Morganford Place, Cary, North Carolina 27518. On information and belief, at all times relevant to this action she assisted defendant Bruce Cohen in his conduct on behalf of defendant Equity Solutions.

6. Defendant Leo I. Liberto, a/k/a Leo I. Liberto, III, is a resident of Florida. His home address is 12104 189th Ct. N, Jupiter, Florida, 33478. On information and belief, at all times relevant to this action he was account executive for defendant Equity Solutions.

7. Defendant Equity Solutions of the Carolinas, Inc. is a Florida corporation. Its principal office address is 10897 154th Road N., Jupiter, Florida, 33478. It has been registered to do business in North Carolina since 2007.

TRADE AND COMMERCE

8. The activities of defendants alleged herein are in or affecting trade or commerce in North Carolina.

FACTS

9. Beginning on a date not presently known to the State, defendants solicited the apparent owners of abandoned or unclaimed property to hire defendant Equity Solutions to assist

them in obtaining the property.

10. Defendants typically induced the apparent owners to agree to pay defendant Equity Solutions a "contingency fee" and other fees and charges ranging from 30 percent to 85 percent of the value of the property.

11. On or before March 6, 2009 defendants had actual knowledge of G.S. § 116B-78, regulating property finders seeking to recover unclaimed or abandoned property in North Carolina.

On or before October 1, 2009 defendants had actual knowledge of the amendments to G.S. § 116B-78 effective on that date.

12. As alleged more fully below, beginning at a time not presently known to the State, defendants initiated a business practice of submitting false, fraudulent and perjured documents to North Carolina Clerks of Superior Court for the purpose of circumventing the disclosure requirements and fee limitations in G.S. § 116B-78.

CONSPIRACY

13. Defendants conspired among themselves and with others, regarding the efforts of each of them to recover unclaimed funds more fully set forth below, as an ongoing business practice:

- i. to obtain and/or attempt to obtain property from the respective Clerks of Superior Court, Superior Courts and/or the State Treasurer by false pretenses,
- ii. to unlawfully deprive the owners of the funds of their lawful share of the funds,
- iii. to obtain signatures from one or more Clerks of Superior Court by false pretenses,
- iv. to deceptively and/or fraudulently obtain other things of value from the owners of abandoned or unclaimed property,
- v. to commit perjury by submitting false verifications and oaths,
- vi. to suborn perjury, and
- vii. to compromise the loyalty of attorneys that defendant Equity Solutions arranged for property owners to engage, by creating an inherent conflict of interest between the duties those attorneys owed to their clients and the alignment of the attorneys' financial interest with the interest of Equity Solutions in enforcing its unlawful contracts with consumers.

14. The individual conspiracies alleged herein are sub-parts of this overarching conspiracy in which each defendant was a participant.

ENTERPRISE

15. Defendant Equity Solutions and its officers, agents and employees, including but not limited to defendants Spriggs, Bruce Cohen, Maria Cohen, and Liberto acted together as an enterprise to engage in the acts, practices and pattern of conduct alleged herein.

16. Defendants Bruce M. Cohen and Maria Cohen intended for the property they own at 304 Morganford Place, Cary, North Carolina 27518 to be used in, and did use it in, the course of the pattern of racketeering activity set forth herein. They and Equity Solutions regularly used that property as the company's North Carolina headquarters for such activities as finding surplus or escheated funds, locating the owners, soliciting potential customers, and communicating by telephone, mail and email with actual and potential customers, attorneys representing the company and/or its customers, and state and local government officials.

KNOWLEDGE, AUTHORIZATION, APPROVAL, SUPERVISION AND CONTROL OF DEFENDANTS EQUITY SOLUTIONS, SPRIGGS, BRUCE COHEN AND LIBERTO

17. The acts and omissions alleged herein were done with the knowledge, authorization and approval, and/or under the supervision and control, of defendants Equity Solutions, Spriggs, Bruce Cohen and Liberto.

GENERAL BACKGROUND

18. On or about March 6, 2009 defendant Bruce Cohen, in his capacity as the vice-president of defendant Equity Solutions, signed and submitted to the Department of the State Treasurer a certification that:

- i. he had read G.S. § 116B-78, and
- ii. acknowledged that, to be lawful and enforceable by the property finder, any property finder contract required disclosure to the consumer of the value of the property before and after any fee.

19. Notwithstanding their actual knowledge of the terms of G.S. § 116B-78, defendants have continued as a business practice:

- i. to induce consumers to enter into property finder contracts that do not disclose to the consumers the value of the property before and after any fee, and

ii. to enter into contracts with consumers to recover unclaimed or abandoned property without registering annually. As of the date of this filing, defendants have yet to register defendant Equity Solutions as a property finder.

20. On information and belief, prior to the effective date of the October 1, 2009 amendments to G.S. § 116B-78, defendants had actual knowledge of the substance of those amendments and their effective date.

21. Notwithstanding their actual knowledge of the terms and effective date of the amendments to G.S. § 116B-78, on and after October 1, 2009 defendants continued to induce consumers to enter into property finder contracts that:

i. do not disclose to the consumer of the value of the property before and after any fee,

ii. do not disclose the holder of the funds,

iii. do not clearly state the amount of the fees and costs, and

iv. impose fees and costs exceeding the lesser of 20 percent of the value of the funds recovered or \$1,000, or, in the case of agreements subject to G.S. § 28A-22-11, that impose fees and costs exceeding 20 percent of the value of the funds recovered.

22. Notwithstanding their actual knowledge of the terms and effective date of the amendments to G.S. § 116B-78, defendants continued to cause to be filed before North Carolina Clerks of Superior Court property recovery proceedings in furtherance of property finder contracts entered into on or after October 1, 2009 that:

i. do not disclose to the consumer of the value of the property before and after any fee,

ii. do not disclose the holder of the funds,

iii. do not clearly state the amount of the fees and costs, and

iv. impose fees and costs exceeding the lesser of 20 percent of the value of the funds recovered or \$1,000 or, in the case of agreements subject to G.S. § 28A-22-11, impose fees and costs exceeding 20 percent of the value of the funds recovered.

23. As a business practice, to support their claims to unclaimed or abandoned funds of which the various Clerks of Superior Court were in lawful possession, defendants did not cause to be submitted their actual property finder agreements. Instead, defendants caused to be submitted to various Clerks of Superior Court sham agreements that:

- i. do not disclose the actual fees and costs imposed by defendants as a condition of recovering the property,
- ii. falsely represent that the property owners received consideration for entering into the sham agreements, and
- iii. falsely represent that the sham agreements represent “the entire agreement” between the parties thereto.

24. In March, 2010, counsel for defendant Bruce Cohen informed Cohen of:

- i. his concurrence with the State Treasurer’s conclusion that property finder contracts at issue in the Bessie O. Rhodes estate proceeding, that do not disclose the value of the funds before and after any property finder’s fee, are unenforceable by defendant Equity Solutions under G.S. § 116B-78, and
- ii. his concurrence with the State Treasurer’s conclusion that under G.S. § 116B-78 Equity Solutions must register annually as a property finder.

25. Notwithstanding the advice of counsel, defendants continued to:

- i. induce consumers to enter into property finder contracts that do not disclose the value of the funds before and after any property finder’s fee, and
- ii. cause to be filed and pursued proceedings in North Carolina in furtherance of property finder contracts that are unlawful and void, and
- iii. operate Equity Solutions as a property finder without registering with the State Treasurer.

26. On March 10, 2010 defendants Equity Solutions and Bruce Cohen responded to the State Treasurer’s observation about the illegality of the property finder contracts in the Rhodes estate matter with the request “that you simply disregard the Equity Solutions contracts and forward the escheated funds to the... Administrator CTA,” who was defendant Bruce Cohen.

27. On March 11, 2010 the State Treasurer asked defendants Equity Solutions and Bruce Cohen if, in the Bessie O. Rhodes estate proceeding, defendant Equity Solutions or counsel will attempt to collect any compensation from the apparent owners.

28. On that same date, defendants Equity Solutions and Bruce Cohen replied that the “expenses” would be submitted to the court for approval.

29. Defendants Equity Solutions and Bruce Cohen anticipated that those expenses would include the property finder fee, attorney’s fees and other expenses.

30. On or about May 11, 2010 the Attorney General issued an investigative subpoena to defendant Equity Solutions seeking documents that disclose its conduct as a property finder.

31. On or about May 26, 2010 defendant Equity Solutions made a tender of documents for property finder agreements it entered into on or after October 1, 2009.

32. On or about June 3, 2010 defendant Equity Solutions tendered documents for property finder agreements entered into prior to October 1, 2009.

33. On June 10, 2010 the State and the State Treasurer moved to intervene in the Bessie O. Rhodes estate proceeding, and that motion was allowed that same date.

34. On June 16, 2010 the State in writing requested defendant Equity Solutions to refrain from initiating more finder agreements with consumers and from initiating new court filings pending resolution of the matter.

35. On June 17, 2010 having received no response to its request, the State again in writing requested defendant Equity Solutions to refrain from initiating further property finder agreements with consumers and new court filings pending resolution of the matter.

36. On June 17, 2010, through counsel William Martin, Esq., defendant Equity Solutions in writing declined the State's request, stating: "As to your question on continuing business, Equity Solutions does intend to continue doing business limited to matters related to tax foreclosures and surplus funds held by the clerks of court."

37. On June 18, 2010 the State in writing confronted, Matthew S. Roberson, Esq., local counsel for defendant Equity Solutions, with evidence showing that Roberson had recently filed documents with the Transylvania County Clerk of Superior Court, seeking surplus proceeds from a foreclosure sale, that contained false statements of material fact.

38. In that writing the State requested Roberson to state what his and the company's plans were concerning the initiation of new cases and the pursuit of pending cases seeking to recover unclaimed or abandoned property.

39. On June 21, 2010 Roberson replied, "In response to your question about plans regarding further pursuit of property recovery cases, Equity Solutions intends to continue conducting its business as normal and I will move forward on matters when directed by the company."

40. On or about June 22, 2010 the State in writing confronted Roberson with evidence showing that on June 18, 2010 he had in another proceeding filed documents with the Transylvania County Clerk of Superior Court, seeking surplus proceeds from a foreclosure sale, that also contained false statements of material fact.

41. In that writing the State again requested Roberson to state what his and the company's plans were concerning the initiation of new cases and the pursuit of pending cases seeking to recover unclaimed or abandoned property.

42. On June 23, 2010 Roberson replied in writing that he would put those two cases on hold, but did not respond to the State's request regarding his or the company's plans to file new cases and to pursue any other pending cases.

42a. As of the date of this filing defendants have not committed to refrain from initiating new finder agreements with consumers and from initiating new court filings seeking to recover funds pending resolution of the matter.

I. CONTRACTS EXECUTED ON OR AFTER OCTOBER 1, 2009

A. Orders Entered by the Clerks of Superior Court.

1. Linda Ann Hofmann – Avery County File No. 10 SP 49

43. On or about March 10, 2010, defendants Equity Solutions and Liberto induced Linda Ann Hofmann to execute an "Authority to Represent and Contingency Fee Agreement For File # 4050 Heir of Margaret Melton." This document is attached as **Exhibit 2** to the affidavit of Linda Hofmann.

44. Defendants Equity Solutions and Liberto induced Hofmann to enter into that agreement by sending her a form letter representing that defendant Equity Solutions "bears all cost (sic) in the collection process... We pay the fees of the attorney as well as any and all other Notary fees, overnight deliveries, document preparation and any other miscellaneous costs involved. AT NO COST TO OUR CLIENTS WHATSOEVER." This document is attached as **Exhibit 1** to the affidavit of Linda Hofmann.

45. In light of defendants' acts and practices, that written representation has a tendency or capacity to deceive.

46. In the "Authority to Represent and Contingency Fee Agreement," Hofmann appointed and employed defendant Equity Solutions to assist her in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents, and agreed to pay the company 33 1/3 percent of any "net" amount recovered, with "all expenses" incurred in recovering the property to "be advanced by and the responsibility of" defendant Equity Solutions, and with defendant Equity Solutions "responsible for any costs associated with" providing any court required documents.

47. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Hofmann or presumed abandoned.

48. That agreement:
- i. does not state the value of the property before and after the fees,
 - ii. does not clearly state the amount of the fees and costs, and
 - iii. does not identify the holder of the property that it concerns.

49. The “Authority to Represent and Contingency Fee Agreement” that defendant Equity Solutions entered into with Hofmann is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

50. Defendants Equity Solutions and Liberto induced Hofmann to sign the “Authority to Represent and Contingency Fee Agreement” without disclosing that the agreement is void.

51. The failure of defendants Equity Solutions and Liberto to disclose to Hofmann that the “Authority to Represent and Contingency Fee Agreement” is void has a tendency or capacity to deceive.

52. The “Authority to Represent and Contingency Fee Agreement” provided fewer favorable terms to Hofmann than promised in the letter defendant Liberto previously sent to her.

53. The letter represented that the company would recover the funds “AT NO COST TO OUR CLIENTS WHATSOEVER.”

54. However, the “Authority to Represent and Contingency Fee Agreement” imposed a “contingency fee” of “33 1/3 % of any net amount recovered.”

55. The letter represented that defendant Equity Solutions “bears all cost (sic) in the collection process... We pay the fees of the attorney as well as any and all other Notary fees, overnight deliveries, document preparation and any other miscellaneous costs involved.”

56. However, the “Authority to Represent and Contingency Fee Agreement” calculates Hofmann’s 66 2/3 percent share from the “net amount recovered,” and further provides that “ALL EXPENSES, including but not limited to, (sic) research and investigative costs, document and record copies, court costs, filing fees, paralegal and attorneys fees incurred in the recovery of my/our claim will be *advanced by* and the responsibility of Equity Solutions of the Carolinas, Inc.” (Emphasis added.)

57. The failure of the “Authority to Represent and Contingency Fee Agreement” to meet the promises set forth in the March 4, 2010 letter that defendants Equity Solutions and Liberto sent to Hofmann has a tendency or capacity to deceive.

58. On or about March 15, 2010 defendants Equity Solutions and Liberto induced Hofmann to execute a “Conveyance Agreement.” This document is attached as **Exhibit 3** to the affidavit of Linda Hofmann.

59. In the “Conveyance Agreement,” Hofmann did not purport to convey anything to defendant Equity Solutions. Instead in that agreement she committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

60. Also in that agreement Hofmann agreed to pay defendant Equity Solutions 33 1/3 percent of any “net amount recovered,” with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions “responsible for ANY COSTS associated with” providing “any... court required documents.”

61. In exchange, defendant Equity promised to “make every effort” to obtain unclaimed funds.

62. The primary purpose of the “Conveyance Agreement” is to locate, deliver, recover or assist in the recovery of property that is distributable to Hofmann or presumed abandoned.

63. The “Conveyance Agreement:”

- i. does not state the value of the property before and after the fees,
- ii. does not clearly state the amount of the fees and costs, and
- iii. does not state the holder of the property.

64. The “Conveyance Agreement” that defendant Equity Solutions entered into with Hofmann is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

65. Defendants Equity Solutions and Liberto induced Hofmann to sign the “Conveyance Agreement” without disclosing that the agreement is void.

66. The failure of defendants Equity solutions and Liberto to disclose to Hofmann that the "Conveyance Agreement" is void has a tendency or capacity to deceive.

67. The "Conveyance Agreement" provided fewer favorable terms to Hofmann than promised in the March 4, 2010 letter defendant Liberto previously sent to her.

68. The March 4, 2010 letter represented that the company would recover the funds "AT NO COST TO OUR CLIENTS WHATSOEVER."

69. However, the "Conveyance Agreement" imposes a "contingency fee" of "33 1/3 % of any net amount recovered."

70. The letter represented that Equity Solutions "bears all cost (sic) in the collection process.... We pay the fees of the attorney as well as any and all other Notary fees, overnight deliveries, document preparation and any other miscellaneous costs involved."

71. However, the "Authority to Represent and Contingency Fee Agreement" provides that Hofmann's 66 2/3 percent share is calculated from the "net amount recovered," and further provides that "ALL EXPENSES, including but not limited to, (sic) research and investigative costs, document and record copies, court costs, filing fees, paralegal and attorneys fees incurred in the recovery of my/our claim will be *advanced by* and the responsibility of Equity Solutions of the Carolinas, Inc." (Emphasis added.)

72. The failure of the "Conveyance Agreement" to meet the representations set forth in the March 4, 2010 letter that defendants Equity Solutions and Liberto sent to Hofmann has a tendency or capacity to deceive.

73. On or about March 15, 2010, defendants Equity Solutions and Liberto induced Hofmann to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds," an affidavit attesting to her execution of the "Absolute Assignment," and an "Affidavit of Heirs." The "Absolute Assignment" is attached as **Exhibit 4** to the affidavit of Linda Hofmann.

74. In the "Absolute Assignment" Hofmann purported to irrevocably assign to defendant Equity Solutions "all right, title and interest" in the funds in issue," in exchange for "\$10 and other good and valuable consideration."

75. Hofmann did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and providing the "Absolute Assignment" to defendant Equity Solutions.

76. The representation in the "Absolute Assignment," that Equity Solutions provided "\$10.00 and other good and valuable consideration" in exchange for Hofmann executing the agreements, is false.

77. The "Absolute Assignment" is illusory because it is not supported by mutual consideration.

78. The "Absolute Assignment" also states that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

79. The representation in the "Absolute Assignment," that it constitutes the entire agreement between the parties, is false.

80. Hofmann and defendants Equity Solutions and Liberto understood that the "Authority to Represent and Contingency Fee Agreement" and/or "Conveyance Agreement," reflects the true agreement governing the respective rights and obligations of defendant Equity Solutions and Hofmann, and not the purported "Absolute Assignment."

81. The Avery County Clerk of Superior Court was the lawful holder of the funds.

82. On or about April 12, 2010 defendants Equity Solutions, Liberto and Bruce Cohen caused Mathew S. Roberson, Esq. to submit to the Avery County Clerk of Superior Court a "Petition for Surplus Proceeds From Execution Sale," in File No. 10 SP 49.

83. The petition represents that "Petitioner [defendant Equity Solutions] is the assignee of Linda Ann Hoffman (sic)."

84. The representation in the petition, that "Petitioner [defendant Equity Solutions] is the assignee of Linda Ann Hoffman (sic)," is false.

85. On information and belief, defendants Equity Solutions, Liberto, and Bruce Cohen knew that the representation in the petition, that "Petitioner [defendant Equity Solutions] is the assignee of Linda Ann Hoffman (sic)," was false when the Petition was filed.

86. The Petition also represents that, "As assignee of Linda Ann Hoffman (sic), Petitioner is entitled to the balance of surplus proceeds deposited with the Clerk of Superior Court far Avery County, North Carolina, said amount being \$23,903.75."

87. On information and belief, defendants Equity Solutions, Liberto, and Bruce Cohen knew that the representation, that, "As assignee of Linda Ann Hoffman (sic), Petitioner is entitled to the balance of surplus proceeds deposited with the Clerk of Superior Court far Avery County, North Carolina, said amount being \$23,903.75," was false when the Petition was filed.

88. Along with the April 23, 2010 Petition, defendants Equity Solutions, Liberto, Bruce Cohen and others caused to be filed an acceptance of service by Linda Ann Hofmann dated and notarized on March 23, 2010.

89. After the Avery County Clerk of Superior Court refused the acceptance of service because it pre-dated the date of the Petition and summons, defendants Equity Solutions, Bruce Cohen, Liberto and others caused to be filed another acceptance of service by Hofmann dated and notarized on April 20, 2010.

90. Also accompanying the Petition, defendants Equity Solutions, Liberto, Bruce Cohen and others caused to be filed Hofmann's purported "Absolute Assignment."

91. On information and belief, defendants Equity Solutions, Liberto, and Bruce Cohen knew that the provision in the "Absolute Assignment," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when they caused it to be filed with the Avery County Clerk of Superior Court.

92. On information and belief, defendants Equity Solutions, Liberto, and Bruce Cohen knew that the representation in the "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for Hofmann executing the agreement, was false when they caused it to be filed with the Avery County Clerk of Superior Court.

93. At the time the "Absolute Assignment" was filed, defendants Equity Solutions, Liberto, and Bruce Cohen knew that the true agreement between the company and Hofmann was reflected in the "Authority to Represent and Contingency Fee Agreement" and the "Conveyance Agreement."

94. The representations that defendants Equity Solutions, Liberto, Bruce Cohen and others caused to be made to the Avery County Clerk of Superior Court -- that defendant Equity Solutions is the assignee of Hofmann, that it is entitled to the entire amount of the surplus proceeds, that the "Absolute Assignment" is the "entire agreement" between defendant Equity Solutions and Hofmann, and that defendant Equity Solutions paid Hofmann "\$10 and other good and valuable consideration" in exchange for her execution of the "Absolute Assignment" -- were calculated to deceive, and did deceive the Avery County Clerk of Superior Court.

95. On or about April 27, 2010, and in reasonable reliance on the pleading and papers submitted by defendants, the Avery County Clerk of Superior Court issued an order directing that the entire amount of the funds in issue, \$23,903.75, be paid to defendant Equity Solutions.

96. In accordance with and on the basis of that order, those funds were paid by the finance office of the Avery County Clerk of Superior Court to defendant Equity Solutions shortly thereafter.

97. Shortly thereafter defendants allocated the funds between themselves and Hofmann.

98. Defendants calculated Hofmann's share as 60 percent of the recovery, instead of the 66.6 percent share provided in the "Authority to Represent and Contingency Fee Agreement" and the "Conveyance Agreement."

99. On or about May 4, 2010 defendant Equity Solutions sent Hofmann a check for \$11, 897.15.

100. The act of paying Hofmann only 60 percent of the purported net recovery, in light of the failure of defendants Equity Solutions and Liberto to clearly disclose, in the "Authority to Represent and Contingency Fee Agreement" and in the "Conveyance Agreement," the value of the property before and after defendant Equity Solutions' fee, and the total amount of the fees and costs, has a tendency or capacity to deceive.

101. Hofmann requested an accounting for the amount of the check she received from defendant Equity Solutions.

102. Defendant Equity Solutions subsequently sent her an additional check for \$1,308.68.

103. In calculating the "net" recovery, defendant Equity Solutions subtracted various expenses associated with the costs of recovery before calculating Hofmann's percentage share. Its calculations are shown at **Exhibit 6** attached to the Affidavit of Linda Hofmann.

104. In light of defendants Equity Solutions' and Liberto's written representations to her that:

- i. the company "bears all cost in the collection process,"
- ii. "we pay the fees of the attorney as well as any other Notary fees, overnight deliveries, document preparation and any other miscellaneous costs involved,"
- iii. Defendant Equity Solutions performs its services "AT NO COST TO OUR CLIENTS WHATSOEVER," and
- iv. that defendant Equity Solutions is "responsible for any costs associated with" providing any court required documents,

defendant Equity Solutions' deduction of various costs, expenses and attorney's fees prior to calculating Hofmann's share of the recovery has a tendency or capacity to deceive.

105. Defendants Equity Solutions, Liberto, Bruce Cohen and one or more others conspired to and did:

- i. obtain property from the Avery County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Avery County Clerk of Superior Court by false pretenses,
- iii. deprive Hofmann of her lawful share of the recovery, and
- iv. violate the disclosure and fee requirements in G.S. § 116B-68.

106. Overt acts taken in furtherance of the conspiracy included:

- i. obtaining Hofmann's agreements to pay defendant Equity Solutions 33 1/3 percent of the net recovery, and her execution of the "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds,"
- ii. causing to be submitted to the Avery County Clerk of Superior Court the "Petition for Surplus Proceeds From Execution Sale" and the "Absolute Assignment."

2. Heirs of Ruth McDonald Malloy and W. H. McDonald – Cumberland County 10 SP 602

107. In or about January, 2010, the combined efforts of defendants Equity Solutions, Liberto and Bruce Cohen induced the ten heirs of Ruth McDonald Malloy and W.H. McDonald (hereinafter "the McDonald Heirs") to enter into agreements titled, "Authority to Represent and Contingency Fee Agreement For File # ERP - 3950 Heir of William Handy McDonald," as follows:

- i. Anthony Booker, January 2, 2010;
- ii. Cynthia Diane Booker, exact date unknown to the State;
- iii. Faith Booker, January 2, 2010;
- iv. James Randell Booker, exact date unknown to the State;
- v. William T. Booker, exact date unknown to the State;
- vi. Margaret Hogan, exact date unknown to the State;
- vii. Beverly Ann McDonald Ingram, January 8, 2010;
- viii. Bennie Marshall McDonald, January, 2010;

- ix. Cynthia Jean McDonald, exact date unknown to the State ;
- x. Sherell Williams, exact date unknown to the State .

108. In those agreements the McDonald heirs appointed and employed defendant Equity Solutions to assist them in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents, and agreed to pay defendant Equity Solutions 40 percent of any net amount recovered, with "all expenses" to be "advanced by" defendant Equity Solutions, and with defendant Equity Solutions "responsible for any costs associated with" providing any court required documents.

109. The primary purpose of those "Authority to Represent and Contingency Fee Agreements" is to locate, deliver, recover or assist in the recovery of property that is distributable to the McDonald heirs or presumed abandoned.

110. The "Authority to Represent and Contingency Fee Agreements:"

- i. do not state the value of the property before and after the the fees,
- ii. does not clearly state the amount of the fees and costs, and
- iii. do not identify the holder of the property that they concern.

111. The "Authority to Represent and Contingency Fee Agreements" that defendant Equity Solutions entered into with each of the McDonald heirs are void and not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

112. Defendants Equity Solutions, Liberto and Bruce Cohen obtained the McDonald heirs' signatures on the "Authority to Represent and Contingency Fee Agreements" without disclosing that the agreements are void under G.S. § 116B-78.

113. The failure of defendants Equity Solutions, Liberto and Bruce Cohen to disclose to the McDonald heirs that the "Authority to Represent and Contingency Fee Agreements" are void under G.S. § 116B-78 had a tendency or capacity to deceive.

114. Subsequently, in the winter and spring of 2010 defendants Equity Solutions and Liberto induced each of the McDonald heirs to each execute "Conveyance Agreements," on the dates as follows:

- i. Anthony Booker, February 1, 2010,
- ii. Cynthia Diane Booker, April 21, 2010,
- iii. Faith Booker, February 1, 2010,
- iv. James Randell Booker, March 16, 2010,
- v. William T. Booker, January 27, 2010,
- vi. Margaret A. Hogan, January 31, 2010,
- vii. Beverly Ann McDonald Ingram, January 28, 2010,
- viii. Bennie Marshall McDonald, February 16, 2010,
- ix. Cynthia Jean McDonald, February 9, 2010, and
- x. Sherell Williams, April 26, 2010.

115. In their respective “Conveyance Agreements,” the McDonald heirs did not purport to convey anything, but instead agreed to cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide all documents necessary for Equity Solutions of the Carolina’s Inc. to complete its effort at recovery.

116. In their respective “Conveyance Agreements,” the McDonald heirs also agreed to pay defendant Equity Solutions 40 percent of any net amount recovered, with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions “responsible for any costs associated with” providing any court required documents.

117. In exchange, defendant Equity Solutions undertook “to make every effort” to obtain any unclaimed funds.

118. The primary purpose of the “Conveyance Agreements” is to locate, deliver, recover or assist in the recovery of property that is distributable to the McDonald heirs or presumed abandoned.

119. The “Conveyance Agreements:”

- i. do not state the value of the property before and after the fees,
- ii. do not clearly state the amount of fees and costs, and

iii. do not state the holder of the property.

120. The "Conveyance Agreements" are void and not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

121. Defendants Equity Solutions and Liberto obtained the McDonald heirs' signatures on the "Conveyance Agreements" without disclosing that the agreements are void.

122. The failure of defendants Equity Solutions and Liberto to disclose to the McDonald heirs that the "Conveyance Agreements" are void has a tendency or capacity to deceive.

123. Also on or about the date each McDonald heir executed a "Conveyance Agreement," defendants Equity Solutions and Liberto induced each of the McDonald heirs to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds," and an acceptance of service of a Petition for Surplus Funds in a Cumberland County proceeding entitled "Equity Solutions of the Carolina's (sic), Inc. v. Margret A. Hogan et al."

124. In the "Absolute Assignments" the McDonald heirs purported to irrevocably assign to defendant Equity Solutions "all right, title and interest" in the approximate amount of \$61,000 in surplus funds, in exchange for "\$10 and other good and valuable consideration."

125. The representation in each "Absolute Assignment," that it constitutes the entire agreement between the parties," is false.

126. None of the McDonald heirs received \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the "Absolute Assignments" to defendant Equity Solutions.

127. The representation in each "Absolute Assignment," that Equity Solutions provided "\$10.00 and other good and valuable consideration" in exchange for the McDonald heirs executing the agreements, is false.

128. The "Absolute Assignments" are illusory because they are not supported by mutual consideration.

129. The "Absolute Assignments" also state that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

130. The representation in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," is false.

131. The McDonald Heirs and Equity Solutions intended for each heir's "Authority to Represent and Contingency Fee Agreement" and/or each heir's "Conveyance Agreement," to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and the McDonald heirs.

132. The Cumberland County Clerk of Superior Court was the lawful holder of the funds.

133. On or about March 22, 2010, defendants Equity Solutions and Bruce Cohen, through counsel Charles C. Edwards, Jr., Esq., caused to be filed with the Cumberland County Clerk of Superior Court a "Petition for Surplus Funds" that was accompanied by various documents including the "Absolute Assignments."

134. The Petition represents that the McDonald heirs assigned to defendant Equity Solutions all of their interest in the surplus funds in issue.

135. The representation in the petition, that the McDonald heirs assigned to defendant Equity Solutions all of their interest in the surplus funds in issue, is false.

136. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in the petition, that the McDonald heirs assigned to defendant Equity Solutions all of their interest in the surplus funds in issue, was false when it was filed.

137. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when it was filed with the Cumberland County Clerk of Superior Court.

138. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in the "Absolute Assignments," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the McDonald heirs executing the agreements, was false when it was filed with the Cumberland County Clerk of Superior Court.

139. On information and belief, the aforementioned representations in the pleading and "Absolute Assignments" that defendants Equity solutions and Bruce Cohen caused to be submitted were reasonably calculated to deceive, and did deceive, the Cumberland County Clerk of Superior Court.

140. On or about May 13, 2010 the Cumberland County Clerk of Superior Court entered an order directing that the entire \$61,190.89 of surplus funds in that proceeding be paid to defendant Equity Solutions.

141. The Cumberland County Clerk of Superior Court did so in reasonable reliance on the papers that defendants Equity Solutions and Bruce Cohen caused to be submitted.

142. Pursuant to and on the basis of that order, the funds were paid to defendant Equity Solutions by the finance office of the Cumberland County Clerk of Superior Court.

143. On or about May 19, 2010 defendant Equity Solutions and others not presently known to the State paid the following amounts to the McDonald heirs:

- i. Anthony Booker, \$1,088.47,
- ii. Cynthia Diane Booker, \$1,088.47,
- iii. Faith Booker, \$1,088.47,
- iv. James Randell Booker, \$4,353.90,
- v. William T. Booker, \$4,353.90,
- vi. Margaret A. Hogan, \$4,353.90,
- vii. Beverly Ann McDonald Ingram, \$5,805.20,
- viii. Bennie Marshall McDonald, \$5,805.20,
- ix. Cynthia Jean McDonald (Simmons), \$5,805.20, and
- x. Sherell Williams, \$1,088.47.

144. The total of the payments to the McDonald heirs is \$34,834.18.

145. Defendant Equity Solutions retained the remaining \$26,356.71, or 43 percent of the recovery, for its fees and costs.

146. Defendants Equity Solutions, Liberto, Bruce Cohen and one or more others conspired to and did:

- i. obtain the signature of the Cumberland County Clerk of Superior Court by false pretenses,

- ii. obtain property from the Clerk of Superior Court by false pretenses,
- iii. deprive the McDonald heirs of their lawful shares of the recovery in the amount of the unlawful fee to defendant Equity Solutions, and
- iii. violate the disclosure and fee requirements in G.S. § 116B-68.

147. Overt acts taken by the defendants Equity Solutions, Liberto and Bruce Cohen in furtherance of their conspiracy included:

- i. obtaining the McDonald heirs' execution of the "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds," and their acceptances of service,
- ii. submitting those papers to the Cumberland County Clerk of Superior Court, along with the "Petition for Relief Demanded,"
- iii. obtaining from the Clerk of Superior Court an order directing that the funds be paid to defendant Equity Solutions, and
- iv. obtaining the funds from the Cumberland County Clerk of Superior Court and dividing them among themselves.

3. Wendell and Clifton Mather – Onslow County File No. 10 SP 82

148. On or about November 13, 2009 the combined efforts of defendants Equity Solutions, Maria Cohen and Liberto induced Wendell and Clifton Mather to execute and provide agreements entitled "Authority to Represent and Contingency Fee Agreement for File, (sic)No. 3959 Heir of: Maxwell D. Mather."

149. In those agreements the Mathers appointed and employed defendant Equity Solutions to assist them in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents, and agreed to pay defendant Equity Solutions 40 percent of any gross amount recovered, with defendant Equity Solutions to bear all costs of recovery.

150. The primary purpose of those agreements is to locate, deliver, recover or assist in the recovery of property that is distributable to the Mathers or presumed abandoned.

151. Those agreements:

- i. do not state the value of the property before and after the fees, and

ii. do not identify the holder of the property.

152. The “Authority to Represent and Contingency Fee Agreements” that defendant Equity Solutions entered into with the Mathers are void and not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

153. Defendants Equity Solutions, Maria Cohen and Liberto obtained the Mathers’ signatures on the “Authority to Represent and Contingency Fee Agreements” without disclosing that the agreements are unenforceable and void.

154. The failure of defendants Equity Solutions, Maria Cohen and Liberto to disclose to the Mathers that the “Authority to Represent and Contingency Fee Agreements” are void and unenforceable, has a tendency or capacity to deceive.

155. On or about December 9 and 10, 2009, respectively, defendants Equity Solutions and Liberto induced Clifton and Wendell Mather to enter into written contracts, entitled “Conveyance Agreements,” with defendant Equity Solutions.

156. In the “Conveyance Agreements” the Mathers committed to cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

157. In his “Conveyance Agreement” Clifton Mather also purported “to sell, transfer and convey” his “interest in and to the surplus monies being held by the County and or the North Carolina Department of State Treasurer” to defendant Equity Solutions.

158. Clifton Mather’s “Conveyance Agreement” provides compensation to Equity Solutions as 40 percent of the net amount of the recovery, with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions to be “responsible for any costs associated with” providing any court required documents.

159. In Wendell Mather’s “Conveyance Agreement,” he purports to “to sell, transfer and convey” his “interest in and to the surplus monies being held by the County” in exchange for a “contingency fee” to defendant Equity Solutions of 40 percent of the gross amount recovered, with defendant Equity Solutions to bear the cost of recovery.

160. The primary purpose of the “Conveyance Agreements” is to locate, deliver, recover or assist in the recovery of property that is distributable to the Mathers or presumed abandoned.

161. The Mathers' "Conveyance Agreements:"

- i. do not state the value of the property before and after the fees,
- ii. do not clearly state the amount of the fees and costs.

162. The "Conveyance Agreements" are void and not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

163. On information and belief, at the time they induced the Mathers to enter into the "Conveyance Agreements," defendants Equity Solutions and Liberto knew they were void and unenforceable by defendant Equity Solutions.

164. Defendants Equity Solutions and Liberto obtained the Mathers' signatures on the "Conveyance Agreements" without disclosing that the agreements are void.

165. The failure of defendants Equity Solutions and Liberto to disclose to the Mathers that the "Conveyance Agreements" are void had a tendency or capacity to deceive.

166. Other forms that defendants Equity Solutions and Liberto induced the Mathers to sign included documents called, "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds."

167. In the "Absolute Assignments," the Mathers purported to irrevocably assign to defendant Equity Solutions "all right, title and interest" "in the approximate amount of" \$20,000.00, in exchange for "\$10 and other good and valuable consideration."

168. The Mathers did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the "Absolute Assignments" to defendant Equity Solutions.

169. The representation in each "Absolute Assignment," that Equity Solutions provided "\$10.00 and other good and valuable consideration" in exchange for the Mathers executing the agreements, is false.

170. The "Absolute Assignments" are illusory and not binding on the Mathers because they are not supported by mutual consideration.

171. Each "Absolute Assignment" also states that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

172. The representation in each "Absolute Assignment," that it constitutes the entire agreement between the parties, is false.

173. The Mathers and Equity Solutions intended for the "Authority to Represent and Contingency Fee Agreement" to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and Redman.

174. The Onslow County Clerk of Superior Court was the lawful holder of the funds.

175. On or about January 28, 2010, defendants Equity Solutions and Bruce Cohen, by Charles C. Edwards, Jr. Esq., caused to be filed with the Onslow County Clerk of Superior Court a "Petition for Surplus Funds."

176. On or about February 24, 2010, defendants Equity Solutions and Bruce Cohen, by Charles C. Edwards, Jr. Esq., caused to be filed with the Onslow County Clerk of Superior Court an "Amended Petition for Surplus Funds."

177. With the pleadings, defendants Equity Solutions and Bruce Cohen also caused to be filed the Mathers' "Absolute Assignments" and an affidavit of defendant Bruce Cohen attesting to the truthfulness of the "Amended Petition for Surplus Funds."

178. The Petition and Amended Petition represent that defendant Equity Solutions is the assignee of the Mathers.

179. The representation in the Petition and Amended Petition, that defendant Equity Solutions is the assignee of the Mathers, was false when it was filed.

180. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in the petition and amended petition, that defendant Equity Solutions is the assignee of the Mathers, was false when it was filed.

181. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the provision in each "Absolute Assignment," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when it was presented to the Onslow County Clerk of Superior Court.

182. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representations in the "Absolute Assignments," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Mathers executing the agreements, were false when they were submitted to the Onslow County Clerk of Superior Court.

183. On information and belief, the aforementioned representations in the pleadings, affidavit of Bruce Cohen, and "Absolute Assignments" were calculated to deceive, and did deceive the Onslow County Clerk of Superior Court.

184. On or about March 11, 2010, the Onslow County Clerk of Superior Court entered an order directing that the entire amount of the funds in issue, \$21,449.92, be paid to defendant Equity Solutions.

185. The Onslow County Clerk of Superior Court did so in reasonable reliance on the pleadings, "Absolute Assignments" and verification that defendants Equity Solutions and Bruce Cohen caused to be submitted.

185a. Shortly thereafter the Clerk of Superior Court of Onslow County caused to be submitted to the North Carolina State Treasurer a "Holder Refund Request" that sought release of the entire amount of the funds in issue, \$21,449.92 for payment by the Clerk to defendant Equity Solutions.

186. Defendants' effort to obtain the \$21,449.92 was prevented only by the State Treasurer declining to disburse the funds to the Clerk.

187. Defendants Equity Solutions, Liberto Bruce Cohen and Liberto conspired to and did:

- i. obtain the signature of the Onslow County Clerk of Superior Court by false pretenses,
- ii. commit and/or suborn perjury, and
- iii. violate the disclosure and fee requirements in G.S. § 116B-68.

188. Defendants Equity Solutions, Bruce Cohen and Liberto conspired and attempted to:

- i. obtain property by false pretenses from the Onslow County Clerk of Superior Court, and
- ii. deprive the Mathers of their lawful shares of the recovery.

189. Overt acts taken by the defendants in furtherance of their conspiracy include:

- i. obtaining the Mathers' execution of their respective "Authority to Represent and Contingency Fee Agreements," their "Conveyance agreements, and their "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds," and

ii. causing to be submitted to the Onslow County Clerk of Superior Court the “Petition for Surplus Funds,” the “Amended Petition for Surplus Funds” the verification of the pleading by defendant Bruce Cohen, and the “Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds.”

4. Cecilia Redman – Beaufort County File No. 10 SP 24

190. Beginning in or about March, 2009, defendant Liberto, on behalf of defendant Equity Solutions, made telephone calls to Cecilia Redman informing her that more than \$10,000 of unclaimed or abandoned property was being held in her name, and offering to help her obtain it.

191. After several contacts to Redman’s relatives, she eventually responded to the entreaties of defendants Equity Solutions and Liberto and, on November 23, 2009, entered into a written contract, entitled “Authority to Represent & Contingency Fee Agreement for File # 3935.”

192. In that agreement Redman appointed and employed defendant Equity Solutions to assist her in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents, and agreed to pay the company 40 percent of any net amount recovered, with all expenses to be advanced by defendant Equity Solutions, and with defendant Equity Solutions responsible for any costs associated with providing any court required documents.

193. Also in that agreement Redman agreed to pay a “contingency fee” to defendant Equity Solutions of 40 percent of the gross value of the property recovered.

194. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Redman or presumed abandoned.

195. That “Authority to Represent & Contingency Fee Agreement:”

- i. does not state the value of the property before and after the the fees,
- ii. does not clearly state the amount of the fees and costs, and
- iii. does not identify the holder of the property.

196. The “Authority to Represent & Contingency Fee Agreement” is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and

ii. the maximum fee and costs limits in G.S. § 116B-78.

197. Defendants Equity Solutions and Liberto obtained Redman's signature on the "Authority to Represent and Contingency Fee Agreement" without disclosing that the agreement is void under G.S. § 116B-78.

198. The failure of defendants Equity Solutions and Liberto to disclose to Redman that the "Authority to Represent and Contingency Fee Agreement" is void under G.S. § 116B-78 has a tendency or capacity to deceive.

199. The "Authority to Represent & Contingency Fee Agreement" specifies that "ALL EXPENSES," including court costs, filing fees, and paralegal and attorneys fees, will be paid by defendant Equity Solutions out of its 40 percent fee.

200. The representation in the "Authority to Represent & Contingency Fee Agreement," that "ALL EXPENSES," including court costs, filing fees, and paralegal and attorneys fees, will be paid by defendant Equity Solutions out of its 40 percent fee has a tendency or capacity to deceive.

201. In late November or early December, 2009, defendant Equity Solutions, by defendant Liberto, telephoned Redman and let her know that he would be sending some documents for her to sign. He stated that he hoped they would get her the money by Christmas.

202. The documents that defendants Equity Solutions and Liberto sent to Redman, and that she executed and returned to him, included a "Conveyance Agreement," and an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds."

203. In the "Conveyance Agreement" Redman did not purport to convey anything. Instead, she appointed defendant Equity Solutions to recover abandoned or unclaimed property, committed to assist and cooperate with defendant Equity Solutions' effort, and to execute and provide any documents that may be required to recover the funds.

204. In exchange defendant Equity Solutions committed to "make every effort to obtain any funds available."

205. In the "Conveyance Agreement," Redman also agreed to pay defendant Equity Solutions a "contingency fee" of 40 percent of any gross amount recovered.

206. The primary purpose of the "Conveyance Agreement" is to locate, deliver, recover or assist in the recovery of property that is distributable to Redman or presumed abandoned.

207. The "Conveyance Agreement:"

- i. does not state the value of the property before and after the the fees,
- ii. does not clearly state the amount of the fees and costs, and
- iii. does not state the holder of the property.

208. The "Conveyance Agreement" that defendant Equity Solutions entered into with Redman is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

209. Defendants Equity Solutions and Liberto obtained Redman's signature on the "Conveyance Agreement" without disclosing that the agreement is void.

210. Defendants Equity Solutions and Liberto's failure to disclose to Redman that the "Conveyance Agreement" is void had a tendency or capacity to deceive.

211. On or about December 7, 2009 defendants Equity Solutions and Liberto induced Redman to execute an "Absolute Assignment of Tax foreclosure Surplus Proceeds."

212. In the "Absolute Assignment," Redman purported to irrevocably assign to defendant Equity Solutions "all right, title and interest" in the unclaimed funds "in the approximate amount of" \$20,000, in exchange for "\$10 and other good and valuable consideration."

213. Redman did not receive \$10, or any other new consideration, in exchange for executing and providing the "Absolute Assignment" to defendant Equity Solutions.

214. The representation in the "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for Redman executing the agreement, is false.

215. The "Absolute Assignment" is illusory and not a binding contract because it is not supported by mutual consideration.

216. The "Absolute Assignment" also states that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

217. The representation in the "Absolute Assignment," that it constitutes the entire agreement between the parties, is false.

218. Redman and Equity Solutions intended for the “Authority to Represent and Contingency Fee Agreement” and/or her “Conveyance Agreement,” to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and the McDonald heirs.

219. When it was arranging for Redman to execute the “Absolute Assignment” and related papers, defendants Equity Solutions and Liberto orally represented to Redman that she would receive about \$7,000.00 out of the approximate \$20,000.00 total because of taxes, fees and court costs.

220. That representation has a tendency or capacity to deceive in that, inter alia, aside from any income tax implications, no taxes were owing in relation to the unclaimed or abandoned funds.

221. The Beaufort County Clerk of Superior Court is the lawful holder of the funds.

222. On or about January 27, 2010 defendants Equity Solutions and Bruce Cohen caused to be filed with the Beaufort County Clerk of Superior Court a “Petition for Surplus Funds,” in file number 10 SP 24.

223. The Petition alleges that “Respondent Redman has conveyed to Petitioner through written assignment her interests” in the surplus funds at issue.

224. The statement in the petition, that “Respondent Redman has conveyed to Petitioner through written assignment her interests” in the surplus funds at issue, was false at the time it was filed.

225. On information and belief, defendants Equity Solutions and Bruce Cohen knew that, when it was filed, the statement in the petition, that “Respondent Redman has conveyed to Petitioner through written assignment her interests” in the surplus funds at issue, was false.

226. On or about March 1, 2010, defendants Equity Solutions and Bruce Cohen, through counsel, filed a verification executed under oath by defendant Bruce Cohen.

227. In his verification, defendant Bruce Cohen represents that “he has read the Petition filed herein and knows the same to be true to his own knowledge.”

228. The statement, that defendant Bruce Cohen knows the Petition to be true to his own knowledge, was false when the verification was filed with the Beaufort County Clerk of Superior Court.

229. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the verification was false at the time it was filed with the Beaufort County Clerk of Superior Court.

230. On or about March 1, 2010, defendants Equity Solutions and Bruce Cohen, through counsel, brought a "Motion for Relief Demanded" before the Beaufort County Clerk of Superior Court, and caused to be filed the "Absolute Assignment."

231. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the provision in the "Absolute Assignment," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when it was presented to the Beaufort County Clerk of Superior Court.

232. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in the "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for Redman executing the agreement, was false when it was presented to the Beaufort County Clerk of Superior Court.

233. On information and belief, the above-noted representations in the pleadings, verification and "Absolute Assignment" that defendants Equity Solutions and Bruce Cohen caused to be filed with the Clerk of Superior Court of Beaufort County were calculated to deceive, and did deceive the Clerk.

234. On or about March 9, 2010, the Clerk of Superior Court of Beaufort County caused to be entered an order directing that the entire amount of the funds in issue, \$23,613.29, be paid to defendant Equity Solutions.

235. The Clerk of Superior Court of Beaufort County did so in reasonable reliance on the pleadings and papers that defendants Equity Solutions and Bruce Cohen caused to be filed.

236. Shortly thereafter the Clerk of Superior Court of Beaufort County caused to be submitted to the North Carolina State Treasurer a "Holder Refund Request" that sought release of the entire amount of the funds in issue, \$23,613.29, for payment by the Clerk to defendant Equity Solutions.

237. Defendants' effort to obtain the \$23,613.29 from the Beaufort County Clerk of Superior Court was prevented only by the State Treasurer declining to release the funds to the Clerk.

238. Defendants Equity Solutions, Spriggs, Bruce Cohen and Liberto conspired to and did:

- i obtain the signature of the Beaufort County Clerk of Superior Court by false pretenses,
- ii. commit and/or suborn perjury by causing defendant Bruce Cohen's verification to be submitted, and
- iii. violate the disclosure and fee requirements in G.S. § 116B-68.

239. Defendants Equity Solutions, Spriggs, Bruce Cohen and Liberto conspired and attempted to:

- i obtain property from the Beaufort County Clerk of Superior Court by false pretenses, and
- ii. deprive Redman of her lawful share of the recovery.

240. Overt acts taken by the defendants in furtherance of their conspiracy include:

- i. obtaining Redman's execution of the "Authority to Represent and Contingency Fee Agreement," and the "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds," and
- ii. submitting to the Beaufort County Clerk of Superior Court the "Petition for Surplus Funds," the verification of defendant Bruce Cohen, and the "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds."

5. Heirs of James A. Wood – Cumberland County File No. 10 SP 603

241. In December, 2009, the combined efforts of defendants Equity Solutions, Maria Cohen and Liberto induced the four heirs of James A. Wood and Martha J. (Hanlan) Wood – Rick Hanlan, Cliffette Lee, Sonya Myers, and Timothy Wood (hereinafter "the Wood heirs") – to enter into agreements titled, "Authority to Represent and Contingency Fee Agreement."

242. For Timothy Wood the agreement was further styled, "For File # 3953 Heirs of. (Sic) James A. Wood."

243. For the other three heirs the agreement was further styled, "For File #3953 Heirs of Martha J. Hanlan."

244. Each of the four "Authority to Represent and Contingency Fee Agreements" is dated, "December, 2009."

245. In those agreements, the Wood heirs appointed and employed defendant Equity Solutions to assist them in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents, and agreed to pay defendant Equity Solutions 40 percent of the amount recovered, with "all expenses" to be "paid by" defendant Equity Solutions.

246. The primary purpose of those agreements is to locate, deliver, recover or assist in the recovery of property that is distributable to the Wood heirs or presumed abandoned.

247. Those agreements:

- i. do not state the value of the property before and after the the fees,
- ii. do not clearly state the amount of fees and costs, and
- iii. do not identify the holder of the property that they concern.

248. The "Authority to Represent and Contingency Fee Agreements" are void and not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

249. Defendants Equity Solutions, Maria Cohen and Liberto obtained the Wood heirs' signatures on the "Authority to Represent and Contingency Fee Agreements" without disclosing that the agreements are void.

250. The failure of Equity Solutions, Maria Cohen and Liberto to disclose to the Wood heirs that the "Authority to Represent and Contingency Fee Agreements" are void has a tendency or capacity to deceive.

251. The combined efforts of defendants Equity Solutions, Maria Cohen and Liberto induced the Wood heirs to each execute a "Conveyance Agreement," on the dates as follows:

- i. Timothy Wood, January 28, 2010;
- ii. Cliffette Lee, January 15, 2010;
- iii. Rick Hanlan, January 18, 2010;
- iv. Sonya Myers, January 21, 2010.

252. In their respective “Conveyance Agreements,” the Wood heirs did not purport to convey anything. Instead, they employed defendant Equity solutions to recover abandoned or unclaimed property, committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents necessary to recover the funds.

253. In the “conveyance agreements” the Wood heirs also agreed to pay defendant Equity Solutions 40 percent of any “net” amount recovered, with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions “responsible for any costs associated with” providing any court required documents.

254. In exchange defendant Equity Solutions committed to “make every effort to obtain any funds available.”

255. The primary purpose of the “Conveyance Agreements” is to locate, deliver, recover or assist in the recovery of property that is distributable to the Wood heirs or presumed abandoned.

256. The “Conveyance Agreements:”

- i. do not state the value of the property before and after the fees,
- ii. do not clearly state the amount of the fees and costs, and
- iii. do not state the holder of the property.

257. The “Conveyance Agreements” are void and not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

258. Equity Solutions, Maria Cohen and Liberto induced the Wood heirs to execute the “Conveyance Agreements” without disclosing that the agreements are void.

259. The failure of Equity Solutions, Maria Cohen and Liberto to disclose to the Wood heirs that the “Conveyance Agreements” are void, has a tendency or capacity to deceive.

260. The “Conveyance Agreements” and the “Authority to Represent and Contingency Fee Agreements” both concern the engagement of defendant Equity Solutions to act as a property finder for the Wood heirs, in exchange for a 40 percent fee.

261. The "Conveyance Agreements" materially depart from the prior "Authority to Represent and Contingency Fee Agreements."

262. Under the "Authority to Represent and Contingency Fee Agreements," the Wood heirs' were promised 60 percent of the recovery, with all expenses of the recovery "paid by" defendant Equity Solutions, whereas under the "Conveyance Agreements" the Wood heirs are promised 60 percent of only the "net" recovery, and with all expenses simply "advanced by" defendant Equity Solutions."

263. Defendants Equity Solutions', Maria Cohen's and Liberto's inducement of the Wood heirs to execute the subsequent "Conveyance Agreements" that conflict with, and provide less advantageous terms than, the earlier "Authority to Represent and Contingency Fee Agreements," has a tendency or capacity to deceive.

264. On information and belief, defendant Equity Solutions provided no new consideration to the Wood heirs in exchange for their execution of the "Conveyance Agreements."

265. The "Conveyance Agreements" are illusory because they are not supported by mutual consideration.

266. Defendants Equity Solutions, Maria Cohen and Liberto induced each of the Wood heirs to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds" on or about the date each Wood heir executed a "Conveyance Agreement."

267. The "Absolute Assignments" state that the Wood heirs irrevocably assign to defendant Equity Solutions "all right, title and interest" in the approximate amount of \$61,000 in surplus funds, in exchange for "\$10 and other good and valuable consideration."

268. The Wood heirs did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the "Absolute Assignments" to defendant Equity Solutions.

269. The representation in each "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Wood heirs executing the agreements, is false.

270. The "Absolute Assignments" are illusory because they are not supported by mutual consideration.

271. The "Absolute Assignments" also state that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

272. The representation in each "Absolute Assignment," that it constitutes the entire agreement between the parties," is false.

273. Defendant Equity Solutions and the Wood heirs intended for each heir's "Authority to Represent and Contingency Fee Agreement" and/or "Conveyance agreement" to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and the Wood heirs.

274. The Cumberland County Clerk of Superior Court was the lawful holder of the funds.

275. On or about March 22, 2010, defendants Equity Solutions and Bruce Cohen, through counsel, Charles C. Edwards, Jr., Esq., caused to be filed with the Cumberland County Clerk of Superior Court a "Petition for Surplus Funds" and accompanying papers.

276. The Petition represents that "Respondents [the Wood heirs] have conveyed to Petitioner, through contract and written assignment, their interests in said surplus funds, true and accurate copies of which is (sic) attached hereto and incorporated by reference herein."

277. The Petition was accompanied by the Wood heirs' "Absolute Assignments."

278. The representation in the Petition, that the Wood heirs assigned their interest in the surplus funds to defendant Equity Solutions, was false when it was filed.

279. On information and belief, defendants Equity Solutions, Bruce Cohen and Liberto knew that the representation in the Petition, that the Wood heirs assigned their interest in the surplus funds to defendant Equity Solutions, was false when it was filed.

280. On information and belief, defendants Equity Solutions, Bruce Cohen and Liberto knew that the provision in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when they caused them to be filed with the Cumberland County Clerk of Superior Court.

281. On information and belief, defendants Equity Solutions, Bruce Cohen and Liberto knew that the representation in each "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Wood heirs executing the agreements, was false when they filed them with the Cumberland County Clerk of Superior Court.

282. On or about May 13, 2010, entered an order directing that the entire \$18,129.33 of surplus funds in that proceeding be paid to defendant Equity Solutions.

283. The Cumberland County Clerk of Superior Court did so in reasonable reliance on the pleading signed by counsel and the papers filed therewith.

284. Based on and pursuant to that order, those funds were paid by the finance office of the Cumberland County Clerk of Superior Court to defendant Equity Solutions shortly thereafter.

285. Contrary to the "Authority to Represent and Contingency Fee Agreements," in which defendant Equity Solutions committed to pay "all expenses" associated with recovering the funds, defendant Equity Solutions first subtracted \$1,842.02 in attorney's fees and expenses before calculating the Wood heirs' 60 percent share.

286. Defendant Equity Solutions then paid a total of \$9,772.39 to the Wood heirs.

287. Sixty percent of the \$18,129.33 recovery, or a total of \$10,877.60, should have been paid to the Wood heirs under the "Authority to Represent and Contingency Fee Agreements."

288. The failure of defendants Equity Solutions and Liberto to disclose to the Wood heirs in the "Authority to Represent and Contingency Fee Agreements," and in the "Conveyance agreements," the value of the property before and after the fee and the amounts of the fees and expenses, along with the failure of defendant Equity Solutions to pay to the Wood heirs the full 60 percent which they were due under those agreements, has a tendency or capacity to deceive.

289. Defendants Equity Solutions, Bruce Cohen, Liberto and Maria Cohen and one or more other co-conspirators conspired to and did:

- i. obtain property from the Cumberland County Clerk of Superior Court by false pretenses,
- ii. deprive the Wood heirs of their lawful shares of the recovery, and
- iii. violate the disclosure and fee requirements in G.S. § 116B-68.

290. Overt acts taken by those defendants in furtherance of their conspiracy included:

- i. obtaining the Wood heirs' execution of the "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds,"
- ii. causing those papers to be submitted to the Cumberland County Clerk of Superior Court, along with the "Petition for Surplus Funds."

B. Petitions for Funds Submitted to the Clerks of Superior Court but Not Ruled Upon.

6. Cornelius B. Beverly – Transylvania County File No. 10 SP 118

291. In or about June, 2010, defendants Equity Solutions and Liberto persuaded Cornelius B. Beverly to execute an “Authority to Represent and Contingency Fee Agreement.”

292. On information and belief, in that agreement Beverly appointed and employed defendant Equity Solutions to assist him in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional court required documents, and agreed to pay the company 40 percent of any net amount recovered, with all expenses to be advanced by defendant Equity Solutions, and with defendant Equity Solutions responsible for any costs associated with providing any court required documents.

293. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Beverly or presumed abandoned.

294. On information and belief, that agreement:

- i. does not state the value of the property before and after the fees,
- ii. does not state clearly the fees and costs,
- iii. does not identify the holder of the property.

295. The “Authority to Represent and Contingency Fee Agreement” that defendant Equity Solutions entered into with Beverly is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

296. Defendants Equity Solutions and Liberto obtained Beverly’s signature on the “Authority to Represent and Contingency Fee Agreement” without disclosing that the agreement is void under G.S. § 116B-78.

297. The failure of defendants Equity Solutions and Liberto to disclose to Beverly that the “Authority to Represent and Contingency Fee Agreement” is void under G.S. § 116B-78 had a tendency or capacity to deceive.

298. On information and belief, in or about June, 2010 defendants Equity Solutions and Liberto induced Beverly to execute a "Conveyance Agreement."

299. In the "Conveyance Agreement" Beverly committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

300. In exchange defendant Equity Solutions committed to make every effort to obtain any funds available.

301. On information and belief, in the "Conveyance Agreement" Beverly purported to convey to defendant Equity Solutions all of his right, title and interest in the funds in issue, and agreed to pay defendant Equity Solutions 40 percent of any net amount recovered, with all expenses to be advanced by defendant Equity Solutions, and with defendant Equity Solutions responsible for any costs associated with providing any court required documents.

302. The primary purpose of the "Conveyance Agreement" is to locate, deliver, recover or assist in the recovery of property that is distributable to Beverly or presumed abandoned.

303. On information and belief, the "Conveyance Agreement:"

- i. does not state the value of the property before and after the the fees,
- ii. does not clearly state the amount of the fees and costs, and
- iii. does not state the holder of the property.

304. The "Conveyance Agreement" is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

305. Defendants Equity Solutions Equity Solutions and Liberto obtained Beverly's signature on the "Conveyance Agreement" without disclosing that the agreement is void.

306. The failure of defendants Equity Solutions and Liberto to disclose to Beverly that the "Conveyance Agreement" is void, has a tendency or capacity to deceive.

307. On information and belief, also on or about June, 2010 defendants Equity Solutions and Liberto induced Beverly to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds."

308. On information and belief, the "Absolute Assignment" states that Beverly irrevocably assigns to defendant Equity Solutions "all right, title and interest" in approximately \$9,000, in exchange for "\$10 and other good and valuable consideration."

309. Beverly did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the "Absolute Assignment" to defendant Equity Solutions.

310. The representation in the "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for Beverly executing the agreements, is false.

311. The "Absolute Assignment" is illusory because it is not supported by mutual consideration.

312. On information and belief, the "Absolute Assignment" also states that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

313. The representation in the "Absolute Assignment," that it constitutes the entire agreement between the parties, is false.

314. Beverly and defendants Equity Solutions and Liberto intended for the "Authority to Represent and Contingency Fee Agreement" and/or the "Conveyance Agreement," to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and Beverly.

315. The Transylvania County Clerk of Superior Court was the lawful holder of the funds.

316. On or about June 18, 2010, defendants Equity Solutions and Liberto caused to be filed by Matthew S. Roberson, Esq. a "Petition for Surplus Proceeds" in a Transylvania County proceeding entitled, "In the Matter of the Execution Sale of: Cornelius B. Beverly," File No. 10 SP 118.

317. The petition represents that "Petitioner [Equity Solutions] is the assignee of Cornelius B. Beverly."

318. The petition also represents that, "As assignee of Cornelius B. Beverly, Petitioner [Equity Solutions] is entitled to the entire balance of surplus proceeds deposited with the Clerk of Superior Court for Transylvania County, North Carolina, said amount being \$9,032.11."

319. Accompanying that pleading, defendant Equity Solutions caused to be filed an affidavit of Matthew S. Roberson, Esq.

320. Mr. Roberson's affidavit includes the representations that, "Petitioner [Equity Solutions] is the assignee of Cornelius B. Beverly," and that, "As assignee of Cornelius B. Beverly, Petitioner [Equity Solutions] is entitled to the entire balance of surplus proceeds deposited with the Clerk of Superior Court for Transylvania County, North Carolina, said amount being \$9,032.11."

321. The statements in the petition and affidavit, that, "Petitioner [Equity Solutions] is the assignee of Cornelius B. Beverly," are false.

322. The statements in the Petition and affidavit that, "As assignee of Cornelius B. Beverly, Petitioner [Equity Solutions] is entitled to the entire balance of surplus proceeds deposited with the Clerk of Superior Court for Transylvania County, North Carolina, said amount being \$9,032.11," are false.

323. On information and belief, defendants Equity Solutions, Liberto and Bruce Cohen knew that those statements were false when the Petition and affidavit were filed.

323a. The defendants' effort to obtain the funds from the Transylvania County Clerk of Superior Court was prevented only by the Attorney General submitting an affidavit of Cornelius Beverly averring that the pleadings and papers that defendant Equity Solutions caused to be filed are false and fraudulent.

324. Defendants Equity Solutions, Liberto and one or more co-conspirators conspired and attempted to:

- i. obtain property from the Transylvania County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Transylvania County Clerk of Superior Court by false pretenses, and
- ii. deprive Beverly of his lawful share of the recovery in the amount of the unlawful fee to defendant Equity Solutions.

325. Overt acts taken in furtherance of the conspiracy include:

- i. obtaining Beverly's agreement to pay defendant Equity Solutions 40 percent of the net recovery,

ii. inducing Beverly to execute and provide the “Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds,” and

iii. causing to be submitted to the Transylvania County Clerk of Superior Court the petition and affidavit signed by Roberson.

7. Velia C. Owens – Transylvania County File No. 10 SP 115

326. On or about March 4, 2010, defendants Equity Solutions and Liberto induced Velia C. Owens to execute an “Authority to Represent and Contingency Fee Agreement.”

327. In that agreement, Owens appointed and employed defendant Equity Solutions to assist her in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents.

328. Also in that agreement Owens agreed to pay defendant Equity Solutions 35 percent of any net amount recovered, with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions “responsible for any costs associated with” providing any court required documents.

329. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Owens or presumed abandoned.

330. That agreement:

- i. does not state the value of the property before and after the fees,
- ii. does not clearly state the amount of the fees and costs, and
- iii. does not identify the holder of the property that it concerns.

331. The “Authority to Represent and Contingency Fee Agreement” is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

332. Defendants Equity Solutions and Liberto obtained Owens’s signature on the “Authority to Represent and Contingency Fee Agreement” without disclosing that the agreement is void.

333. The failure of defendants Equity Solutions and Liberto to disclose to Owens that the “Authority to Represent and Contingency Fee Agreement” is void had a tendency or capacity to deceive Owens.

334. On or about March 5, 2010 defendants Equity Solutions and Liberto induced Owens to execute a “Conveyance Agreement.”

335. In the “Conveyance Agreement” Owens did not purport to convey anything to defendant Equity Solutions. Instead in that agreement she agreed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

336. Also in that agreement Owens agreed to pay defendant Equity Solutions a 35 percent “contingency fee” of any net amount recovered, with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions “responsible for any costs associated with” providing any court required documents.

337. In exchange, defendant Equity Solutions undertook “to make every effort” to obtain any unclaimed funds.

338. The primary purpose of the “Conveyance Agreement” is to locate, deliver, recover or assist in the recovery of property that is distributable to Owens or presumed abandoned.

339. The “Conveyance Agreement:”

- i. does not state the value of the property before and after the fees,
- ii. does not state the amount of the fees and costs,
- iii. does not state the holder of the property.

340. The “Conveyance Agreement” is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

341. Defendants Equity Solutions and Liberto obtained Owens’s signature on the “Conveyance Agreement” without disclosing that the agreement is void.

342. Defendant Equity Solutions and Liberto’s failure to disclose to Owens that the “Conveyance Agreement” is void has a tendency or capacity to deceive.

343. Also on or about March 5, 2010, defendants Equity Solutions and Liberto induced Owens to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds" and an "Affidavit of Corporation" attesting to Owens' ownership of Ditto Print, Inc.

344. The "Absolute Assignment" states that Owens irrevocably assigns to defendant Equity Solutions "all right, title and interest" in funds "in the approximate amount of" \$11,434 in exchange for "\$10 and other good and valuable consideration."

345. Owens did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the "Absolute Assignment" to defendant Equity Solutions.

346. The representation in the "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for Owens executing the agreements, is false.

347. The "Absolute Assignment" is illusory because it is not supported by mutual consideration.

348. The "Absolute Assignment" also states that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

349. The representation in the "Absolute Assignment," that it constitutes the entire agreement between the parties, is false.

350. Owens and Equity Solutions understood and agreed that her "Authority to Represent and Contingency Fee Agreement" and/or "Conveyance Agreement," govern the respective rights and obligations of defendant Equity Solutions and Owens, and not the "Absolute Assignment."

351. The Transylvania County Clerk of Superior Court is the lawful holder of the funds.

352. On or about June 8, 2010, defendants Equity Solutions and Bruce Cohen caused to be submitted to the Clerk of Superior Court of Transylvania County a "Petition for Surplus Proceeds" in the proceeding entitled, "In the Matter of the Execution Sale of: Ditto Print, Inc.," File No. 10 SP 115.

353. Accompanying that pleading, defendants Equity Solutions and Bruce Cohen caused to be filed an affidavit of Matthew S. Roberson, Esq.

354. Mr. Roberson's affidavit includes the representations that, "Petitioner [Equity Solutions] is the assignee of Ditto Print, Inc.," and that, "As assignee of Ditto Print, Inc., Petitioner [Equity Solutions] is entitled to the entire balance of surplus proceeds deposited with the Clerk of Superior Court for Transylvania County, North Carolina, said amount being \$11,455.55."

355. The statement in Mr. Roberson's affidavit, that, "Petitioner [Equity Solutions] is the assignee of Ditto Print, Inc.," is false.

356. On information and belief, defendants Equity Solutions and Bruce Cohen knew that statement was false when it was filed.

357. The statement in Mr. Roberson's affidavit that, "As assignee of Ditto Print, Inc., Petitioner [Equity Solutions] is entitled to the entire balance of surplus proceeds deposited with the Clerk of Superior Court for Transylvania County, North Carolina, said amount being \$11,455.55," is false.

358. On information and belief, defendants Equity Solutions and Bruce Cohen knew that statement was false when it was filed.

358b. The defendants' effort to obtain the funds from the Transylvania County Clerk of Superior Court was prevented only by the Attorney General submitting an affidavit of Velia Owens averring that the pleadings and papers that defendant Equity Solutions and Bruce Cohen caused to be filed are false and fraudulent.

359. Defendants Equity Solutions, Liberto and Bruce Cohen conspired and attempted to:

- i. obtain property from the Transylvania County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Transylvania County Clerk of Superior Court by false pretenses, and
- iii. deprive Owens of her lawful share of the recovery in the amount of the unlawful fee to defendant Equity Solutions.

360. Overt acts made in furtherance of the conspiracy include:

- i. obtaining Owens's execution of the "Authority to Represent and Contingency Fee Agreement," the "Conveyance Agreement," and the "Absolute Assignment," and

ii. causing to be submitted to the Clerk of Superior Court the pleading and affidavit of Mathew S. Roberson, Esq.

8. Marvin L. Wiggs – Johnston County 10 SP 513

361. On or about February 17, 2010, the combined efforts of defendants Equity Solutions, Bruce Cohen and Liberto induced Marvin L. Wiggs to execute an “Authority to Represent and Contingency Fee Agreement For File # 4022.”

362. In that agreement Wiggs appointed and employed defendant Equity Solutions to assist him in the recovery of unclaimed or abandoned assets, committed to assist and with the company, including to execute and provide any additional required documents.

363. In that agreement Wiggs also agreed to pay defendant Equity Solutions 20 percent of any net amount recovered, with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions “responsible for any costs associated with” providing any court required documents.

364. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Wiggs or presumed abandoned.

365. That agreement:

- i. does not state the value of the property before and after the fees,
- ii. does not clearly state the amount of the fees and costs, and
- iii. does not identify the holder of the property that it concerns.

366. The “Authority to Represent and Contingency Fee Agreement” that defendant Equity Solutions entered into with Wiggs is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

367. Defendants Equity Solutions, Bruce Cohen and Liberto obtained Wiggs’s signature on the “Authority to Represent and Contingency Fee Agreement” without disclosing that the agreement is void.

368. The failure of defendants Equity Solutions, Bruce Cohen and Liberto to disclose to Wiggs that the "Authority to Represent and Contingency Fee Agreement" is void has a tendency or capacity to deceive.

369. On or about February 21, 2010 defendants induced Wiggs to execute a "Conveyance Agreement."

370. In the "Conveyance Agreement" Wiggs did not purport to convey anything to defendant Equity Solutions. Instead, in that agreement, and unlike the 20 percent fee provision in the "Authority to Represent and Contingency Fee Agreement," he agreed to pay defendant Equity Solutions 30 percent of any net amount recovered, with "all expenses" to be "advanced by" defendant Equity Solutions, and with defendant Equity Solutions "responsible for any costs associated with" providing any court required documents.

371. Also in the "Conveyance Agreement" Wiggs committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

372. In exchange, defendant Equity Solutions agreed to make every effort to obtain the funds.

373. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Wiggs or presumed abandoned.

374. The "Conveyance Agreement:

- i does not state the value of the property before and after the the fees,
- ii. does not clearly state the amount of the fees and costs, and
- iii. does not state the holder of the property.

375. The "Conveyance Agreement" that defendant Equity Solutions entered into with Wiggs is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

376. Defendants Equity Solutions, Bruce Cohen and Liberto obtained Wiggs's signature on the "Authority to Represent and Contingency Fee Agreement" without disclosing that the agreement is void.

377. The failure of defendants Equity Solutions, Bruce Cohen and Liberto to disclose to Wiggs that the "Conveyance Agreement" is void had a tendency or capacity to deceive, was calculated to deceive, and did deceive Wiggs.

378. Defendant provided Wiggs no new consideration for executing the "Conveyance Agreement."

379. The "Conveyance Agreement" is illusory because it is not supported by mutual consideration.

380. The act of defendants Equity Solutions, Bruce Cohen and Liberto of inducing Wiggs to execute the "Conveyance Agreement" with fee terms less favorable to him than in his earlier "Authority to Represent and Contingency Fee Agreement," has a tendency or capacity to deceive.

381. Also on or about March 5, 2010, defendants Equity Solutions and Liberto induced Wiggs to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds," and an affidavit attesting to his execution of the "Absolute Assignment."

382. In the "Absolute Assignment" Wiggs purported to irrevocably assign to defendant Equity Solutions "all right, title and interest" in the funds in issue," in exchange for "\$10 and other good and valuable consideration."

383. Wiggs did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the "Absolute Assignment" to defendant Equity Solutions.

384. The representation in the "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for Wiggs executing the agreements, is false.

385. The "Absolute Assignment" is illusory because it is not supported by mutual consideration.

386. The "Absolute Assignment" also states that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

387. The representation in the "Absolute Assignment," that it constitutes the entire agreement between the parties, is false.

388. Wiggs and Equity Solutions intended for Wigg's "Authority to Represent and Contingency Fee Agreement" and/or his "Conveyance Agreement," to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and Wiggs.

389. The Clerk of Superior Court is the lawful holder of the funds.

390. On or about May 6, 2010, defendants Equity Solutions and Bruce Cohen caused to be filed a petition entitled, "In Re: Tax Foreclosure of Marvin L. Wiggs," 10 SP 513, with the Johnston County Clerk of Superior Court.

391. Accompanying the petition, defendants Bruce Cohen and Equity Solutions caused to be filed Wigg's purported "Absolute Assignment" and affidavit attesting thereto, an "Affidavit and Opinion of Title" executed by Garland Askew, Esq., attorney for defendant Equity Solutions in that matter, and a verification of the pleading executed by defendant Bruce Cohen.

392. The Petition represents that "Marvin L. Wiggs has executed an... assignment whereby he has assigned all of his interest in the above referenced surplus funds to Equity Solutions..."

393. The Petition's representation, that Wiggs assigned his interest to defendant Equity Solutions, is false.

394. On information and belief, defendants Bruce Cohen and Equity Solutions knew that the Petition's representation, that Wiggs assigned his interest to defendant Equity Solutions, was false when they caused the Petition and the verification to be filed.

395. The "Affidavit and Opinion of Title" that defendants Bruce Cohen and Equity Solutions caused to be filed also represent "[t]hat Marvin L. Wiggs has subsequently assigned to Petitioner his interest in any surplus funds, if any, to which he may be entitled as a result of the above referenced tax foreclosure."

396. This additional representation, that Wiggs assigned his interest to defendant Equity Solutions, was false when defendants Bruce Cohen and Equity Solutions caused it to be filed.

397. On information and belief, defendants Bruce Cohen and Equity Solutions knew that the representation in the "Affidavit and Opinion of Title," that Wiggs assigned his interest to defendant Equity Solutions, was false when they caused it to be filed.

398. The verification executed by defendant Bruce Cohen represents that the petition is "true to his own knowledge."

399. The representation in defendant Bruce Cohen's verification, that the petition is "true to his own knowledge," was false when defendants Bruce Cohen and Equity Solutions caused it to be filed.

400. On information and belief, defendants Bruce Cohen and Equity Solutions knew that the representation in defendant Bruce Cohen's verification, that the petition is "true to his own knowledge," was false when defendants Bruce Cohen and Equity Solutions caused it to be filed.

400a. The defendants' effort to obtain the funds from the Johnston County Clerk of Superior Court was prevented by the Attorney General informing the Johnston County Clerk of Superior Court of the filing of this enforcement action.

401. Defendants Equity Solutions, Liberto and Bruce Cohen conspired and attempted to:

- i. obtain property from the Johnston County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Johnston County Clerk of Superior Court by false pretenses,
- iii. deprive Wiggs of his rightful share of the unclaimed or abandoned funds, and

401a. Defendants Equity Solutions and Bruce Cohen committed and/or suborned perjury by causing the verification of defendant Bruce Cohen to be submitted to the Johnston County Clerk of Superior Court.

402. Overt acts in furtherance of the conspiracy committed by defendants Equity Solutions, Bruce Cohen and Liberto include:

- i. inducing Wiggs to execute the "Authority to Represent and Contingency Fee Agreement," the "Conveyance Agreement," the "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds," and
- ii. causing to be filed with the Johnston County Clerk of Superior Court the Petition, the verification by defendant Bruce Cohen, and the "Absolute Assignment."

C. Finder's Contracts Executed But Petitions Not Filed.

9. Linwood Clark – Johnston County

403. On or before January 21, 2010, the combined efforts of defendants Equity Solutions, Bruce Cohen, Maria Cohen and Liberto induced Linwood Clark to execute an "Authority to Represent and Contingency Fee Agreement For File # 4028."

404. In that agreement, Clark appointed and employed defendant Equity Solutions to assist him in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents.

405. In that agreement Clark agreed to pay defendant Equity Solutions 40 percent of any net amount recovered, with "all expenses" to be "advanced by" defendant Equity Solutions, and with defendant Equity Solutions "responsible for any costs associated with" providing any court required documents.

406. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Clark or presumed abandoned.

407. That agreement:

- i. does not state the value of the property before and after the fees,
- ii. does not state clearly the fees and costs,
- iii. does not identify the holder of the property that it concerns.

408. The "Authority to Represent and Contingency Fee Agreement" is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

409. Defendants Equity Solutions, Bruce Cohen, Maria Cohen and Liberto obtained Clark's signature on the "Authority to Represent and Contingency Fee Agreement" without disclosing that the agreement is void under G.S. § 116B-78.

410. The failure of defendants Equity Solutions, Bruce Cohen, Maria Cohen and Liberto to disclose to Clark that the "Authority to Represent and Contingency Fee Agreement" is void under G.S. § 116B-78 had a tendency or capacity to deceive.

411. On or about May 3, 2010 the combined efforts of defendants Equity Solutions, Bruce Cohen, Maria Cohen and Liberto induced Clark to execute a "Conveyance Agreement."

412. In the "Conveyance Agreement" Clark purported to convey to defendant Equity Solutions all of his right, title and interest in the funds in issue, and agreed to pay defendant Equity Solutions 40 percent of any net amount recovered, with "all expenses" to be "advanced by" defendant Equity Solutions, and with defendant Equity Solutions "responsible for any costs associated with" providing any court required documents.

413. In exchange, defendant Equity Solutions agreed to “make every effort” to obtain the funds.

414. The primary purpose of the “Conveyance Agreement” is to locate, deliver, recover or assist in the recovery of property that is distributable to Clark or presumed abandoned.

415. The “Conveyance Agreement:”

i. does not state the value of the property before and after the the fees,

ii. does not clearly state the amount of the fees and costs, and

iii. does not state the holder of the property.

416. The “Conveyance Agreement” that defendant Equity Solutions entered into with Clark is void and not enforceable by defendant Equity Solutions because it does not comply with:

i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and

ii. the maximum fee and costs limits in G.S. § 116B-78.

417. Defendant Equity Solutions Equity Solutions, Bruce Cohen, Maria Cohen and Liberto obtained Clark’s signature on the “Conveyance Agreement” without disclosing that the agreement is void.

418. The failure of defendants Equity Solutions, Bruce Cohen, Maria Cohen and Liberto to disclose to Clark that the “Conveyance Agreement” is void has a tendency or capacity to deceive.

419. Also on or about May 3, 2010, defendants Equity Solutions and Liberto induced Clark to execute an “Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds.”

420. The “Absolute Assignment” states that Clark irrevocably assigns to defendant Equity Solutions “all right, title and interest” in approximately \$4,700, in exchange for “\$10 and other good and valuable consideration.”

421. Clark did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the “Absolute Assignment” to defendant Equity Solutions.

422. The representation in the “Absolute Assignment,” that Equity Solutions provided “\$10 and other good and valuable consideration” in exchange for Clark executing the agreements, is false.

423. The "Absolute Assignment" is illusory because it is not supported by mutual consideration.

424. The "Absolute Assignment" also states that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

425. The representation in the "Absolute Assignment," that it constitutes the entire agreement between the parties, is false.

426. Clark and defendant Equity Solutions intended for the "Authority to Represent and Contingency Fee Agreement" and/or the "Conveyance Agreement," to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and Clark.

427. The Johnston County Clerk of Superior Court is the lawful holder of the funds.

427a. As of the date of this filing a special proceeding to obtain the funds has not been filed.

428. Defendants Equity Solutions, Liberto, Bruce Cohen and Maria Cohen conspired to:

i. obtain property from the Johnston County Clerk of Superior Court by false pretenses,

ii. obtain the signature of the Johnston County Clerk of Superior Court by false pretenses,

iii. deprive Clark of his lawful share of the recovery in the amount of Equity Solutions' unlawful fee, and

iv. violate the disclosure and fee requirements in G.S. § 116B-68.

429. Overt acts taken in furtherance of the conspiracy include:

i. obtaining Clark's agreement to pay defendant Equity Solutions 40 percent of the net recovery,

ii. inducing Clark to execute and provide the "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds."

10. Donald Ray Farrish and Daniel Lee Farrish, Jr. – Caswell County

430. On or about March 3, 2010, defendants Equity Solutions and Liberto induced Donald Ray Farrish and Daniel Lee Farrish, Jr. to execute an "Authority to Represent and Contingency Fee Agreement for File # 4054."

431. In that agreement the Farrishes appointed and employed defendant Equity Solutions to assist them in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents.

432. In that agreement the Farrishes also agreed to pay the company 40 percent of any net amount recovered, with all expenses incurred in recovering the property "advanced by" defendant Equity Solutions, and with defendant Equity Solutions "responsible for any costs associated with" providing any court required documents.

433. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to the Farrishes or presumed abandoned.

434. That agreement:

- i. does not state the value of the property before and after the fees,
- ii. does not clearly state the amount of the fees and costs, and
- iii. does not identify the holder of the property that it concerns.

435. The "Authority to Represent and Contingency Fee Agreement" is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

436. Defendants Equity Solutions and Liberto obtained the Farrishes' signatures on the "Authority to Represent and Contingency Fee Agreement" without disclosing that the agreement is void.

437. The failure of defendants Equity Solutions and Liberto to disclose to the Farrishes that the "Authority to Represent and Contingency Fee Agreement" is void, had a tendency or capacity to deceive.

438. On or about March 23, 2010 defendants Equity Solutions and Liberto induced the Farrishes to execute "Conveyance Agreements."

439. In their respective “Conveyance Agreements,” the Farrishes did not purport to convey anything. Instead, they employed defendant Equity Solutions to recover abandoned or unclaimed property, and agreed to pay defendant Equity Solutions 40 percent of any net amount recovered, with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions “responsible for any costs associated with” providing any court required documents.

440. In exchange, defendant Equity Solutions agreed to “make every effort” to obtain abandoned or unclaimed funds.

441. The primary purpose of the “Conveyance Agreements” is to locate, deliver, recover or assist in the recovery of property that is distributable to the Farrishes or presumed abandoned.

442. The “Conveyance Agreements:”

- i. do not state the value of the property before and after the the fees,
- ii. do not clearly state the amount of the fees and costs, and
- iii. do not state the holder of the property.

443. The “Conveyance Agreements” that defendant Equity Solutions entered into with the Farrishes are void and not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

444. On information and belief, at the time defendants Equity Solutions and Liberto induced the Farrishes to enter into the “Conveyance Agreements,” defendants Equity Solutions and Liberto knew they were void.

445. The failure of defendants Equity Solutions and Liberto to disclose to the Farrishes that the “Conveyance Agreements” are void, has a tendency or capacity to deceive.

446. On or about March 23, 2010, defendants Equity Solutions and Liberto induced each of the Farrishes to execute an “Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds,” an affidavit attesting to each’s execution of the “Absolute Assignment,” an “Affidavit of Heirs,” and an acceptance of service of the Petition for Surplus funds in a Caswell County proceeding to be entitled “Equity Solutions of the Carolina’s (sic), Inc. v. Daniel Lee Farrish, Sr. et al.”

447. In the “Absolute Assignments” the Farrishes purported to irrevocably assign to defendant Equity Solutions “all right, title and interest” in approximately \$10,000 in surplus funds, in exchange for “\$10 and other good and valuable consideration.”

448. The Farrishes did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and providing the “Absolute Assignments” to defendant Equity Solutions.

449. The representations in the “Absolute Assignments,” that Equity Solutions provided “\$10 and other good and valuable consideration” in exchange for the Farrishes executing the agreements, are false.

450. The “Absolute Assignments” are illusory because they are not supported by mutual consideration.

451. The “Absolute Assignments” also state that “[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto.”

452. The representation in the “Absolute Assignments,” that they constitute the entire agreement between the parties, is false.

453. The Farrishes and Equity Solutions intended for the “Authority to Represent and Contingency Fee Agreement” and/or the “Conveyance Agreement,” to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and Redman.

454. The Caswell County Clerk of Superior Court was the lawful holder of the funds distributable to the Farrishes.

454a. As of the date of this filing a special proceeding to obtain the funds has not been filed.

455. Defendants Equity Solutions, Liberto, Bruce Cohen and one or more others conspired to:

- i. obtain property from the Caswell County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Caswell County Clerk of Superior Court by false pretenses,
- iii. deprive the Farrishes of their lawful shares of the recovery, and

iv. violate the disclosure and fee requirements in G.S. § 116B-68.

456. Overt acts taken by defendants in furtherance of the conspiracy include:

i. obtaining the Farrishes' executed agreements to pay defendant Equity Solutions 40 percent of the net recovery,

ii. obtaining the Farrishes' executed "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds,"

iii. obtaining the Farrishes' executed affidavits attesting to their execution of the "Absolute Assignments," and

iv. obtaining the Farrishes' executed acceptances of service.

11. Leith H. Murray – Burke County

457. On or about April 29, 2010, the combined efforts of defendants Equity Solutions, Bruce Cohen and Liberto induced Leith H. Murray to execute an "Authority to Represent and Contingency Fee Agreement For File # 4051."

458. In that agreement Murray appointed and employed defendant Equity Solutions to assist him in the recovery of unclaimed or abandoned assets, and agreed to pay defendant Equity Solutions 33 1/3 percent of any gross amount recovered, with all expenses of the recovery to be borne by defendant Equity Solutions.

459. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Murray or presumed abandoned.

460. That agreement:

i. does not state the value of the property before and after the the fees,

ii. does not clearly state the amount of fees and costs, and

iii. does not identify the holder of the property that it concerns.

461. The "Authority to Represent and Contingency Fee Agreement" that defendant Equity Solutions entered into with Murray is void and not enforceable by defendant Equity Solutions because it does not comply with:

i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and

- ii. the maximum fee and costs limits in G.S. § 116B-78.

462. Defendants Equity Solutions, Bruce Cohen and Liberto obtained Murray's signature on the "Authority to Represent and Contingency Fee Agreement" without disclosing that the agreement is void.

463. The failure of defendants Equity Solutions, Bruce Cohen and Liberto to disclose to Murray that the "Authority to Represent and Contingency Fee Agreement" is void has a tendency or capacity to deceive.

464. On or about May 16, 2010 the combined efforts of defendants Equity Solutions, Bruce Cohen and Liberto induced Murray to execute a "Conveyance Agreement."

465. In the "Conveyance Agreement" Murray did not purport to convey anything to defendant Equity Solutions. Instead in that agreement Murray committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds," including to execute and provide any documents that may be required to recover the funds, and to pay a "contingency fee" of 33 1/3 percent of the amount recovered to defendant Equity Solutions.

466. In exchange defendant Equity Solutions committed to "make every effort to obtain any funds available...."

467. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Murray or presumed abandoned.

468. The "Conveyance Agreement:"

- i does not state the value of the property before and after the fees,
- ii. does not clearly state the amount of the fees and costs, and
- iii. does not state the holder of the property.

469. The "Conveyance Agreement" that defendant Equity Solutions entered into with Murray is void and not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

470. Defendants Equity Solutions, Bruce Cohen and Liberto obtained Murray's signature on the "Conveyance Agreement" without disclosing that the agreement is void.

471. The failure of defendants Equity Solutions, Bruce Cohen and Liberto to disclose to Murray that the "Conveyance Agreement" is void had a tendency or capacity to deceive.

472. Also on or about May 5, 2010, the combined efforts of defendants Equity Solutions, Bruce Cohen and Liberto induced Murray to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds," an affidavit attesting to his execution of the "Absolute Assignment," an "Affidavit of Corporation," and an acceptance of service.

473. In the "Absolute Assignment" Murray purported to irrevocably assign to defendant Equity Solutions "all right, title and interest" in the approximate amount of \$36,114.74, in exchange for "\$10 and other good and valuable consideration."

474. Murray did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and providing the "Absolute Assignment" to defendant Equity Solutions.

475. The representation in the "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for Murray executing the agreements, is false.

476. The "Absolute Assignment" is illusory because it is not supported by mutual consideration.

477. The "Absolute Assignment" also states that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

478. The representation in the "Absolute Assignment," that it constitutes the entire agreement between the parties, is false.

479. Murray and Equity Solutions intended for his "Authority to Represent and Contingency Fee Agreement" and/or his "Conveyance Agreement," to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and Murray.

480. The Burke County Clerk of Superior Court is the lawful holder of the funds.

480a. As of the date of this filing a special proceeding to obtain the funds has not been filed.

481. Defendants Equity Solutions, Bruce Cohen, Liberto and others conspired to:

i obtain property from the Burke County Clerk of Superior Court by false pretenses,

- ii. obtain the signature of the Burke County Clerk of Superior Court by false pretenses,
- iii. deprive Murray of his lawful share of the recovery in the amount of the unlawful fee to defendant Equity Solutions, and
- iv. violate the disclosure and fee requirements in G.S. § 116B-68.

482. Overt acts in furtherance of their conspiracy committed by Defendants Equity Solutions, Liberto and others not presently known to the State include inducing Murray to execute the "Authority to Represent and Contingency Fee Agreement," the "Conveyance Agreement," the "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds," the affidavit attesting to the execution of the "Absolute Assignment" and the acceptance of service.

12. Nichols Heirs – Wake County

483. Defendants Equity Solutions and Liberto induced three of the four heirs of Charles Nichols and Annie Lee Nichols (hereinafter "the Nichols heirs") to execute an "Authority to Represent and Contingency Fee Agreement" as follows:

- i. Charles Nicholas Hayes, March 9, 2010,
- ii. Charles Nichols, March 24, 2010,
- iii. Renee Nichols, March 22, 2010.

484. In those agreements the Nichols heirs appointed and employed defendant Equity Solutions to assist them in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents.

485. Also in those agreements the Nichols heirs agreed to pay defendant Equity Solutions 33 1/3 percent of any net amount recovered, with "all expenses" to be "advanced by" defendant Equity Solutions, and with defendant Equity Solutions "responsible for any costs associated with" providing any court required documents.

486. The primary purpose of those agreements is to locate, deliver, recover or assist in the recovery of property that is distributable to the Nichols heirs or presumed abandoned.

487. Those agreements:

- i. do not state the value of the property before and after the the fees,

- ii. does not clearly state the amount of the fees and costs, and
- iii. do not identify the holder of the property.

488. The “Authority to Represent and Contingency Fee Agreements” are void and not enforceable by defendant Equity Solutions because they does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

489. Defendants Equity Solutions and Liberto obtained the Nichols heirs’ signatures on the “Authority to Represent and Contingency Fee Agreements” without disclosing that the agreements are void.

490. The failure of defendants Equity Solutions and Liberto to disclose to the Nichols heirs that the “Authority to Represent and Contingency Fee Agreements” are void under G.S. § 116B-78 had a tendency or capacity to deceive.

491. Defendants induced the Nichols heirs to execute “Conveyance Agreements,” as follows:

- i. Charles Nicholas Hayes, March 11, 2010,
- ii. Renee R. Nichols, March 31, 2010,
- iii. Charles Nichols, April 16, 2010.

492. In the “Conveyance Agreements” the Nichols heirs did not purport to convey anything to defendant Equity Solutions. Instead, in those agreements the Nichols heirs committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

493. Also in those agreements the Nichols heirs agreed to pay defendant Equity Solutions 33 1/3 percent of any net amount recovered, with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions “responsible for any costs associated with” providing any court required documents.

494. In exchange, defendant Equity Solutions undertook “to make every effort” to obtain any unclaimed funds.

495. The primary purpose of the “Conveyance Agreements” is to locate, deliver, recover or assist in the recovery of property that is distributable to the Nichols heirs or presumed abandoned.

496. The “Conveyance Agreements:”

- i do not state the value of the property before and after the fees,
- ii. do not clearly state the amount of the fees and costs, and
- iii. do not state the holder of the property.

497. The “Conveyance Agreements” that defendant Equity Solutions entered into with the Nichols heirs are void and not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

498. Defendants Equity Solutions and Liberto obtained the Nichols heirs’ signatures on the “Conveyance Agreements” without disclosing that the agreements are void.

499. The failure of defendants Equity Solutions and Liberto to disclose to the Nichols heirs that the “Conveyance Agreements” are void had a tendency or capacity to deceive.

500. Defendants Equity Solutions and Liberto induced the Nichols heirs to execute “Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds,” an affidavits attesting to his or her execution of the “Absolute Assignment,” an “Affidavits of Heirs,” and acceptances of service, as follows:

- i. Charles Nicholas Hayes, March 11, 2010,
- ii. Renee R. Nichols, March 31, 2010,
- iii. Charles Nichols, April 16 , 2010.

501. The “Absolute Assignments” state that the Nichols heirs irrevocably assign to defendant Equity Solutions “all right, title and interest” in the funds in issue,” approximately \$18,000, in exchange for “\$10 and other good and valuable consideration.”

502. The Nichols heirs did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the “Absolute Assignments” to defendant Equity Solutions.

503. The representation in the “Absolute Assignments,” that Equity Solutions provided “\$10 and other good and valuable consideration” in exchange for the Nichols heirs executing the agreements, is false.

504. The “Absolute Assignments” are illusory because they are not supported by mutual consideration.

505. The “Absolute Assignments” also state that “[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto.”

506. The representation in the “Absolute Assignments,” that they constitute the entire agreement between the parties, is false.

507. The Nichols heirs and Equity Solutions intended for the heirs’ “Authority to Represent and Contingency Fee Agreement” and/or “Conveyance Agreement,” to be the true agreements governing the respective rights and obligations of defendant Equity Solutions and the Nichols heirs.

507a. On or about April 22, 2010 defendant Cohen forwarded to counsel, Garland Askew, Esq., certain of the documents that the Sneed heirs had executed to enable Askew to file a special proceeding to obtain the funds.

507b. As of the date of this filing that matter has not yet been filed.

508. The Wake County Clerk of Superior Court is the lawful holder of the funds.

509. Defendants Equity Solutions, Bruce Cohen and Liberto conspired to:

- i. obtain property from the Wake County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Wake County Clerk of Superior Court by false pretenses,
- iii. deprive the Nichols heirs of their lawful shares of the recovery, in the amount of the unlawful fee to defendant Equity Solutions, and
- iv. violate the disclosure and fee requirements in G.S. § 116B-68.

510. Overt acts committed by Defendants Equity Solutions and Liberto in furtherance of the conspiracy include inducing the Nichols heirs to execute the “Authority to Represent and Contingency Fee Agreement,” the “Conveyance Agreement,” the “Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds,” the affidavit attesting to the execution of the “Absolute Assignment” and the acceptances of service.

13. Elizabeth Sneed Heirs – Wilkes County

511. On or about March 4, 2010, defendants Equity Solutions and Liberto induced heirs of Elizabeth Sneed to execute an “Authority to Represent and Contingency Fee Agreement For File # 4044” on the dates as follows:

- i. Deborah Cheek, February 28, 2010,
- ii. Barbara Gentry, March 8, 2010,
- iii. Dana M. Johnson, April 26, 2010,
- iv. Regina Cheek Pilkington, March 6, 2010,
- v. Kelly Rodriguez, March 5, 2010,
- vi. Chevas Sneed, March 14, 2010.

512. In those agreements, the Sneed heirs appointed and employed defendant Equity Solutions to assist her in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents.

513. In those agreements the Sneed heirs also agreed to pay defendant Equity Solutions 33 1/3 percent of any net amount recovered, with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions “responsible for any costs associated with” providing any court required documents.

514. The primary purpose of those agreements is to locate, deliver, recover or assist in the recovery of property that is distributable to Sneed heirs or presumed abandoned.

515. The “Authority to Represent and Contingency Fee Agreements:”

- i. do not state the value of the property before and after the fees,
- ii. do not clearly state the amount of the fees and costs, and
- iii. do not identify the holder of the property that they concern.

516. The “Authority to Represent and Contingency Fee Agreements” are void and not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and

ii. the maximum fee and costs limits in G.S. § 116B-78.

517. At the time defendants Equity Solutions and Liberto induced the Sneed heirs to enter into the “Authority to Represent and Contingency Fee Agreements,” he knew they were void.

518. Defendants Equity Solutions and Liberto obtained the Sneed heirs’ signatures on the “Authority to Represent and Contingency Fee Agreements” without disclosing that the agreements are void.

519. The failure of defendants Equity Solutions and Liberto to disclose to the Sneed heirs that the “Authority to Represent and Contingency Fee Agreements” are void had a tendency or capacity to deceive.

520. On or about March 5, 2010 defendants Equity Solutions and Liberto induced the Sneed heirs to execute “Conveyance Agreements.”

521. In the “Conveyance Agreements” Sneed heirs did not purport to convey anything to defendant Equity Solutions. Instead, in those agreements the Sneed heirs committed to cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents necessary to recover abandoned or unclaimed funds.

522. Also in those agreements the Sneed heirs agreed to pay defendant Equity Solutions 33 1/3 percent of any net amount recovered, with “all expenses” to be “advanced by” defendant Equity Solutions, and with defendant Equity Solutions “responsible for any costs associated with” providing any court required documents.

523. In exchange defendant Equity Solutions agreed to “make every effort” to recover unclaimed funds for them.

524. The primary purpose of the “Conveyance Agreements” is to locate, deliver, recover or assist in the recovery of property that is distributable to the Sneed heirs or presumed abandoned.

525. The “Conveyance Agreements:”

- i. do not state the value of the property before and after the fees,
- ii. do not clearly state the amount of the fees and costs, and
- iii. do not state the holder of the property.

526. The "Conveyance Agreements" are void and not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the maximum fee and costs limits in G.S. § 116B-78.

527. Defendant Equity Solutions obtained the Sneed heirs's signatures on the "Conveyance Agreements" without disclosing that the agreements are void.

528. The failure of defendants Equity Solutions and Libertoto disclose to the Sneed heirs that the "Conveyance Agreements" are void had a tendency or capacity to deceive, was calculated to deceive, and did deceive them.

529. Also on or about March 5, 2010, defendants Equity Solutions and Liberto induced the Sneed heirs to execute "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds," an affidavit attesting to his execution of the "Absolute Assignment," an "Affidavit of Corporation," and an acceptance of service of a Petition.

530. The "Absolute Assignments" state that the Sneed heirs irrevocably assign to defendant Equity Solutions "all right, title and interest" in approximately \$27,000, in exchange for "\$10 and other good and valuable consideration."

531. Sneed heirs did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the "Absolute Assignments" to defendant Equity Solutions.

532. The representation in the "Absolute Assignments," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Sneed heirs executing the agreements, is false.

533. The "Absolute Assignments" are illusory because they are not supported by mutual consideration.

534. The "Absolute Assignments" also state that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

535. The representation in the "Absolute Assignments," that they constitute the entire agreement between the parties, is false.

536. The Sneed heirs and Equity Solutions intended for each heir's "Authority to Represent and Contingency Fee Agreement" and/or "Conveyance Agreement," to be the true

agreements governing the respective rights and obligations of defendant Equity Solutions and Sneed heirs.

536b. On or about April 22, 2010 defendants Equity solutions and Bruce Cohen forwarded to Matthew S. Roberson, Esq., certain of the documents that the Sneed heirs had signed to enable him to file a proceeding to obtain the funds.

537. The Wilkes County Clerk of Superior Court is the lawful holder of the funds.

537a. As of the date of this filing a special proceeding to obtain the funds has not been filed.

538. Defendants Equity Solutions, Liberto and Bruce Cohen conspired to:

- i. obtain property from the Wilkes County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Wilkes County Clerk of Superior Court by false pretenses,
- iii. deprive the Sneed heirs of their lawful share of the recovery in the amount of the unlawful fee to defendant Equity Solutions, and
- iv. violate the disclosure and fee requirements in G.S. § 116B-68.

539. Overt acts committed by defendants Equity Solutions, Liberto and Bruce Cohen in furtherance of the conspiracy include:

- i. inducing the Sneed heirs to execute the "Authority to Represent and Contingency Fee Agreements," the "Conveyance Agreements," the "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds," the affidavits attesting to the execution of the "Absolute Assignment," and the acceptances of service, and
- ii. forwarding to counsel certain of the documents the Sneed heirs had signed to enable him to prepare and file a proceeding to obtain the funds.

II. CONTRACTS ENTERED INTO PRIOR TO OCTOBER 1, 2009

14. Carver Heirs – Orange County File No. 07 SP 157

540. In early 2007 the combined efforts of defendants Equity Solutions, Bruce Cohen and Liberto induced Joseph Earl Powell, Robert Hyde and Virginia Harrison ("the Carver heirs") to enter into "Conveyance Agreements."

541. In those agreements defendant Equity Solutions agreed to pay all expenses connected to recovering the property, and the Carver heirs agreed to assign their entire interest in approximately \$57,675.00 of surplus funds to defendant Equity Solutions, and to accept as payment from defendant Equity Solutions 50 percent of the gross amount of the recovery.

542. The primary purpose of those agreements is to locate, deliver, recover or assist in the recovery of property that is distributable to the Carver heirs or presumed abandoned.

543. Those agreements do not state the value of the owner's property before and after the fees.

544. The fees to defendant Equity Solutions in those agreements are unconscionable.

545. Those agreements are not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure requirements in G.S. § 116B-78, and
- ii. the proscription in G.S. § 116B-78 against unconscionable fees.

546. Defendants Equity Solutions, Bruce Cohen and Liberto induced the Carver heirs to enter into the "Conveyance Agreements" without disclosing that the agreements are unenforceable.

547. The failure of defendants Equity Solutions, Bruce Cohen and Liberto to disclose to the Carver heirs that the "Conveyance Agreements" are unenforceable had a tendency or capacity to deceive.

548. On or about the date that they induced the Carver heirs to enter into the above-noted agreements, defendants Equity Solutions, Bruce Cohen and Liberto induced each of them to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds," and an affidavit attesting to each's execution of the "Absolute Assignment."

549. The "Absolute Assignments" state that the Carver heirs irrevocably assign to defendant Equity Solutions "all right, title and interest" in the approximate amount of \$57,675 in surplus funds, in exchange for "\$10 and other good and valuable consideration."

550. None of the Carver heirs received \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and providing the "Absolute Assignments" to defendant Equity Solutions.

551. The representation in each "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Carver heirs executing the agreements, is false.

552. The "Absolute Assignments" are illusory because they are not supported by mutual consideration.

553. The "Absolute Assignments" state that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

554. The representation in each "Absolute Assignment," that it constitutes the entire agreement between the parties," is false.

555. Defendant Equity Solutions and the Carver heirs intended for each heir's agreement to pay defendant Equity Solutions 50 percent of the gross proceeds, with the heirs to receive the remainder, to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and the Carver heirs.

556. On or about May 9, 2007, defendants Equity Solutions and Bruce Cohen, through counsel George H Sperry, Jr., Esq., caused to be filed with the Orange County Clerk of Superior Court a "Petition for Surplus Proceeds From Foreclosure Sale," in File No. 07 SP 157.

557. The Orange County Clerk of Superior Court was the lawful holder of the funds.

558. The matter was transferred to Superior Court, whereupon, on September 18, 2007 the Court entered an order directing that the funds be paid to the three Carver heirs in equal amounts of \$19,225.27, or a total of \$57,675.

559. On or about September 21, 2007 defendants Equity Solutions and Bruce Cohen caused attorney George H. Sperry, Jr., Esq., to file a Motion in the Cause seeking a temporary restraining order that would prevent the Orange County Clerk of Superior Court from disbursing the funds directly to the three Carver heirs, until the company could present the "Absolute Assignments" to the Court and have the Court direct disbursement of the funds under the terms of those documents.

560. With the motion, defendants Equity Solutions and Bruce Cohen caused to be filed the Carver heirs' "Absolute Assignments."

561. Defendants Equity Solutions and Bruce Cohen knew that the provision in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when they caused the "Absolute Assignments" to be submitted to the Orange County Superior Court.

562. Defendants Equity Solutions and Bruce Cohen knew that the representation in the "Absolute Assignments," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Carver heirs executing the agreements, was false when they caused them to be submitted to the Orange County Superior Court.

563. Causing to be submitted to the Court the representation in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was calculated to deceive and did deceive the Court.

564. Causing to be submitted to the Court the representation in the "Absolute Assignments," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Carver heirs executing the agreements, was calculated to deceive and did deceive the Court.

565. Defendants Equity Solutions and Bruce Cohen did not disclose to the Court that the Carver heirs' agreements to pay defendant Equity Solutions 50 percent of the gross proceeds, with the heirs to receive the remainder, were the true agreement governing the respective rights and obligations of defendant Equity Solutions and the Carver heirs.

566. The failure of defendants Equity Solutions and Bruce Cohen to disclose to the Court that the Carver heirs' agreement to pay defendant Equity Solutions 50 percent of the gross proceeds, with the heirs to receive the remainder, was the true agreement governing the respective rights and obligations of defendant Equity Solutions and the Carver heirs, was calculated to deceive and did deceive the Court.

567. Defendants Equity Solutions and Bruce Cohen caused to be filed the Motion in the Cause and the "Absolute Assignments" because it was concerned that it would not be able to collect its fees from the Carver heirs if the funds were disbursed directly to them.

568. The Court declined to enter the requested order directing that the funds be paid to defendant Equity Solutions.

569. Defendant Equity Solutions then obtained from two of the Carver heirs their written consent that their checks be "collected by" attorney Sperry, and submitted those consents to the Orange County Clerk of Superior Court.

570. On information and belief, defendant Equity Solutions was satisfied that this mechanism would allow it to recover its fees via attorney Sperry.

571. In early October, 2007; at the request of defendant Equity Solutions, Virginia Harrison and Robert Hyde endorsed their \$19,225.27 checks to attorney Sperry.

572. On or about October 9 and 15, 2007 attorney Sperry forwarded two checks of \$9,300 each to defendant Equity Solutions, representing the company's fees regarding the recoveries of Virginia Harrison and Robert Hyde.

573. On information and belief, attorney Sperry forwarded the remaining amounts of the recoveries of Virginia Harrison and Robert Hyde to them.

574. The Orange County Clerk of Superior Court forwarded the check for the estate of Joseph Earl Powell to his estate.

575. Defendants Equity Solutions, Liberto and Bruce Cohen conspired to obtain property from the Orange County Superior Court and Clerk of Superior Court by false pretenses.

576. Defendants Equity Solutions, Liberto and Bruce Cohen conspired to and did:

i. deprive two of the Carver heirs of their lawful shares of the recovery in the amount of the unlawful fees to defendant Equity Solutions, and

ii. violate the disclosure and fee requirements in G.S. § 116B-68.

577. Overt acts taken by those defendants in furtherance of their conspiracy included:

i. inducing the Carver heirs to execute the "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds" and their affidavits attesting to their execution of the "Absolute Assignments," and

ii. causing those papers to be submitted to the Orange County Superior Court, along with the "Petition for Surplus Proceeds" and the Motion in the Cause.

15. Heirs of Walter G. Crowe – Orange County File No. 08 SP 344

578. In mid-2008 defendants Equity Solutions and Liberto induced the heirs of Walter G. Crowe to enter into "Conveyance Agreements" as follows:

i. Stafford Bernard Crowe June 16, 2008,

ii. Doris Rogers Mills June, 2008,

iii. Sandra Dunn June 17, 2008,

iv. Gregory W. Crowe June 18, 2008,

- v. Linda Jones Bogan, July 1, 2008,
- vi. Norman Jones July 1, 2008,
- vii. Kevin Crowe June 30, 2009,
- viii. Mark Anthony Crowe, June, 2008, and
- ix. Samuel G. Crowe June, 2008.

579. In the "Conveyance Agreements" the Crowe heirs committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

580. Also in the "Conveyance Agreements" the nine Crowe heirs also assigned all of their right title and interest, in the property of undisclosed value, in exchange for \$133.00 each, or a total payment by defendant Equity Solutions of \$1,197.00 to all of the heirs.

581. In exchange defendant Equity Solutions committed to "make every effort to obtain any funds available."

582. The primary purpose of the "Conveyance Agreements" is to locate, deliver, recover or assist in the recovery of property that is distributable to the Crowe heirs or presumed abandoned.

583. The "Conveyance Agreements" do not state the value of the property before and after the fees.

584. The actual value of the property was \$7,970.26, and each of the nine heirs' portion was \$885.58.

585. Defendant Equity Solutions' fee in the case of each of the Crowe heirs is 85 percent of the value of the property.

586. One or more of the Crowe heirs understood the "Conveyance Agreements" to signify that defendant Equity Solutions would recover unclaimed or abandoned funds in exchange for a fee, and further that the \$133.00 payment represented the amount of the funds minus the fee to defendant Equity Solutions.

587. The "Conveyance Agreements" are not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure requirements in G.S. § 116B-78, and

ii. the proscription in G.S. § 116B-78 against unconscionable finder's fees.

588. Defendants Equity Solutions and Liberto induced the Crowe heirs to enter into the "Conveyance Agreements" without disclosing that the agreements are unenforceable.

589. Defendants Equity Solutions and Liberto induced the Crowe heirs to enter into the "Conveyance Agreements" without disclosing that the fees are unconscionable.

590. The failure of defendants Equity Solutions and Liberto to disclose to the Crowe heirs that the "Conveyance Agreements" are unenforceable and unconscionable had a tendency or capacity to deceive.

591. Also on or about the date each Crowe heir executed a "Conveyance Agreement," defendants Equity Solutions and Liberto induced each of the Crowe heirs to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds."

592. The "Absolute Assignments" state that the Crowe heirs irrevocably assign to defendant Equity Solutions "all right, title and interest" in the approximate amount of \$8,000 in surplus funds, in exchange for "\$10 and other good and valuable consideration."

593. None of the Crowe heirs received \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and providing the "Absolute Assignments" to defendant Equity Solutions.

594. The representation in each "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Crowe heirs executing the agreements, is false.

595. The "Absolute Assignments" are illusory because they are not supported by mutual consideration.

596. One or more of the Crowe heirs' understood that the "Absolute Assignments" were simply paperwork necessary to recover the funds.

597. The "Absolute Assignments" also state that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

598. The representation in each "Absolute Assignment," that it constitutes the entire agreement between the parties," is false.

599. Defendant Equity Solutions and the Crowe heirs intended for each heir's "Conveyance Agreement" to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and the Crowe heirs.

600. The Orange County Clerk of Superior Court was the lawful holder of the funds.

601. On or about August 20, 2008 defendants Equity Solutions and Bruce Cohen, through counsel Jonathan McCollum, Esq., caused to be filed with the Orange County Clerk of Superior Court a "Petition for Surplus Proceeds From Foreclosure Sale," in file number 08 SP 344.

602. That pleading was accompanied by various documents including the "Absolute Assignments," and an affidavit of Mr. McCollum that, like the Petition, represents that defendant Equity Solutions is "the assignee" of the Crowe heirs.

603. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the provision in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when they caused them to be filed with the Orange County Clerk of Superior Court.

604. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in the "Absolute Assignments," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Crowe heirs executing the agreements, was false when they caused them to be filed with the Orange County Clerk of Superior Court.

605. The representations in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," and that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Crowe heirs executing the agreements, were calculated to deceive, and did deceive the Orange County Clerk of Superior Court.

606. On or about November 5, 2008, the Orange County Clerk of Superior Court entered an order directing that the entire \$7,970.26 of surplus funds in that proceeding be paid to defendant Equity Solutions.

607. The Orange County Clerk of Superior Court did so in reasonable reliance on the pleading and affidavit signed by counsel, and the "Absolute Assignments."

608. Pursuant to and on the basis of that order, the funds were paid to defendant Equity Solutions by the finance office of the Orange County Clerk of Superior Court.

609. Pursuant to the Crowe heirs' "Conveyance Agreements," on or about May 26, 2009 defendant Equity Solutions paid each of them \$133, or a total of \$1,197, which is 15 percent of the total recovery.

610. Defendants Equity Solutions, Liberto, Bruce Cohen and one or more other co-conspirators conspired to and did:

- i. obtain property from the Orange County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Orange County Clerk of Superior Court by false pretenses,
- iii. deprive the Crowe heirs of their lawful shares of the recovery in the amount of the unlawful fee to defendant Equity Solutions, and
- iv. violate the disclosure and fee requirements in G.S. § 116B-68.

611. Overt acts taken by those defendants in furtherance of their conspiracy included:

- i. inducing the Crowe heirs to execute the “Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds,”
- ii. submitting those papers to the Orange County Clerk of Superior Court, along with the “Petition for Surplus Proceeds,” and the affidavit of counsel Jonathan A. McCollum, Esq., and
- iii. obtaining the funds from the Orange County Clerk of Superior Court and dividing them among themselves and others.

16. Hemphill Heirs – Mecklenburg County File No. 08 SP 4078

612. In or about May, 2008, defendants Equity Solutions and Bruce Cohen sent a letter one or more of the following: Shana Deshazo, Shakira Sewer Lorraine St. Thomas, Patricia Mobley, Samuel Davis, Jackie Davis, and Sarah Long (“the Hemphill heirs”), representing that “there is a significant amount of unclaimed monies available to” them and that defendant Equity Solutions specializes in assisting the owner or heirs of the owner in recovering these funds.

613. The letter further represents, “We do not require any funds from our clients. Equity Solutions of the Carolinas, Inc. Bears (sic) all legal and recovery cost (sic) in the collection process. We only benefit when we successfully recover the surplus money. We pay all of the legal fees, as well as any and all other Notary fees, overnight deliveries, document preparation and any other miscellaneous costs involved.... We will pay all costs and file all necessary documents in order to retrieve these funds, WITH NO OUT OF POCKET COST TO YOU WHATSOEVER.” (Emphasis in the original.)

614. In response to the letter one, or more of the Hemphill heirs telephoned defendants Equity Solutions and Bruce Cohen, following which defendants Equity Solutions and Bruce Cohen induced the Hemphill heirs to enter into "Conveyance Agreements."

615. In the "Conveyance Agreements" the Hemphill heirs committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

616. In exchange defendant Equity Solutions committed to "make every effort to obtain any funds available...."

617. In those agreements, the Hemphill heirs also purported to convey their interest in surplus funds in the approximate amount of \$20,000, with Equity Solutions to receive 50 percent of the recovered funds, and the Hemphill heirs receiving one-half of their respective interests in the funds.

618. Those agreements further provide: "Any and all expenses connected with acquiring the funds will be the exclusive obligation of Equity Solutions of the Carolinas, Inc. Under no circumstances will SELLER be liable for any payment, whatsoever."

619. The primary purpose of the "Conveyance Agreements" is to locate, deliver, recover or assist in the recovery of property that is distributable to the Hemphill heirs or presumed abandoned.

620. The "Conveyance Agreements" do not state the value of the property before and after the fee.

621. The fee provided in the "Conveyance Agreements" is unconscionable.

622. The "Conveyance Agreements" are not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure requirements in G.S. § 116B-78, and
- ii. the proscription in G.S. § 116B-78 against unconscionable finder's fees.

623. Defendants Equity Solutions and Bruce Cohen induced the Hemphill heirs to enter into the "Conveyance Agreements" without disclosing that the agreements are unenforceable.

624. Defendants Equity Solutions and Bruce Cohen induced the Hemphill heirs to enter into the "Conveyance Agreements" without disclosing that the fee amounts are unconscionable.

625. The failure of defendants Equity Solutions and Bruce Cohen to disclose to the Hemphill heirs that the "Conveyance Agreements" are unenforceable had a tendency or capacity to deceive.

626. The failure of defendants Equity Solutions and Bruce Cohen to disclose to the Hemphill heirs that the fee amounts are unconscionable had a tendency or capacity to deceive.

627. In or about March, 2008 defendants Equity Solutions and Bruce Cohen induced each of the Hemphill heirs to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds."

628. The "Absolute Assignments" state that the Hemphill heirs irrevocably assign to defendant Equity Solutions "all right, title and interest" in the approximate amount of \$14,562 in surplus funds, in exchange for "\$10 and other good and valuable consideration."

629. None of the Hemphill heirs received \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the "Absolute Assignments" to defendant Equity Solutions.

630. The representation in each "Absolute Assignment," that Equity Solutions provided "\$10.00 and other good and valuable consideration" in exchange for the Hemphill heirs executing the agreements, is false.

631. The "Absolute Assignments" are illusory because they are not supported by mutual consideration.

632. The "Absolute Assignments" state that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

633. The representation in each "Absolute Assignment," that it constitutes the entire agreement between the parties," is false.

634. Defendant Equity Solutions and the heirs intended for each Hemphill heir's "Conveyance Agreement," to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and the Hemphill heirs.

635. On or about May 21, 2008 defendants Equity Solutions and Bruce Cohen, by R. Dale Fussell, Esq., caused to be filed with the Mecklenburg County Clerk of Superior Court a "Petition for Surplus Proceeds From Foreclosure Sale."

636. The Petition was verified by attorney Fussell.

637. That Petition represents that defendant Equity Solutions is the assignee of the Hemphill heirs "as evidenced by the Absolute Assignment Of (sic) Interest (sic) in Tax Foreclosure Surplus Proceeds, attached as Exhibits (sic) C," and that defendant Equity Solutions "as Assignee... is the appropriate party to claim 3/4 of the surplus proceeds...."

638. Defendants Equity Solutions and Bruce Cohen also caused to be filed with the Mecklenburg County Clerk of Superior Court the "Absolute Assignments."

639. The representation in the Petition that the "Absolute Assignments" genuinely constitute assignments of the Hemphill heirs' interests, is false.

640. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in the Petition, that the "Absolute Assignments" genuinely constitute assignments of the Hemphill heirs' interests, was false when the Petition was filed.

641. The representation in the Petition, that the "Absolute Assignments" genuinely constitute assignments of the Hemphill heirs' interests, was calculated to deceive, and did deceive the Mecklenburg County Clerk of Superior Court.

642. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the provision in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when they caused the "Absolute Assignments" to be filed with the Mecklenburg County Clerk of Superior Court.

643. The representation in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was calculated to deceive and did deceive the Mecklenburg County Clerk of Superior Court.

644. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in each "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Hemphill heirs executing the agreements, was false when they caused the Absolute Assignments to be filed with the Mecklenburg County Clerk of Superior Court.

645. The representation that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Hemphill heirs executing the agreements, was calculated to deceive and did deceive the Mecklenburg County Clerk of Superior Court.

646. On or about May 22, 2008, defendants Equity Solutions and Bruce Cohen, through counsel, caused to be filed a "Motion for Appointment of Guardian" for a minor heir, Kathryn Davis.

647. The Mecklenburg County Clerk of Superior Court entered the order appointing the guardian on or about June 12, 2008.

648. The order provides that the fee for the guardian ad litem be taxed as part of the costs of the proceeding.

649. Defendant Equity Solutions had actual or constructive notice of the order.

650. The appointment of a guardian ad litem for the minor heir was required for the recovery of the property for the Hemphill heirs.

651. Incurrence of the guardian ad litem's attorney's fee was in connection with recovery of the funds for the Hemphill heirs.

652. On a date not presently known to the State, the guardian ad litem made a motion for attorney's fees.

653. Defendants Equity Solutions and Cohen had actual or constructive knowledge of that motion.

654. On a date not presently known to the State, defendant Equity Solutions, by attorney Fussell, caused to be made to the Clerk of Superior Court a motion for Fussell's attorney's fees to be taxed as part of the costs of the proceeding.

655. Defendant Equity Solutions was liable to attorney Fussell for the amount of his attorney's fee and expenses in that matter.

656. Defendants Equity Solutions failed to disclose to the Mecklenburg County Clerk of Superior Court that defendant Equity Solutions had previously agreed with each of the Hemphill heirs that defendant Equity Solutions would bear all legal and other costs in connection with recovering the property.

657. The failure of Defendants Equity Solutions and Bruce Cohen to disclose to the Mecklenburg County Clerk of Superior Court that defendant Equity Solutions had agreed with each of the Hemphill heirs to bear all expenses in connection with recovering the property, was calculated to deceive, and did deceive the Clerk.

658. On or about June 12, 2008, the Mecklenburg County Clerk of Superior Court entered an order directing that, of the \$\$19,130.49 of surplus funds in the matter, \$500 be paid as attorney's fees for Mark Gott, Guardian Ad Litem for Kathryn Marie Davis; \$1,000 as attorney's fees to Fussell, attorney for defendant Equity Solutions; \$1,175.37 to be held for the benefit of the minor Kathryn Marie Davis until she reaches legal age, and \$17,630.49 be paid to attorney Fussell, for defendant Equity Solutions.

658a. Pursuant to and on the basis of that Order, the finance office of the Mecklenburg County Clerk of Superior Court issued the checks as directed.

659. On or about May 27, 20010 Fussell forwarded the \$17,630.49 remaining of the surplus funds to defendant Equity Solutions.

660. From the \$17,630.49 that defendant Equity Solutions received from attorney Fussell, defendant Liberto directed that \$630.49 be subtracted for defendant Equity Solutions' "costs," leaving \$17,000.

661. Instead of paying to the Hemphill heirs 50 percent share of their \$19,130.49 recovery, or a total of \$9,565.25, as required under the "Conveyance Agreements," defendant Equity Solutions paid them only a total of \$7,848.73, or \$1,716.52 less than they were due under those agreements.

662. Defendants allocated to themselves "commissions" totalling of \$9,151.26.

663. The failure of defendant Equity Solutions to pay the correct amount due to the Hemphill heirs even under their respective "Conveyance Agreements," when combined with the failure of defendants Equity Solutions and Bruce Cohen to disclose in the "Conveyance Agreements" the value of the property before and after the fee, their failure to disclose to the Clerk of Superior Court that defendant Equity Solutions had a prior agreement to pay all costs and fees in connection with the recovery, and the failure of defendant Equity Solutions to disclose to the Mecklenburg County Clerk of Superior Court that the "Conveyance Agreements" were the true agreements governing the respective rights and obligations of defendant Equity Solutions and the Hemphill heirs, had a tendency or capacity to deceive.

664. Defendant Equity Solutions, Bruce Cohen and Liberto conspired to and did:

- i. obtain property from the Mecklenburg County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Mecklenburg County Clerk of Superior Court by false pretenses,
- iii. deprive the Hemphill heirs of their lawful shares of the recovery, and
- iv. violate the disclosure and fee requirements in G.S. § 116B-68.

665. Overt acts taken by those defendants in furtherance of their conspiracy include:

- i. inducing the Hemphill heirs to execute the "Conveyance Agreements,"

- ii. inducing the Hemphill heirs to execute the “Absolute Assignments,”
- iii. causing the “Petition for Surplus Proceeds from Foreclosure Sale,” “Absolute Assignments,” and accompanying papers, to be filed with the Mecklenburg County Clerk of Superior Court, and
- iv. paying the Hemphill heirs less than they were entitled to under their contracts with defendant Equity Solutions.

17. Michael and Melissa Locklear – Wake County File No. 08 SP 5458

666. On or about October 21, 2008 the combined efforts of defendants Equity Solutions, Bruce Cohen, Maria Cohen and Liberto induced Michael and Melissa Locklear to execute a “Conveyance Agreement.”

667. In the “Conveyance Agreement” the Locklears committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

668. In exchange defendant Equity Solutions committed to “make every effort to obtain any funds available...,” and agreed that “[a]ny and all expenses connected with acquiring surplus funds will be the exclusive obligation of Equity Solutions of the Carolinas, Inc.”

669. In the “Conveyance Agreement” the Locklears also assigned all of their right title and interest, in property of undisclosed value, in exchange for 50 percent of the funds recovered, “approximately \$14,000, to be paid within ten days of final recovery date.”

670. The primary purpose of the “Conveyance Agreement” is to locate, deliver, recover or assist in the recovery of property that is distributable to the Locklears or presumed abandoned.

671. The “Conveyance Agreement” does not state the value of the property before and after the fees.

672. The “Conveyance Agreement” is not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure requirements in G.S. § 116B-78, and
- ii. the proscription in G.S. § 116B-78 against unconscionable fees.

673. Defendant Equity Solutions, Bruce Cohen, Maria Cohen and Liberto induced the Locklears to enter into the "Conveyance Agreements" without disclosing that the agreement are unenforceable.

674. The failure of defendants Equity Solutions, Bruce Cohen, Maria Cohen and Liberto to disclose to the Locklears that the "Conveyance Agreements" are unenforceable had a tendency or capacity to deceive.

675. On or about October 21, 2008 the combined efforts of defendants Equity Solutions, Bruce Cohen, Maria Cohen and Liberto induced the Locklears to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds" regarding one parcel of land.

676. On or about October 27, 2008 the combined efforts of defendants Equity Solutions, Bruce Cohen, Maria Cohen and Liberto induced the Locklears to execute another "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds" regarding another parcel of land.

677. In each "Absolute Assignment" the Locklears purported to irrevocably assign to defendant Equity Solutions "all right, title and interest" in surplus funds in the *approximate* amount of \$28,000," in exchange for "\$10 and other good and valuable consideration."

678. The Locklears did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and providing either "Absolute Assignment" to defendant Equity Solutions.

679. The representation in the "Absolute Assignments," that Equity Solutions provided "\$10.00 and other good and valuable consideration" in exchange for the Locklears executing the agreements, is false.

680. The "Absolute Assignments" are illusory because they are not supported by mutual consideration.

681. The "Absolute Assignments" state that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

682. The representation in the "Absolute Assignments," that they constitute the entire agreement between the parties," is false.

683. Defendant Equity Solutions and the Locklears, intended for the "Conveyance Agreement" to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and the Locklears.

684. The Wake County Clerk of Superior Court was the lawful holder of the funds.

685. On or about October 23, 2008, defendants Equity Solutions and Bruce Cohen, by counsel Jonathan A. McCollum, Esq., caused to be filed a "Petition for Surplus Proceeds" in Wake County file number 08 SP 5458.

686. The Petition represents that "Petitioner is the Assignee of" the Locklears and that as their assignee "is the appropriate party to claim the surplus proceeds...."

687. Defendants Equity Solutions and Bruce Cohen caused the Locklears' "Absolute Assignments" to be filed as evidence of defendant Equity Solutions' claim of right to the funds.

688. Defendants Equity Solutions and Bruce Cohen knew that the provision in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when they caused them to be filed with the Wake County Clerk of Superior Court.

689. The representation in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was calculated to deceive and did deceive the Wake County Clerk of Superior Court.

690. On information and belief, defendants Equity Solutions, Bruce Cohen and Liberto knew that the representation in the "Absolute Assignments," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Locklears executing the agreements, was false when they caused the "Absolute Assignments" to be filed.

691. The representation in the "Absolute Assignments," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the Locklears executing the agreement, was calculated to deceive and did deceive the Wake County Clerk of Superior Court.

692. Causing the "Absolute Assignments" to be filed with the Wake County Clerk of Superior Court was calculated to deceive, and did deceive, the Clerk.

693. On or about August 4, 2009, defendants Equity Solutions and Bruce Cohen caused to be filed an affidavit of substitute counsel, Garland Askew, Esq.

694. In that affidavit, Askew averred that there is approximately \$57,457.74 in surplus funds, and that a first lien holder agreed to accept \$38,708.

695. The Wake County Clerk of Superior Court was the lawful holder of the funds.

696. On or about September 20, 2009, the Wake County Clerk of Superior Court entered an order directing that the surplus funds totalling \$57,457.74 be paid to Garland Askew, Esq., for defendant Equity Solutions.

697. Pursuant to an based on that Order, the finance office of the Wake County Clerk of Superior Court paid the funds as directed shortly thereafter.

698. On or about October 5, 2009, counsel for defendant Equity Solutions paid \$38,708 to the first lien holder.

699. From the remaining \$18,749.74, counsel for defendant Equity Solutions subtracted \$975 for his attorney's fee and filing costs.

700. He then forwarded the remaining \$17,774.74 to defendant Equity Solutions.

701. Defendants Equity Solutions and Bruce Cohen represented to the Locklears that the recovery is much smaller than they expected, and that the Locklears would have to get less than they thought.

702. That representation has the tendency or capacity to deceive.

703. Instead of paying 50 percent of the \$18,749.74 gross funds recovered to the Locklears, or \$9,374.87, as required under their "Conveyance Agreement," on or about October 5, 2009 defendants Equity Solutions, Bruce Cohen and Liberto paid them a total of \$3,585.

704. On information and belief, defendant Equity Solutions retained the remaining \$14,189.74, and divided it three ways among defendants Spriggs, Bruce Cohen and Liberto.

705. The effective fee in this case is \$15,164.74, consisting of the \$14,189.74 retained by defendant Equity Solutions, and the subtraction of defendant Equity Solutions' \$975 "exclusive obligation" to attorney Askew from the gross recovery.

706. That fee is 81 percent of the \$18,749.74 gross funds recovered.

707. That fee is unconscionable.

708. The failure of defendants Equity Solutions to forward the correct amount due the Locklears under their "Conveyance Agreement," when combined with the failure of defendants Equity Solutions, Bruce Cohen, MariaCohen and Liberto to disclose in the "Conveyance Agreement" the value of the property before and after the fee, had a tendency or capacity to deceive.

709. Defendants Equity Solutions, Bruce Cohen, Maria Cohen and Liberto conspired to and did:

i. obtain property from the Wake County Clerk of Superior Court by false pretenses,

- ii. obtain the signature of the Wake County Clerk of Superior Court by false pretenses,
 - iii. deprive the Locklears of their lawful shares of the recovery, and
 - iv. violate the disclosure and fee requirements in G.S. § 116B-68.
710. Overt acts taken by those defendants in furtherance of their conspiracy included:
- i. inducing the Locklears to execute the "Conveyance Agreements,"
 - ii. inducing the Locklears to execute the "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds," and
 - iii. causing the "Petition for Surplus Proceeds from Foreclosure Sale," and the "Absolute Assignments," to be filed with the Wake County Clerk of Superior Court.

18. Massaro and Call – Haywood County File No. 09 SP 245

711. On or about May 13, 2009, the combined efforts of defendants Equity Solutions, Maria Cohen and Liberto induced Salvatore John Massaro to execute "Authority to Represent and Contingency Fee Agreements."

712. At a date not presently known to the State, the combined efforts of defendants Equity Solutions, Maria Cohen and Liberto induced Delores Call to enter into a similar or identical agreement.

713. In those agreements Massaro and Call appointed and employed defendant Equity Solutions to assist them in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional court required documents.

714. In those agreements Massaro and Call also agreed to pay defendant Equity Solutions 50 percent of any gross amount recovered, with defendant Equity Solutions paying all costs, expenses and fees incurred in the recovery of the funds out of its 50 percent share.

715. The primary purpose of those agreements is to locate, deliver, recover or assist in the recovery of property that is distributable to Massaro and Call or presumed abandoned.

716. Those agreements:

- i. do not state the value of the property before and after the fee or other compensation has been deducted, and

ii. impose an unconscionable fee.

717. The “Authority to Represent and Contingency Fee Agreements” are not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the conscionable fee requirement in G.S. § 116B-78.

718. Defendants Equity Solutions, Maria Cohen and Liberto induced Massaro and Call to enter into the contingency fee agreements without disclosing that the agreements are unenforceable.

719. Defendants Equity Solutions, Maria Cohen and Liberto induced Massaro and Call to enter into the contingency fee agreements without disclosing that the fee amounts are unconscionable.

720. The failure of defendants Equity Solutions, Maria Cohen and Liberto to disclose to Massaro and Call that the “Authority to Represent and Contingency Fee Agreements” are unlawful and unenforceable had a tendency or capacity to deceive.

721. On or about June 9, 2009 and July 28, 2009, the combined efforts of defendants Equity Solutions, Maria Cohen and Liberto induced Massaro and Call to execute “Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds.”

722. In the “Absolute Assignments” Massaro and Call each purported to irrevocably assign to defendant Equity Solutions “all right, title and interest” in each of their one-half interests in the \$20,238.81 of funds in issue,” in exchange for “\$10 and other good and valuable consideration.”

723. Neither Massaro nor Call received \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the “Absolute Assignments” to defendant Equity Solutions.

724. The representations in the “Absolute Assignments,” that Equity Solutions provided “\$10.00 and other good and valuable consideration” in exchange for Massaro executing the agreements, are false.

725. The “Absolute Assignments” are illusory because they are not supported by mutual consideration.

726. The “Absolute Assignments” also state that “[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto.”

727. The representations in the "Absolute Assignments," that they constitute the entire agreement between the parties, are false.

728. Massaro, Call and Equity Solutions intended for Massaro and Call's respective "Authority to Represent and Contingency Fee Agreements" to be the true agreements governing the respective rights and obligations of the parties thereto.

729. On or about July 13, 2009, defendants Equity Solutions and Bruce Cohen, through counsel Matthew S. Roberson, Jr., Esq., caused to be filed a "Petition for Surplus Proceeds from Foreclosure Sale" in the proceeding entitled, "In Re: Tax Foreclosure of Salvatore J. Massaro," File No. 09 SP 245, with the Haywood County Clerk of Superior Court.

730. The Haywood County Clerk of Superior Court was the lawful holder of the funds.

731. On or about July 29, 2009 defendants Equity Solutions and Bruce Cohen caused to be filed an "Amended Petition for Surplus Proceeds from Foreclosure Sale" in that proceeding.

732. Accompanying the petition and/or amended petition, defendants Bruce Cohen and Equity Solutions caused to be filed Massaro's and Call's "Absolute Assignments" and an affidavit of attorney Roberson

733. The Amended Petition, signed by Matthew S. Roberson, Esq., represents that, "As assignee of Salvatore John Massaro and Delores S. Howell a/k/a Delores Call, Petitioner [defendant Equity Solutions] is entitled to the surplus proceeds..., said amount being \$20,238.81."

734. Attorney Roberson's affidavit represents that defendant Equity Solutions is the assignee of Massaro.

735. The representations in the Amended Petition and affidavit of Roberson, that Massaro and Call assigned their interests to defendant Equity Solutions, and that defendant Equity Solutions is therefore entitled to the surplus proceeds, were false when those papers were filed.

736. On information and belief, defendants Bruce Cohen and Equity Solutions knew that the Amended Petition's and affidavit's representations, that Massaro and Call assigned their interests to defendant Equity Solutions, and that defendant Equity Solutions is entitled to the surplus proceeds, were false when those papers were filed.

737. On information and belief, the just-noted representations that defendants Equity Solutions and Bruce Cohen caused to be filed were calculated to deceive, and did deceive, the Haywood County Clerk of Superior Court.

738. On or about August 4, 2009, the Haywood County Clerk of Superior Court entered an order directing that the \$20,238.81 be paid to the trust account of defendant Equity Solutions' law firm.

739. The Haywood County Clerk of Superior Court did so in reasonable reliance on the representations that defendants Equity Solutions and Bruce Cohen caused to be submitted.

740. The State Treasurer was in lawful possession of the funds.

741. Upon presentment of the order and holder refund request from the Haywood County Clerk of Superior Court, the State Treasurer disbursed the actual amount in the account, \$21,367.56, to the Haywood County Clerk of Superior Court, who in turn disbursed it to the trust account of defendant Equity Solutions' law firm on about September 10, 2009.

742. The State Treasurer reasonably relied on the the order of the Haywood County Clerk of Superior Court, and its holder refund request, in releasing the funds.

743. On or about September 11, 2009, defendant Equity Solutions' law firm, Adams Henson Carson Crow and Saenger, deducted \$1,200.00 from the gross amount of the proceeds as a "payment on account" for professional services in recovering the funds, and forwarded the remainder, \$20,167.56, to defendant Equity Solutions along with a bill detailing the professional services rendered.

744. Also on or about September 11, 2009, defendant Equity Solutions sent checks to Massaro and Call, each in the amount of \$4,625.

745. On or about that date defendant Equity Solutions, by defendant Liberto, telephoned Massaro to inform him that his check was coming and stated that the correct amount of Massaro's share was \$4,625.00.

746. The representation of defendants Equity Solutions and Liberto, that the correct amount of Massaro's check was \$4,625.00, had a tendency or capacity to deceive.

747. Defendant Equity Solutions was obliged by its property finder contracts with Massaro and Call to pay all expenses, costs and fees, including attorney's fees, out of its 50 percent "contingency fee" share of the \$21,367.56, gross amount.

748. The \$4,625.00 checks that defendant Equity Solutions sent to Massaro and Call together fall \$1,433.78 short of the amount defendant Equity Solutions actually owed to them under their property finder contracts.

749. The failure of defendants Equity Solutions, Maria Cohen and Liberto to disclose to Massaro and Call the value of the property before and after the fee or other compensation has

been deducted, as required by G.S. § 116B-78, combined with the failure of defendant Equity Solutions, and co-conspirators not now known to the State, to disclose that the company had deducted or allowed to be deducted \$2,867.56 more than allowed under its fee agreements with Massaro and Call, and the affirmative false representations made by defendants Equity Solutions and Liberto that \$4,625.00 was the correct amount of Massaro's and Calls' checks, had a tendency or capacity to deceive.

750. The actual fee imposed by Equity Solutions, \$12,117.56, or 57 percent of the gross amount of the recovery, is unconscionable.

751. Defendants Equity Solutions, Sprigg, Bruce Cohen, Maria Cohen and Liberto conspired to and did:

- i. obtain property from the the Haywood County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Haywood County Clerk of Superior Court by false pretenses,
- iii. deprive Massaro and Call of their lawful shares of the recovery in the amount of the unlawful fee to defendant Equity Solutions, and
- iv. violate the disclosure and fee requirements in G.S. § 116B-68.

752. Overt acts committed by defendants in furtherance of the conspiracy include:

- i. inducing Massaro and Call to execute the "Authority to Represent and Contingency Fee Agreement," the "Conveyance Agreement," the "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds," and the affidavit attesting to the execution of the "Absolute Assignment," and
- ii. submitting to the Haywood County Clerk of Superior Court the petition, the amended petition, Massaro's and Call's purported "Absolute Assignments" and verifying affidavits, and affidavit of Matthew S. Roberson, Esq.

19. Samuel and Hermia McLean -- Wake County File No. 08 SP 4773

753. On or about September 15, and September 18, 2008 defendants Equity Solutions, Bruce Cohen and Liberto induced Hermia and Samuel McLean ("the McLeans") to execute "Conveyance Agreements."

754. In the "Conveyance Agreements" the McLeans did not purport to convey anything. Instead, they committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

755. In the "Conveyance Agreements" the McLeans also agreed to pay defendant Equity Solutions one-third of any net amount recovered, with all expenses if recovering the funds to be borne by defendant Equity Solutions.

756. In exchange, defendant Equity Solutions agreed to "make every effort" to obtain the funds.

757. The primary purpose of the "Conveyance Agreements" is to locate, deliver, recover or assist in the recovery of property that is distributable to the McLeans or presumed abandoned.

758. The "Conveyance Agreements" do not state the value of the property before and after the fees.

759. The fee provided in the "Conveyance Agreements" is unconscionable.

760. The "Conveyance Agreements" are not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the requirement in G.S. 116B-78 that the fee not be unconscionable.

761. Defendants Equity Solutions, Bruce Cohen and Liberto induced the McLeans's to sign the "Conveyance Agreements" without disclosing that the agreements are unenforceable by the company.

762. The failure of defendants Equity Solutions, Bruce Cohen and Liberto to disclose to the McLeans that the "Conveyance Agreements" are unenforceable had a tendency or capacity to deceive them.

763. Also on or about the date the McLeans executed a "Conveyance Agreement," defendants induced each of the McLeans to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds."

764. The "Absolute Assignments" state that the McLeans irrevocably assign to defendant Equity Solutions "all right, title and interest" in the approximate amount of \$13,710.00 in surplus funds, in exchange for "\$10 and other good and valuable consideration."

765. Neither of the McLeans received \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the “Absolute Assignments” to defendant Equity Solutions.

766. The representation in each “Absolute Assignment,” that Equity Solutions provided “\$10.00 and other good and valuable consideration” in exchange for the McLeans executing the agreements, is false.

767. The “Absolute Assignments” are illusory because they are not supported by mutual consideration.

768. The “Absolute Assignments” state that “[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto.”

769. The representation in each “Absolute Assignment,” that it constitutes the entire agreement between the parties,” is false.

770. Defendants Equity Solutions and the McLeans intended for the “Conveyance Agreements” to be the true agreements governing the respective rights and obligations of defendant Equity Solutions and the McLeans.

771. The Wake County Clerk of Superior Court was the lawful holder of the funds.

772. On or about September 9, 2008 defendants Equity Solutions and Bruce Cohen, through counsel, Jonathan A. McCollum, Esq., caused to be filed with the Wake County Clerk of Superior Court a “Petition for Surplus Proceeds from Foreclosure Sale,” in File No. 08 SP 4773, that was accompanied by the purported “Absolute Assignments.”

773. The Petition represents that “Petitioner [defendant Equity Solutions] is the Assignee of both Hermia McLean and Samuel McLean.”

774. The representation in the Petition, that “Petitioner [defendant Equity Solutions] is the Assignee of both Hermia McLean and Samuel McLean,” was false at the time that pleading was submitted to the Wake County Clerk of Superior Court.

775. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in the Petition, that “Petitioner [defendant Equity Solutions] is the Assignee of both Hermia McLean and Samuel McLean,” was false when they caused that pleading to be submitted to the Wake County Clerk of Superior Court.

776. The Petition also represents that, “as assignee” of Hermia and Samuel McClean, defendant Equity Solutions “is the appropriate party to claim 75 percent of the surplus proceeds.”

777. The representation in the Petition, that, “as assignee” of Hermia and Samuel McClean, defendant Equity Solutions “is the appropriate party to claim 75 percent of the surplus proceeds,” was false at the time that pleading was submitted to the Wake County Clerk of Superior Court.

778. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in the Petition, that “as assignee” of Hermia and Samuel McClean, defendant Equity Solutions “is the appropriate party to claim 75 percent of the surplus proceeds,” was false when they caused that pleading to be submitted to the Wake County Clerk of Superior Court.

779. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the provision in the “Absolute Assignments,” that “[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto,” was false when they caused them to be filed with the Wake County Clerk of Superior Court.

780. On information and belief, defendants Equity Solutions and Bruce Cohen knew that the representation in the “Absolute Assignments,” that Equity Solutions provided “\$10 and other good and valuable consideration” in exchange for the McLeans executing the agreements, was false when they caused them to be filed with the Wake County Clerk of Superior Court.

781. On or about June 19, 2009 the Wake County Clerk of Superior Court entered an order directing that the \$13,710.00 of surplus funds in that proceeding be paid to the Estate of Walter Cooper McLean.

782. The Wake County Clerk of Superior Court did so in reasonable reliance on the pleading signed and papers submitted by counsel.

783. The funds were paid to Jonathan McCollum, Esq., counsel for defendant Equity Solutions, for disbursement to the estate of Walter Cooper McLean.

784. Instead, on or about November 17, 2008 McCollum paid \$3,687.83 from those funds to defendant Equity Solutions, and forwarded approximately \$10,000 to the estate of Walter Cooper McLean.

785. Defendants Equity Solutions, Liberto, and Bruce Cohen had actual or constructive notice of McCollum’s disbursement of the funds.

786. Defendants Equity Solutions, Liberto, Bruce Cohen and one or more other co-conspirators conspired to obtain property from the Wake County Clerk of Superior Court by false pretenses.

787. Defendants Equity Solutions, Liberto and Bruce Cohen conspired to and did:

- i. violate the disclosure and fee requirements in G.S. § 116B-68, and
- ii. deprive the McLeans of their lawful shares of the recovery.

788. Overt acts taken by those defendants in furtherance of their conspiracy included:

- i. inducing the McLeans' to execute the "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds," and
- ii. causing those papers to be submitted to the Wake County Clerk of Superior Court, along with the "Petition for Surplus Proceeds From Foreclosure Sale."

20. Jerry Lee Raynor and Brenda Lee Raynor – Lenoir County File No. 09 SP 128

789. On or before May 18, 2009 defendants Equity Solutions and Bruce Cohen induced Jerry Lee Raynor and Brenda Lee Raynor to enter into an agreement whereby the Raynors employed defendant Equity Solutions to represent them in the recovery of abandoned or unclaimed property, and defendant Equity Solutions agreed to bear all costs of recovery and to pay the Raynors a total of \$1,500 within ten days of the final recovery date.

790. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to the Raynors or presumed abandoned.

791. That agreement is not in writing.

792. That agreement does not state the value of the property before and after the fees.

793. The amount of the effective fee provided in that agreement is unconscionable.

794. That agreement is not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure requirements in G.S. § 116B-78,
- ii. The requirement in G.S. § 116B-78 that it be in writing, and
- iii. the proscription in G.S. § 116B-78 against unconscionable finder's fees.

795. On information and belief, defendants Equity Solutions and Bruce Cohen induced the Raynors to enter into that agreement without disclosing that it is unenforceable.

796. The failure of defendants Equity Solutions and Bruce Cohen to disclose to the Raynors that that agreement is unenforceable had a tendency or capacity to deceive.

797. On or about May 18, 2009 defendants Equity Solutions and Liberto induced the Raynors to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds."

798. The "Absolute Assignment" states that the Raynors irrevocably assign to defendant Equity Solutions "all right, title and interest" in the approximate amount of \$5,000 in surplus funds, in exchange for "\$10 and other good and valuable consideration."

799. The Raynors did not receive \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and providing the "Absolute Assignment" to defendant Equity Solutions.

800. The representation in the "Absolute Assignment," that Equity Solutions provided "\$10.00 and other good and valuable consideration" in exchange for the Raynors executing the agreement, is false.

801. The "Absolute Assignment" is illusory because it is not supported by mutual consideration.

802. The "Absolute Assignment" also states that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

803. The representation in the "Absolute Assignment," that it constitutes the entire agreement between the parties," is false.

804. Defendant Equity Solutions and the Raynors intended for the "Conveyance Agreement," to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and the Raynors.

805. The Lenoir County Clerk of Superior Court was the lawful holder of the funds.

806. On or about May 27, 2010, defendants Equity Solutions and Bruce Cohen, through counsel Charles C. Edwards, Jr., Esq., caused to be filed with the Lenoir County Clerk of Superior Court a "Petition for Surplus Funds," the truthfulness of which was verified under oath by defendant Bruce Cohen.

807. The verified Petition represents that "Respondents Jerry Lee Raynor and Brenda Lee Raynor have conveyed to Petitioner their interests or claims through written assignments (sic), a copy of which is attached as Exhibit A and incorporated herein by reference."

808. The representation in the verified Petition, that "Respondents Jerry Lee Raynor and Brenda Lee Raynor have conveyed to Petitioner their interests or claims through written assignments (sic)," was false.

809. Defendants Equity Solutions and Bruce Cohen knew at the time it was filed that the representation in the verified Petition, that "Respondents Jerry Lee Raynor and Brenda Lee Raynor have conveyed to Petitioner their interests or claims through written assignments (sic)," was false.

810. The representation in the Petition, that "Respondents Jerry Lee Raynor and Brenda Lee Raynor have conveyed to Petitioner their interests or claims through written assignments (sic)," was calculated to deceive, and did deceive the Lenoir County Clerk of Superior Court.

811. Defendants Equity Solutions and Cohen knew that the representation in the "Absolute Assignment," that Equity Solutions provided "\$10.00 and other good and valuable consideration" in exchange for the Raynors executing it, was false when the Petition was filed.

812. Defendants Equity Solutions and Cohen knew that the representation in the "Absolute Assignment," that it constitutes the entire agreement between the parties," was false when the Petition was filed.

813. Defendants Equity Solutions and the Raynors intended for their oral property finder agreement to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and the Raynors.

813a. The representations in the "Absolute Assignment," that Equity Solutions provided "\$10.00 and other good and valuable consideration" in exchange for the Raynors executing it, and that it constitutes the entire agreement between the parties, were calculated to deceive, and did deceive the Lenoir County Clerk of Superior Court.

814. On or about July 28, 2009, the Lenoir County Clerk of Superior Court entered an order directing that the \$5,548.37 of surplus funds in this matter be paid to defendant Equity Solutions.

815. The Lenoir County Clerk of Superior Court entered that order in reasonable reliance on the pleading signed by counsel and verified by defendant Bruce Cohen.

816. Pursuant to that order, the funds were paid to defendant Equity Solutions shortly thereafter.

817. On or about July 30, 2009, and in keeping with the "Conveyance Agreement," defendant Equity Solutions paid a total of \$1,500.00 to the Raynors.

- 817a. The effective fee in this case is \$4,048.37, which is 73 percent of the recovery.
818. Defendants Equity Solutions, Liberto and Bruce Cohen conspired to and did:
- i. obtain property from the Lenoir County Clerk of Superior Court by false pretenses,
 - ii. obtain the signature of the Lenoir County Clerk of Superior Court by false pretenses,
 - iii. commit and/or suborn perjury by causing to be submitted the verification of defendant Bruce Cohen,
 - iv. deprive the Raynors of their lawful share of the recovery, and
 - v. violate the disclosure and fee requirements in G.S. § 116B-68,
819. Overt acts taken by those defendants in furtherance of their conspiracy included:
- i. inducing the Raynors to execute the “Conveyance Agreement” and the “Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds,” and
 - ii. causing the verified “Petition for Surplus Funds” and accompanying papers to be submitted to the Lenoir County Clerk of Superior Court.

21. Heirs of Bessie Oldham Rhodes – New Hanover County File No. 90 E 271

820. In the summer of 2009, defendants Equity Solutions and Bruce Cohen induced seven of the eight heirs of Bessie Oldham Rhodes to enter into “Authority to Represent and Contingency Fee Agreement[s] for File. No #3752 The Estate of Bessie Rhodes,” as follows:

- i. Joseph C. Bridger, III, July 23, 2009,
- ii. Lawrence L. Bridger, July 21, 2009,
- iii. William A. Bridger, August 6, 2009,
- iv. Daniel Ray Rhodes, July 20, 2009,
- v. Deborah D. Rhodes, July 20, 2009,
- vi. Michael W. Rhodes, July 20, 2009,

vii. Stephen A. Rhodes, July 20, 2009.

821. In those agreements, the Rhodes heirs appointed and employed defendant Equity Solutions to assist them in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional required documents.

822. In those agreements, the Rhodes heirs also agreed to pay defendant Equity Solutions 50 percent of any gross amount recovered, with all expenses to be paid by defendant Equity Solutions out of its 50 percent contingency fee.

823. The primary purpose of each of those agreements is to locate, deliver, recover or assist in the recovery of property that is distributable to the Rhodes heirs or presumed abandoned.

824. Those agreements:

- i. do not disclose the value of the property before and after the fees,
- ii. do not clearly state the amount of the fees and costs, and
- iii. impose unconscionable fees.

825. The Rhodes heirs agreements are unenforceable because:

- i. they do not comply with the mandatory disclosure requirements of G.S. § 116B-78, as it existed prior to the amendments effective October 1, 2009, and
- ii. violate the prohibition on unconscionable fees in G,S, § 116B-78.

826. Defendants Equity Solutions and Bruce Cohen induced the Rhodes heirs to execute the respective "Authority to Represent and Contingency Fee Agreements" without disclosing that the agreements are unenforceable by the company.

827. The failure of defendants Equity Solutions and Bruce Cohen to disclose to the Rhodes heirs that their respective "Authority to Represent and Contingency Fee Agreements" are unenforceable had a tendency or capacity to deceive.

828. Defendant Bruce Cohen provided to the heirs of the estate of Bessie Oldham Rhodes, for their signature, three-party "Contracts for Legal Services/Representation," whereby, upon their execution of them, six of the eight engaged the Huston Law Firm for legal representation, on the dates as follows:

- i. Joseph C. Bridger, III, September 29, 2009,

- ii. Lawrence L. Bridger, October 8, 2009,
- iii. William A. Bridger, September 22, 2009,
- iv. Daniel Ray Rhodes, September 18, 2009,
- v. Michael W. Rhodes, October 15, 2009, and
- vi. Stephen A. Rhodes, October 5, 2009.

829. The “Contract[s] for Legal Services/Representation” provide that, “from any recovery Huston Law Firm PLLC shall disburse the portion [the heirs] have agreed to pay EQUITY SOLUTIONS OF THE CAROLINAS, INC. pursuant to a CONTINGENCY FEE AGREEMENT....”

830. The “Contract[s] for Legal Services/Representation” additionally state, “It is further understood that as a part of this agreement, EQUITY SOLUTIONS OF THE CAROLINAS, INC. will be solely responsible for any legal or filing fees incurred as a result of this agreement.”

831. Defendants Equity Solutions and Bruce Cohen, and attorney Huston, did not disclose to the Rhodes heirs the implications of the three-party attorney retention agreement.

832. Those implications include that:

i. The requested payment of the surplus funds by the Clerk of Superior Court would be to Huston’s trust account,

ii. Equity Solutions’ financial interest in recovering the 50 percent fee from the Rhodes heirs, via payment of its claim from Huston’s trust account, depends on *concealing* from the heirs that their agreements with the company are unenforceable,

iii. The heirs’ financial interest is in *discovering* that their 50 percent fee agreement with defendant Equity Solutions is unenforceable, and

iv. Attorney Huston’s financial interest is aligned with Equity Solutions’ financial interest. Equity Solutions could reasonably be expected not to pay Huston his attorney’s fee unless Huston pays to Equity Solutions, from his trust account, the 50 percent fee.

833. The “Contract[s] for Legal Services/Representation” further provides that the heirs gives their “consent to having Kevin Huston handle the probate of any such estate and act as its personal representative.”

834. Notwithstanding defendants Equity Solutions' and Bruce Cohen's actual knowledge that the heirs authorized Kevin Huston to act as the estate's personal representative, on or about January 5, 2010, defendant Bruce Cohen caused to be filed, by attorney Huston, a "Petition for Letters of Administration CTA" in New Hanover County File No. 90 E 271, seeking authorization for Bruce Cohen to administer the estate.

835. With his "Petition for Letters of Administration CTA," Bruce Cohen provided a written, sworn oath that he "will well and faithfully execute the office of administrator cta... according to the law."

836. When Bruce Cohen caused to be submitted the petition for letters of administration CTA and the accompanying oath, his sole interest in the matter was in defendant Equity Solutions' enforcement of the unlawful and unenforceable property finder contracts that he and Equity Solutions had induced the heirs to sign.

837. Defendant Bruce Cohen gave and executed that oath as administrator CTA knowing at the time that it was false.

838. Defendant Bruce Cohen's submission of his written oath was calculated to deceive, and did deceive, the New Hanover County Clerk of Superior Court.

839. Also on or about January 5, 2010, defendant Bruce Cohen petitioned to reopen the estate on the grounds that new assets, in the amount of \$11,290.93, have been discovered.

840. On information and belief, Huston prepared that petition for defendant Bruce Cohen.

841. On or about January 18, 2010, the Assistant Clerk of New Hanover County Superior Court granted defendant Bruce Cohen's "Petition for Letters of Administration CTA" and "Petition to Reopen the Estate."

842. Huston acquiesced in defendant Bruce Cohen applying for letters of administration CTA, and represented and assisted him in petitioning for an order to reopen the estate, notwithstanding that in his retention agreements with the heirs, they consented to Huston acting as the personal representative.

843. On or about February 23, 2010, defendants Equity Solutions and Bruce Cohen caused to be submitted to the State Treasurer a claim for the \$11,290.23, with defendant Bruce Cohen identified as the claimant.

844. The State Treasurer was in lawful possession of the funds.

845. Upon receipt of the underlying documents revealing the heirs' unlawful agreements with defendant Equity Solutions, in or about March, 2010, the State Treasurer informed defendants Equity Solutions and Bruce Cohen, as well as Huston, that a property finder contract that does not state the value of the property before and after the fee is unenforceable.

846. The State Treasurer's office questioned the validity of defendant Bruce Cohen's claim for the funds because it was based on unlawful and unenforceable property finder contracts.

847. On or about March 10, 2010 defendant Bruce Cohen requested that the State Treasurer "simply disregard the Equity Solution's (sic) contracts and forward the escheated funds directly to the personal representative and Administrator CTA of the estates for disposition according to law," and noted that *he* was Administrator CTA of the Rhodes estate.

848. On March 11, 2010 the State Treasurer asked defendant Bruce Cohen, would "Equity Solutions or Huston Law Firm attempt to collect any compensation from the heirs of these estates? If not, how will you be advising the heirs of these estates that you are rescinding such agreements?"

849. On that date defendant Bruce Cohen replied, "The expenses will be presented to the respective courts..."

850. By letter dated May 4, 2010 the State Treasurer expressed concern to the New Hanover County Clerk of Superior Court "that an unlicensed finder with agreements which are not in compliance with NCGS 116B-78 would be appointed Administrator CTA."

851. On May 6, 2010 the New Hanover County Clerk of Superior Court *sua sponte* suspended defendant Bruce Cohen's letters of administration CTA and scheduled a hearing on the matter.

852. On or about June 8, 2010 the Attorney General and the State Treasurer moved to intervene in that matter.

853. Their intervention was allowed by order dated June 9, 2009.

854. On or about June 22, 2010 Huston moved to withdraw as counsel in the matter.

855. When defendant Equity Solutions and Bruce Cohen arranged for the heirs of the estate of Bessie Oldham Rhodes to enter into the three-party agreements engaging Kevin Huston as their attorney, defendants Equity Solutions and Bruce Cohen did not disclose that Huston would also represent defendant Bruce Cohen as administrator CTA.

856. Defendants' arrangement for the heirs to enter into the three-party attorney retention agreements with Huston compromised Huston's loyalty to the heirs.

857. At the time the State Treasurer informed defendant Bruce Cohen that the property finder agreements are unenforceable, attorney Huston informed defendant Bruce Cohen that he shared that opinion.

858. However, attorney Huston did not disclose to his clients – the heirs of the estate of Bessie Oldham Rhodes – that the “Authority to Represent and Contingency Fee Agreements” entered into by them with defendant Equity Solutions are unenforceable.

859. Huston also did not disclose to the heirs of the estate of Bessie Oldham Rhodes that the provision in the heirs’ “Contract for Legal Services/Representation,” directing Huston to pay to Equity Solutions the fee provided for in the separate “Authority to Represent and Contingency Fee Agreement,” is unenforceable.

860. Instead of informing his clients that their agreements with Equity Solutions were not enforceable, Huston relied on the representation of defendant Cohen that Cohen would disclose to the Rhodes heirs that those agreements are unenforceable.

861. Yet only some time after June 17, 2009 – after the Attorney General had subpoenaed the records of defendant Equity Solutions, after the New Hanover County Clerk of Superior Court had suspended defendant Bruce Cohen’s letters of administration CTA, and after the Clerk granted the motion of the Attorney General and the State Treasurer to intervene -- did defendant Cohen advise only two of the Rhodes heirs that their “Authority to Represent and Contingency Fee Agreements” are unenforceable.

862. Defendants Equity Solutions and Bruce Cohen’s compromise of Huston’s duty of loyalty to the heirs constitutes a fraud on the Court.

863. Defendant Equity Solutions and Bruce Cohen’s compromise of Huston’s duty of loyalty to the heirs was in furtherance of their scheme to conceal from the heirs that their fee agreements with Equity Solutions are unlawful and unenforceable by defendant Equity Solutions.

864. Defendants Equity Solutions, Bruce Cohen, Maria Cohen and one or more others conspired to:

i. deprive the Rhodes heirs of their lawful shares of the \$11,290.93 recovery, in the amount of defendant Equity Solutions’ 50 percent fee,

ii. subvert the proceeding before the Clerk of Superior Court by compromising the duty of loyalty the heirs’ attorney owed to them,

iii. commit and/or suborn perjury by causing Bruce Cohen’s oath as administrator CTA to be submitted to the New Hanover County Clerk of Superior Court, and

iv. violate the disclosure and fee requirements in G.S. § 116B-68.

865. Overt acts in furtherance of their conspiracy taken by defendants Equity Solutions, Bruce Cohen and others not presently known to the State include:

i. inducing the Rhodes heirs to execute the “Authority to Represent and Contingency Fee Agreements,” and the three-party “Contracts for Legal Services/Representation,”

ii. causing to be submitted to the New Hanover County Clerk of Superior Court the Application for Probate and Letters of Administration CTA, the Petition to Reopen the Estate, and defendant Bruce Cohen’s oath as Administrator CTA, and

iii. submitting to the State Treasurer a request to disburse the estate’s funds to defendant Bruce Cohen.

22. Anne C. Whitaker-Henderson – State Treasurer

866. On March 23, 2009, with the knowledge and approval of defendant Liberto, defendants Equity Solutions and Maria Cohen sent to Anne C. Whitaker-Henderson (“Henderson”) a form letter over defendant Liberto’s name representing that they had located “more than \$4,000” owed to her, that defendant Equity Solutions “bears all cost (sic) in the collection process,” including “fees of the attorney as well as any and all other Notary (sic) fees, overnight deliveries, document preparation and any other miscellaneous costs involved,” and that defendant Equity Solutions provides its services “AT NO COST TO OUR CLIENTS WHATSOEVER.” (Emphasis in the original.)

867. The representations that defendant Equity Solutions bears all costs in the collection process, and that it performs its services at no cost to its clients whatsoever, in light of defendant Equity Solutions’ actual business practices and conduct regarding Henderson, have a tendency or capacity to deceive.

868. On or about July 19, 2008, the combined efforts of defendants Equity Solutions, Maria Cohen and Liberto induced Henderson to execute an “Authority to Represent and Contingency Fee Agreement For File # 3859-Anne C. Whitaker .”

869. In that agreement, Henderson appointed and employed defendant Equity Solutions to assist her in the recovery of an unstated amount of unclaimed or abandoned assets, and committed to assist and cooperate with the company, including to execute and provide any additional required documents.

870. Also in that agreement Henderson agreed to pay defendant Equity Solutions 50 percent of any gross amount recovered, with all expenses to be paid by defendant Equity Solutions out of its 50 percent contingency fee.

871. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Henderson or presumed abandoned.

872. That agreement does not state the value of the property before and after the fee.

873. The "Authority to Represent and Contingency Fee Agreement is not enforceable by defendant Equity Solutions because:

i. it does not comply with the mandatory disclosure requirements in G.S. 116B-78 and

ii. the fee therein is unconscionable.

874. Defendants Equity Solutions, Maria Cohen and Liberto induced Henderson to sign the "Authority to Represent and Contingency Fee Agreement" without disclosing that the agreement is unenforceable.

875. The failure of defendants Equity Solutions, Maria Cohen and Liberto to disclose to Henderson that the "Authority to Represent and Contingency Fee Agreement" is unlawful and unenforceable, has a tendency or capacity to deceive.

876. On or about September 29, 2009 defendants Equity Solutions and Liberto induced Henderson to execute a limited power of attorney appointing defendant Jonathan A. McCollum, Esq., as her attorney in fact, to act in her stead in pursuing her claim for unclaimed or abandoned funds.

877. At the time McCollum became Henderson's attorney-in-fact, he had a pre-existing relationship with defendant Equity Solutions whereby from time to time he would perform legal services for the company, including signing and submitting pleadings and his own affidavits, on behalf of defendant Equity Solutions regarding its property finder contracts with third persons.

878. A major interest of defendant Equity Solutions in relation to those contracts was in *concealing* from the property owners that those contracts were not enforceable by the company.

879. That interest is adverse to Henderson's interest.

880. Henderson's interest in relation to her contract with defendant Equity Solutions include *discovering* that the contract is not enforceable by the company.

881. McCollum did not at any time disclose to Henderson that the "Authority to Represent and Contingency Fee Agreement" that she entered into with defendant Equity Solutions was unlawful and unenforceable.

882. When they induced Henderson to execute the limited power of attorney appointing McCollum, defendants Equity Solutions and Liberto did not disclose to her the company's pre-existing attorney-client relationship with McCollum.

883. McCollum also did not disclose to her his pre-existing attorney-client relationship with defendant Equity Solutions.

884. On information and belief, McCollum also had an agreement or understanding with defendant Equity Solutions whereby any funds McCollum collected on behalf of Henderson would be forwarded to defendant Equity Solutions.

885. Defendants Equity Solutions and Liberto did not disclose to Henderson that McCollum had an agreement or understanding with defendant Equity Solutions regarding the disposition of funds he would obtain on her behalf.

886. McCollum also did not disclose to Henderson that he had an agreement or understanding with defendant Equity Solutions regarding the disposition of funds he would obtain on her behalf.

887. The failure of defendants Equity Solutions and Liberto to make those disclosures to Henderson, had a tendency or capacity to deceive, was calculated to deceive, and did deceive her.

888. On or about October 8, 2009 defendants Equity Solutions and Liberto induced Henderson to execute an "Affidavit of Attorney-in-Fact" whereby both she and McCollum attested under oath that they had no knowledge that her power of attorney "was not properly executed and is not a legal, valid power of attorney."

889. At the time they induced Henderson to execute the "Affidavit of Attorney-in-Fact," defendants Equity Solutions and Liberto, and McCollum, knew that Henderson was induced to grant to McCollum a power of attorney without any disclosure to her regarding:

i. McCollum's pre-existing attorney-client relationship with defendant Equity Solutions in furtherance of its property recovery contracts with third persons, and

ii. McCollum's agreement or understanding with defendant Equity Solutions whereby any funds he collected on behalf of Henderson would be forwarded to defendant Equity Solutions.

890. The State Treasurer was in lawful possession of certain unclaimed or abandoned funds belonging to Henderson and her ex-husband.

891. On or about October 9, 2009 defendants Equity Solutions and Liberto, acting by attorney McCollum, caused to be filed with the State Treasurer a claim for certain funds in the amount of \$5,296.49 held in Henderson's and her ex-husband's name.

892. They also caused to be filed with that claim Henderson's "Limited Power of Attorney" appointing McCollum, and Henderson's and McCollum's "Affidavit of Attorney-in-Fact."

893. At the time Henderson's and McCollum's "Affidavit of Attorney-in-Fact" was submitted to the State Treasurer, defendants Equity Solutions and Liberto, and attorney McCollum, knew that its representation, that McCollum had no knowledge that Henderson's power of attorney "was not properly executed and is not a legal, valid power of attorney," was false.

894. On December 14, 2009, the State Treasurer disbursed the \$5,296.49 to Henderson, via attorney McCollum.

895. The State Treasurer did so in reasonable reliance on the representations in the claim, in the "Limited Power of Attorney," and in the "Affidavit of Attorney-in-Fact."

896. McCollum, as Henderson's attorney-in-fact, had a fiduciary duty to forward the funds to Henderson.

897. McCollum did not forward the funds to Henderson.

898. Instead, on or about December 16, 2009 attorney McCollum first subtracted \$500.00 for his attorney's fee, notwithstanding that he had no fee agreement with Henderson, and then forwarded the remaining \$4,796.49 of Henderson's funds to defendant Equity Solutions.

899. On or about December 16, 2009, defendant Equity Solutions forwarded \$2,124.28 to Henderson.

900. That \$2,124.28 constitutes 40 percent of the gross recovery, and not even the 50 percent of the gross recovery, or \$2,648.25, which Henderson was supposed to receive under her "Authority to Represent and Contingency Fee Agreement" with defendant Equity Solutions.

901. The failure of defendants Equity Solutions and Liberto to forward to Henderson the amount to which she was entitled under her agreement with defendant Equity Solutions, combined with the failure of defendants Equity Solutions, Maria Cohen and Liberto to disclose in Henderson's property finder contract the amount of the funds before and after any fee, had the tendency or capacity to deceive.

902. Defendants Equity Solutions, Maria Cohen and Liberto conspired to and did:

- i. obtain property from the State Treasurer by false pretenses,
- ii. suborn perjury,
- iii. deprive Henderson of her rightful share of the unclaimed or abandoned funds, and
- iv. violate the disclosure and fee requirements in G.S. § 116B-68.

903. Overt acts taken by those defendants in furtherance of their conspiracy included:

- i. inducing Henderson to execute the "Conveyance Agreement" and the "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds," the "Power of Attorney" and the "Affidavit of Attorney-in-Fact,"
- ii. causing to be submitted to the State Treasurer the claim for funds, the "Power of Attorney" and the "Affidavit of Attorney-in-Fact," and
- iii. paying Henderson less than she was entitled to by law and under her agreement with defendant Equity Solutions.

[Paragraphs 904 - 908 are intentionally left blank.]

23. Heirs of Lee J. White – Mecklenburg County File No. 08 SP 8236

909. On or about July 18, 2008 the combined efforts of defendants Equity Solutions, Bruce Cohen and Liberto induced Tracy Murrell White, Archie L. White, Navorris Johnson, Arthenia W. Ellis and Mitchell Johnson ("the White heirs"), representing the owners of 5/8ths of the surplus proceeds, to enter into "Conveyance Agreements."

910. In the "Conveyance Agreements" the White heirs committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

911. In exchange defendant Equity Solutions committed to "make every effort to obtain any funds available..." and agreed that "[a]ny and all expenses connected with acquiring surplus funds will be the exclusive obligation of Equity Solutions of the Carolinas, Inc."

912. Also in the "Conveyance Agreements" the White heirs assigned all of their right title and interest, in the property of undisclosed value, in exchange for 50 percent of the gross amount of the recovery, "approximately \$800" each.

913. The primary purpose of the "Conveyance Agreements" is to locate, deliver, recover or assist in the recovery of property that is distributable to the White heirs or presumed abandoned.

914. The "Conveyance Agreements" do not state the value of the property before and after the fees.

915. The fees in the "Conveyance Agreements" are unconscionable.

916. The "Conveyance Agreements" are not enforceable by defendant Equity Solutions because they do not comply with:

- i. the mandatory disclosure requirements in G.S. § 116B-78, and
- ii. the proscription in G.S. § 116B-78 against unconscionable finder's fees.

917. Defendants Equity Solutions, Bruce Cohen and Liberto induced the White heirs to enter into the "Conveyance Agreements" without disclosing that the agreements are unenforceable.

918. The failure of defendants Equity Solutions, Bruce Cohen and Liberto to disclose to the White heirs that the "Conveyance Agreements" are unenforceable had a tendency or capacity to deceive them.

919. Also on or about the date each White heir executed a "Conveyance Agreement," defendants Equity Solutions, Bruce Cohen and Liberto induced each of the White heirs to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds."

920. The "Absolute Assignments" state that the White heirs irrevocably assign to defendant Equity Solutions "all right, title and interest" "in the approximate amount of \$13,458.41" of surplus funds, in exchange for "\$10 and other good and valuable consideration."

921. None of the White heirs received \$10 or any other new consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the "Absolute Assignments" to defendant Equity Solutions.

922. The representation in each "Absolute Assignment," that Equity Solutions provided "\$10.00 and other good and valuable consideration" in exchange for the White heirs executing the agreements, is false.

923. The "Absolute Assignments" are illusory because they are not supported by mutual consideration.

924. The "Absolute Assignments" state that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

925. The representation in each "Absolute Assignment," that it constitutes the entire agreement between the parties," is false.

926. Defendants Equity Solutions, Bruce Cohen and Liberto, and the White heirs, intended for White heirs' "Conveyance Agreements" to be the true agreements governing the respective rights and obligations of defendant Equity Solutions and the White heirs.

927. On or about October 14, 2008 defendants Equity Solutions, Bruce Cohen and Liberto, through counsel R. Dale Fussell, Esq., caused to be filed with the Mecklenburg County Clerk of Superior Court a "Petition for Surplus Proceeds From Tax Foreclosure Sale" in Mecklenburg County File No. 08 SP 8236, that was accompanied by various documents including the "Absolute Assignments."

928. Defendants Equity Solutions, Bruce Cohen and Liberto caused attorney Fussell to verify the Petition and to submit his verification of the Petition to the Mecklenburg County Clerk of Superior Court.

929. The verified Petition represents that "Petitioner is the assignee of five (5) of the eight (8) Heirs (sic) of Lee J. White..." and referenced the attached "Absolute Assignments" as the basis for that claim.

930. The express or implied representation in the verified Petition, that the "Absolute Assignments" constitute a legally binding and genuine basis for defendant Equity Solutions' claim to the funds, is false.

931. Defendants Equity Solutions, Bruce Cohen and Liberto knew at the time the verified Petition was submitted that its express or implied representation, that the "Absolute Assignments" constitute a legally binding and genuine basis for defendant Equity Solutions' claim to the funds, was false.

932. The express or implied representation in the verified Petition, that the "Absolute Assignments" constitute a legally binding and genuine basis for defendant Equity Solutions' claim to the funds, was calculated to deceive and did deceive the Mecklenburg County Clerk of Superior Court.

933. Defendants Equity Solutions, Bruce Cohen and Liberto knew that the provision in the "Absolute Assignments," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when they caused them to be filed with the Mecklenburg County Clerk of Superior Court.

934. Causing the submission of the "Absolute Assignments," with the provision that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was calculated to deceive and did deceive the Mecklenburg County Clerk of superior Court.

935. Defendants Equity Solutions, Bruce Cohen and Liberto knew that the representation in each "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the White heirs executing the agreements, was false when they caused them to be filed with the Mecklenburg County Clerk of Superior Court.

936. Causing the submission of the "Absolute Assignment," with the provision that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for the White heirs executing the agreements, was calculated to deceive and did deceive the Mecklenburg County Clerk of Superior Court.

937. On a date not known to the State, defendants Equity Solutions, Bruce Cohen and Liberto caused to be submitted, and/or had actual or constructive notice that Mr. Fussell submitted, a motion for attorneys fees.

938. Defendants Equity Solutions, Bruce Cohen and Liberto caused Fussell's motion for attorney's fees to be submitted, and/or acquiesced in its submission, notwithstanding that they had previously agreed with the White heirs that defendants would bear all expenses of recovering the property.

939. Defendants Equity Solutions, Bruce Cohen and Liberto failed to disclose to the Mecklenburg County Clerk of Superior Court that defendant Equity Solutions had agreed with each of the White heirs to bear all expenses in connection with recovering the property.

940. The failure of defendants Equity Solutions, Bruce Cohen and Liberto to disclose to the Mecklenburg County Clerk of Superior Court that defendant Equity Solutions had agreed with each of the White heirs to bear all expenses in connection with recovering the property, was calculated to deceive, and did deceive the Clerk.

941. The Mecklenburg County Clerk of Superior Court was the lawful holder of the funds.

942. On or about November 5, 2008, the Mecklenburg County Clerk of Superior Court entered an order directing that, of the \$13,458.41 surplus funds in this matter, \$1,500.00 be paid from the funds as attorney's fees to R. Dale Fussell, attorney for defendant Equity Solutions, 5/8 of the remaining amount, or \$7,474.00, to be paid to defendant Equity Solutions in regard to the 5/8 share of the White heirs in the funds after attorney Fussell's fee was subtracted, and \$4,481.41 to be retained by the court regarding the 3/8 share of certain heirs of Lee J. White whose interests were not before the court.

943. The Mecklenburg County Clerk of Superior Court did so in reasonable reliance on the verified pleading signed by counsel and on the papers filed in support thereof.

944. Pursuant to and on the basis of that order, \$1,500.00 of the surplus funds were paid by the finance office of the Mecklenburg County Clerk of Superior Court to Fussell, attorney for defendant Equity Solutions.

945. Defendants Equity Solutions, Bruce Cohen and Liberto acquiesced in the payment of that amount to Fussell out of the funds belonging to the White heirs notwithstanding that, under the "Conveyance Agreements," defendant Equity Solutions had represented that it would bear all costs of recovering the funds.

946. Also pursuant to and on the basis of that order, on or about January 24, 2009 \$7,474.41 was paid by the finance office of the Mecklenburg County Clerk of Superior Court to Fussell on behalf of defendant Equity Solutions.

947. On or about January 24, 2009 Fussell forwarded the remaining \$7,474.41 to defendant Equity Solutions.

948. On or about January 24, 2009 defendant Equity Solutions then paid \$600.00 to each of the five White heirs before the court, or a total of \$3,000.00.

949. Defendant Equity Solutions did so notwithstanding that under the "Conveyance Agreements" each of the White heirs was to receive 50 percent of the gross recovery.

950. The gross recovery is \$8,974.41.

951. The gross recovery consists of the payment of Equity Solutions' "exclusive obligation" for Fussell's attorney's fee out of funds belonging to all of the White heirs, plus the remaining \$7,474.41 allocated to the five heirs before the court.

952. Fifty percent of the gross recovery is \$4,487.21, or \$897.44 for each of the White heirs.

953. On information and belief, defendant Equity Solutions retained the remaining \$4,474.41 and divided it among defendants Spriggs, Bruce Cohen and Liberto in three equal parts.

954. Defendant Equity Solutions' effective fee in this case is \$5,974.41.

955. That fee consists of the \$4,474.41 retained by defendant Equity Solutions, plus \$1,500 which was the amount of its "exclusive obligation" to pay Fussell's attorney's fee that it

wrongfully caused to be deducted from the interests of all of the heirs, including those not before the court.

956. That fee constitutes 67 percent of the \$8,974.41 obtained

957. That fee is unconscionable.

958. The failure of defendants Equity Solutions and Bruce Cohen to comply with the requirement in G.S. § 116B-78 that the agreements with the White heirs must set forth the value of the property before and after the fee, along with the failure of defendants Equity Solutions to remit to the White heirs the amount due to them under their "Conveyance Agreement[s]" had a tendency or capacity to deceive.

959. Defendants Equity Solutions, Liberto, Bruce Cohen and one or more other co-conspirators conspired to and did:

- i. obtain property from the Mecklenburg County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Mecklenburg County Clerk of Superior Court by false pretenses,
- iii. deprive the White heirs of their lawful shares of the recovery, and
- iv. violate the disclosure and fee requirements in G.S. § 116B-68.

960. Overt acts taken by those defendants in furtherance of their conspiracy included:

- i. inducing the White heirs to execute the "Absolute Assignments of Interest in Tax Foreclosure Surplus Proceeds," and their affidavits attesting to their execution of the "Absolute Assignments,"
- ii. causing those papers to be submitted to the Mecklenburg County Clerk of Superior Court, along with the "Petition for Surplus Proceeds,"
- iii. acquiescing in or causing Fussell to submit to the Clerk of Superior Court his motion for attorney's fees, and
- iv. obtaining the funds, via Fussell, from the Mecklenburg County Clerk of Superior Court and retaining more than they were entitled to by law or contract.

24. Robert Roy Wright – Buncombe County File No. 08 SP 1061

961. On or about October 1, 2008 the combined efforts of defendants Equity Solutions, Maria Cohen and Liberto induced Robert Roy White to enter into a "Conveyance Agreement."

962. In the "Conveyance Agreement," Wright committed to assist and cooperate with the efforts of defendant Equity Solutions to collect the funds, including to execute and provide any documents that may be required to recover the funds.

963. In exchange defendant Equity Solutions committed to "make every effort to obtain any funds available..." and agreed that "[a]ny and all expenses connected with acquiring surplus funds will be the exclusive obligation of Equity Solutions of the Carolinas, Inc."

964. In the "Conveyance Agreement" Wright assigns all of his right title and interest, in the property of undisclosed value, in exchange for 50 percent of the gross amount of the recovery.

965. The primary purpose of the "Conveyance Agreement" is to locate, deliver, recover or assist in the recovery of property that is distributable to Wright or presumed abandoned.

966. The "Conveyance Agreement" does not state the value of the property before and after the fees.

967. The fee imposed in the conveyance agreement is unconscionable.

968. The "Conveyance Agreement" is not enforceable by defendant Equity Solutions because it does not comply with:

- i. the mandatory disclosure and registration requirements in G.S. § 116B-78, and
- ii. the proscription in G.S. § 116B-78 against unconscionable finder's fees.

969. Defendants Equity Solutions, Maria Cohen and Liberto induced Wright to enter into the "Conveyance Agreement" without disclosing that the agreement is unenforceable by defendant Equity Solutions.

970. The failure of defendants Equity Solutions, Maria Cohen and Liberto to disclose to Wright that the "Conveyance Agreement" is unenforceable had a tendency or capacity to deceive.

971. Also on or about the date Wright executed a "Conveyance Agreement," the combined efforts of defendants Equity Solutions, Maria Cohen and Liberto induced him to execute an "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds."

972. The "Absolute Assignment" states that Wright irrevocably assigns to defendant Equity Solutions "all right, title and interest" in the approximate amount of \$18,700.00 in surplus funds, in exchange for "\$10 and other good and valuable consideration."

973. Wright did not receive \$10 or any other consideration from defendant Equity Solutions, nor from any person acting on its behalf, in exchange for executing and proving the "Absolute Assignment" to defendant Equity Solutions.

974. The representation in each "Absolute Assignment," that Equity Solutions provided "\$10.00 and other good and valuable consideration" in exchange for Wright executing the Agreement, is false.

975. The "Absolute Assignment" is illusory because it is not supported by mutual consideration.

976. The "Absolute Assignment" states that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto."

977. The representation in the "Absolute Assignment," that it constitutes the entire agreement between the parties," is false.

978. Defendant Equity Solutions and Wright intended for the "Conveyance Agreement," to be the true agreement governing the respective rights and obligations of defendant Equity Solutions and Wright.

979. The Buncombe County Clerk of Superior Court was the lawful holder of the funds.

980. On or about October 16, 2008 defendants Equity Solutions, Bruce Cohen and Liberto, through counsel Jonathan A. McCollum, Esq., caused to be filed with the Buncombe County Clerk of Superior Court a "Petition for Surplus Proceeds From Foreclosure Sale" in Buncombe County File No. 08 SP 1061, that was accompanied by various documents including an affidavit executed by attorney McCollum.

981. The Petition and affidavit of attorney McCollum represent that defendant Equity Solutions is the assignee of Wright.

982. Defendants Equity Solutions, Bruce Cohen and Liberto caused Wright's "Absolute Assignment" to be submitted with the Petition as the basis for defendant Equity Solutions' claim of right to the funds.

983. The express or implied representation in the Petition and affidavit of McCollum, that the accompanying "Absolute Assignment" is a legally binding and genuine basis for defendant Equity Solutions' claim to the funds, is false.

984. Defendants Equity Solutions, Bruce Cohen and Liberto knew at the time the Petition was submitted that its representation, that the accompanying "Absolute Assignment" is a legally binding and genuine basis for defendant Equity Solutions' claim to the funds, was false.

985. The express or implied representation in the Petition and affidavit, that the "Absolute Assignment" is a legally binding and genuine basis for defendant Equity Solutions' claim to the funds, was calculated to deceive and did deceive the Buncombe County Clerk of Superior Court.

986. Defendants Equity Solutions, Bruce Cohen and Liberto knew that the provision in the "Absolute Assignment," that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was false when they caused it to be filed with the Buncombe County Clerk of Superior Court.

987. Causing the Absolute Assignment to be submitted, with its representation that "[t]his agreement is complete, in and of itself, representing the entire agreement between all Parties hereto," was calculated to deceive and did deceive the Buncombe County Clerk of Superior Court.

988. Defendants Equity Solutions, Bruce Cohen and Liberto knew that the representation in the "Absolute Assignment," that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for Wright executing the Agreement, was false when they caused it to be filed with the Buncombe County Clerk of Superior Court.

989. Causing the "Absolute Assignment" to be submitted, with its representation that Equity Solutions provided "\$10 and other good and valuable consideration" in exchange for Wright executing the assignment, was calculated to deceive and did deceive the Buncombe County Clerk of Superior Court.

990. On or about November 13, 2008, the Buncombe County Clerk of Superior Court entered an order directing that \$18,700 of surplus funds be paid to defendant Equity Solutions through its attorney McCollum.

991. The Buncombe County Clerk of Superior Court did so in reasonable reliance on the pleading and affidavit signed by counsel and on the papers filed in support thereof.

992. On or about February 24, 2009, defendant Equity Solutions, by counsel Matthew S. Roberson, Esq., caused to be filed a motion to correct the order to recite that the actual surplus fund amount was \$9,381.95.

993. On or about February 24, 2009 the Buncombe County Clerk of Superior Court entered an order correcting that the actual surplus fund amount to be paid to defendant Equity Solutions was \$9,381.95.

994. Shortly thereafter, pursuant to and on the basis of that order, \$9,381.95 was disbursed by the finance office of the Buncombe County Clerk of Superior Court to defendant Equity Solutions through its substitute counsel, Roberson.

995. On or about April 2, 2009 Roberson forwarded \$9,867.55 to defendant Equity Solutions.

996. Also on or about April 2, 2009 defendant Equity Solutions remitted \$4,650 to Wright as his share of the recovery.

997. That amount is \$40.98 short of 50 percent of the \$9,381.95 recovery.

998. The failure of defendants Equity Solutions, Maria Cohen and Liberto to comply with the requirement in G.S. § 116B-78 that the agreement with Wright must set forth the value of the property before and after the fee, along with the failure of defendant Equity Solutions to remit to the Wright even the amount due to him under the "Conveyance Agreement," had a tendency or capacity to deceive.

999. Defendants Equity Solutions, Liberto, Bruce Cohen and Maria Cohen conspired to and did:

- i. obtain property from the Buncombe County Clerk of Superior Court by false pretenses,
- ii. obtain the signature of the Buncombe County Clerk of Superior Court by false pretenses,
- iii. deprive Wright of his lawful share of the recovery, and
- iv. violate the disclosure and fee requirements in G.S. § 116B-68.

1000. Overt acts in furtherance of the conspiracy included:

- i. inducing Wright to execute the "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds,"
- ii. causing that paper to be submitted to the Buncombe County Clerk of Superior Court, along with the "Petition for Surplus Proceeds" and the affidavit of attorney McCollum, and
- iii. obtaining the funds, via Roberson, from the Buncombe County Clerk of Superior Court and retaining more than they were entitled to by law or contract.

25. Susan Yaghjian – State Treasurer

1001. On or about May 29, 2009, the combined efforts of defendants Equity Solutions, Spriggs, Bruce Cohen, Maria Cohen and Liberto induced Susan Yaghjian to execute an “Authority to Represent and Contingency Fee Agreement”

1002. In that agreement, Yaghjian appointed and employed defendant Equity Solutions to assist her in the recovery of unclaimed or abandoned assets, committed to assist and cooperate with the company, including to execute and provide any additional court required documents, and agreed to pay defendant Equity Solutions 33.3 percent of any gross amount recovered, with “all expenses” to be paid by defendant Equity Solutions out of its 33.3 percent contingency fee.

1003. The primary purpose of that agreement is to locate, deliver, recover or assist in the recovery of property that is distributable to Yaghjian or presumed abandoned.

1004. That agreement does not state the value of the property before and after the fee.

1005. The “Authority to Represent and Contingency Fee Agreement” that defendant Equity Solutions entered into with Yaghjian is not enforceable by defendant Equity Solutions because:

- i. it does not comply with the mandatory disclosure requirements in G.S. 116B-78, and
- ii. the fee therein is unconscionable, in violation of G.S. 116B-78.

1006. Defendants obtained Yaghjian’s signature on the “Authority to Represent and Contingency Fee Agreement” without disclosing that the agreement is unenforceable by defendant Equity Solutions.

1007. Defendants’ failure to disclose to Yaghjian that the “Authority to Represent and Contingency Fee Agreement” is unlawful and unenforceable had a tendency or capacity to deceive.

1008. On a date not presently known to the State, the combined efforts of defendants induced Yaghjian to enter into a three-party agreement with defendants Equity Solutions and attorney McCollum, entitled “Contract for Legal Services/Representation.”

1009. In that agreement Yaghjian engaged Jonathan A. McCollum, Esq., to represent her in the recovery of unclaimed property in the approximate amount of \$7,705.76, and agreed that McCollum “shall disburse” to defendant Equity Solutions the fee Yaghjian agreed to pay in the separate “Authority to Represent and Contingency Fee Agreement.”

1010. Also in that agreement, defendant Equity Solutions committed to pay McCollum's attorney's fee incurred in representing Yaghjian.

1111. Defendant Equity Solutions had an agreement or understanding with attorney McCollum that the entire amount of any funds defendant McCollum collected on behalf of Yaghjian would be paid to defendant Equity Solutions.

1112. The State Treasurer was in lawful possession of certain unclaimed or abandoned funds belonging to Yaghjian.

1113. On or about June 23, 2009 defendants, acting by attorney McCollum, caused to be filed with the State Treasurer a claim for certain funds in the amount of \$7,705.76.

1114. That claim was in Yaghjian's name, with attorney McCollum represented as acting on her behalf.

1115. Defendants also caused to be filed with that claim Yaghjian's "Contract for Legal Services/Representation."

1116. At the time defendants caused to be filed with the State Treasurer Yaghjian's "Contract for Legal Services/Representation," they did not disclose to the State Treasurer that defendant Equity Solutions had an agreement or understanding with defendant McCollum that any funds defendant McCollum collected on behalf of Yaghjian would be paid to defendant Equity Solutions.

1117. In reasonable reliance on the claim and the papers submitted therewith, on December 14, 2009, the State Treasurer disbursed \$7,705.76 to Yaghjian, via attorney McCollum.

1118. Defendant McCollum did not forward the funds to Yaghjian.

1119. Instead, on or about October 14, 2009 defendant McCollum first subtracted \$500.00 for his attorney's fee, notwithstanding that he had no fee agreement with Yaghjian, and then forwarded the remaining \$7,205.76 of Yaghjian's funds to defendant Equity Solutions.

1120. On or about October 14, 2009, defendants forwarded \$4,799.04 to Yaghjian.

1121. That \$4,799.04 constitutes 62 percent of the gross recovery.

1122. That amount was not the 66.6 percent, or \$5,123.04, that Yaghjian was entitled to receive under her "Authority to Represent and Contingency Fee Agreement" with defendant Equity Solutions.

1123. The failure of defendants to forward to Yaghjian the amount to which she was entitled under her agreement with defendant Equity Solutions, along with the failure of defendants to disclose in the property finder agreement the value of the property before and after the fee, has the tendency or capacity to deceive her.

1124. Defendants Equity Solutions, Sprigg, Bruce Cohen, Maria Cohen and Liberto conspired to and did:

- i. obtain property from the State Treasurer by false pretenses,
- ii. deprive Yaghjian of her rightful share of the unclaimed or abandoned funds, and
- iii. violate the disclosure and fee requirements in G.S. § 116B-68.

1125. Overt acts taken by those defendants in furtherance of their conspiracy included:

- i. inducing Yaghjian to execute the "Authority to Represent and Contingency Fee Agreement" and the "Contract for Legal Services/representation,"
- ii. causing the claim for funds and accompanying papers to be submitted to the State Treasurer.

CLAIMS FOR RELIEF

I. RACKETEERING

1126. By means of the enterprise known as Equity Solutions of the Carolinas, Inc., and of the acts alleged herein, defendants attempted to and did engage in a pattern of racketeering activity by:

- i. obtaining property by false pretenses,
- ii. attempting to obtain property by false pretenses,
- iii. conspiring to obtain property by false pretenses,
- iv. obtaining a signature by false pretenses,
- v. attempting to obtain a signature by false pretenses,
- vi. conspiring to obtain a signature by false pretenses,
- vii. committing perjury, and

viii. suborning perjury,

in violation of G.S. § 75D-4(a)(1) and (3).

II. UNFAIR OR DECEPTIVE TRADE PRACTICES

1127. Each act by defendants of representing to apparent owners that defendant Equity Solutions would obtain property at no cost to them, is an unfair or deceptive act or practice in violation of G.S. § 75-1.1.

1128. Each act by defendants of failing to abide by the fee and expense representations that defendants had made to apparent owners, is an unfair or deceptive act or practice in violation of G.S. § 75-1.1.

1129. Each act by defendants of inducing apparent owners to enter into property finder contracts that fail to make the disclosures required by G.S. § 116B-78, is an unfair or deceptive act or practice, in violation of G.S. § 75-1.1.

1130. Each act by defendants of failing to disclose to apparent owners that the property finder contracts that defendants induced them to enter into was unlawful, unenforceable and/or void, is an unfair or deceptive act or practice in violation of G.S. § 75-1.1.

1131. For contracts entered into prior to October 1, 2009, each act by defendants of obtaining an unconscionable fee under G.S. § 116B-78, as it existed prior to October 1, 2009, was an unfair or deceptive act or practice, in violation of G.S. § 75-1.1.

1132. For contracts entered into on or after October 1, 2009, each act by defendants of obtaining a fee that exceeds the maximum amount allowed by G.S. § 116B-78, as it existed after October 1, 2009, was an unfair or deceptive act or practice in violation of G.S. § 75-1.1.

1133. Each act of arranging for apparent owners to engage an attorney whose loyalty was or was likely to be compromised by defendants, was an unfair or deceptive act or practice in violation of G.S. § 75-1.1.

1134. Each act of directly or indirectly obtaining funds to which they were not entitled, as alleged herein, was an unfair or deceptive act or practice in violation of G.S. § 75-1.1.

1135. Each act of directly or indirectly paying the apparent owners less than they were entitled to:

- i. according to defendants' representations,
- ii. under their property finder contracts, and/or

iii. under applicable law,

is an unfair or deceptive act or practice in violation of G.S. § 75-1.1.

1136. Each act of obtaining property by false pretenses is an unfair or deceptive act or practice in violation of G.S. § 75-1.1.

1137. Each act of obtaining a signature by false pretenses is an unfair or deceptive act or practice in violation of G.S. § 75-1.1.

1138. Each act of defendants Equity Solutions' entry into a property finder contract without first registering with the State Treasurer as a property finder, is an unfair or deceptive act or practice in violation of G.S. § 75-1.1.

1139. Each week of defendant Equity Solutions' failure to register as a property finder, while operating as one pursuant to any property finder contract with any third person, is a separate unfair or deceptive act or practice in violation of G.S. § 75-1.1.

UNJUST ENRICHMENT

1140. Defendants were unjustly enriched:

i. in the entire amounts of the fees they obtained pursuant to property finder contracts entered into on or after October 1, 2009 that did not comply with the fee limitations in G.S. § 116B-78,

ii. in the amounts of the unconscionable fees they obtained pursuant to property finder contracts entered into prior to October 1, 2009,

iii. in the additional amounts that they retained that exceeded the amounts they were entitled to retain under their property finder contracts,

iv. in the amounts of consumers' funds that were used to pay defendant Equity Solutions' exclusive obligations, including attorneys' fees and fees for guardians ad litem, and

v. in such other amounts that defendants obtained or retained that they were not entitled to under law or contract.

PRAYER FOR RELIEF

Wherefore the State prays that the Court enter an order:

1. directing the forfeiture of all property used or intended for use in, or derived from or realized through, the course of the racketeering activity alleged herein, including the property at 304 Morganford Place, Cary, North Carolina, under G.S. §§ 75D-5 and/or 75D-8(a)(1);

2. revoking defendant Equity Solutions' certificate of authority to do business in North Carolina, under G.S. § 75D-8(a)(5);

3. cancelling all of the contracts, agreements and powers of attorney alleged herein, under G.S. § 75-15.1;

4. directing the defendants, jointly and severally, to restore to the respective apparent owners all funds acquired by defendants arising out of the conduct alleged herein, under G.S. §§ 75-14 and 75-15.1;

5. declaring unconscionable and unreasonable all fees and other amounts obtained by defendants, including funds belonging or distributable to property owners that were used to pay the exclusive obligations of defendant Equity Solutions, in matters relating to property finder contracts entered into prior to October 1, 2009, under G.S. § 116B-78,

6. under G.S. § 75-14, permanently enjoining defendants, their successors and assigns, and any entity now or hereinafter wholly or partially owned, operated or controlled by them or any of them, from:

i. directly or indirectly engaging or participating in any way in the business of property finding or property locating, as defined in Chapter 116B, in North Carolina,

ii. making any false, deceptive or misleading representation to consumers,

iii. encouraging, inducing or arranging for any person to engage an attorney whose loyalty to that person is or foreseeably may be compromised by defendant Equity Solutions,

iv. obtaining property by false pretenses,

v. attempting to obtain property by false pretenses,

vi. conspiring to obtain property by false pretenses,

vii. obtaining a signature by false pretenses,

viii. attempting to obtain a signature by false pretenses

ix. conspiring to obtain a signature by false pretenses

x. committing perjury, and

xi. suborning perjury.

7. directing defendants, jointly and severally, to pay civil penalties of \$5,000 for each violation of G.S. § 75-1.1 alleged herein, under G.S. § 75-15.2,

8. ordering defendants jointly and severally to disgorge all amounts by which they were unjustly enriched, and

9. granting such other relief as is just.

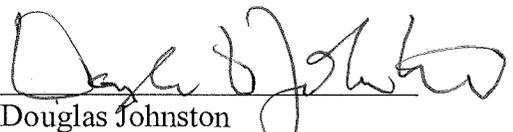
This the 13th day of August, 2010.

STATE OF NORTH CAROLINA
ROY COOPER
Attorney General



K. D. Sturgis
Assistant Attorney General
State Bar No. 9486
North Carolina Department of Justice
P.O. Box 629
Raleigh, NC 27602
Tel. 919/716.6011
ksturgis@ncdoj.gov

JANET COWELL
State Treasurer



Douglas Johnston
Special Deputy Attorney General
State Bar No. 2404
North Carolina Department of Justice
P.O. Box 629
Raleigh, NC 27602
Tel. 919.716.6812
djohnston@ncdoj.gov

STATE OF SOUTH CAROLINA

COUNTY OF PICKENS

AFFIDAVIT OF LINDA A. HOFFMAN

Linda A. Hoffman, first being duly sworn, deposes and says:

1. I am over the age of 18 and am competent to give this affidavit.
2. Exhibit 1 is a true and accurate copy of an email I received from Leo Liberto and Equity Solutions of the Carolinas, Inc. ("Equity Solutions"). It states, "Equity Solutions of the Carolinas bears all cost (sic) in the collection process... We pay the fees of the attorney as well as any and all other Notary fees, overnight deliveries, document preparation and any other miscellaneous costs involved. AT NO COST TO OUR CLIENTS WHATSOEVER."
3. Based on that letter I believed that Equity Solutions would find bear all of the costs and expenses, and I would bear none of the costs and expenses, of finding property for me.
4. Based on that belief I entered into a property finder agreement with Equity Solutions.
5. Exhibit 2, called "Authority to Represent and Contingency Fee Agreement," is a true and accurate copy of my property finder agreement with Equity Solutions.
6. Exhibit 2 states that Equity Solutions will assist me in recovering any abandoned or unclaimed property, and in exchange it will get a fee of 33 1/3 percent of the "net" amount of the recovery, that all costs and expenses will "be advanced by and the responsibility of" Equity Solutions, and Equity Solutions "will be responsible for any costs associated with" providing additional court required documents.
7. I understand the provisions in Exhibit 2 regarding costs and fees to mean that, consistent with the email I had earlier received from Liberto and Equity Solutions, the company would bear all of the costs, and I would bear none of the costs, of finding property for me.
8. The documents attached as Exhibits 3 through 5 are true and accurate copies of documents that I subsequently received from and signed for Equity Solutions.
9. Exhibit 3, called "Conveyance Agreement," has the same provisions as Exhibit 2 regarding the fees and the other fees and expenses. I did not and do not understand the reason for this document.
10. Exhibit 4, called, "Absolute Assignment of Interest in Tax Foreclosure Surplus Proceeds," and the affidavit at Exhibit 5, are confusing to me. I provided them

because I understood they were necessary to obtain the funds.

11. I did not receive from Equity Solutions \$10.00 or anything else in exchange for signing Exhibits 4 or 5.

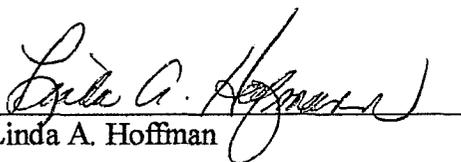
12. The statement in Exhibit 4, that it "represents the entire agreement between all Parties hereto," is not correct. I believe that Exhibits 1 through 3 reflect our agreement.

13. In May of 2010 I received a check from Equity Solutions for \$11,897.15. Because I believed I would be getting 66 2/3 percent of about \$20,000.00, I requested a breakdown of how the company arrived at \$11,897.15.

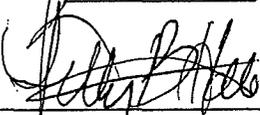
14. Exhibit 6 is a true and accurate copy of a cover letter and a break down I received from Equity Solutions in response to my inquiry. The break down shows that there were "net proceeds" of \$23,903.75, that the company subtracted various costs and expenses, such as "direct" and "indirect" legal expenses, accounting and document preparation, and travel expenses, to yield a "Net after expenses" of \$19,828.58, and that Equity Solutions calculated the amount of the check it initially sent to me as 60 percent of the "Net after expenses," instead of 66 2/3 percent of the "net proceeds."

15. After my inquiry Equity Solutions sent me an additional check for \$1,308.68. As I understand it, the purpose of that check was to correct the error of crediting me only 60 percent instead of 66 2/3 percent, but it did not correct for the \$4,075.17 in various costs and expenses that Equity Solutions subtracted from the "Net proceeds" before calculating my 66 2/3 percent.

FURTHER YOUR AFFIANT SAYETH NAUGHT.


Linda A. Hoffman

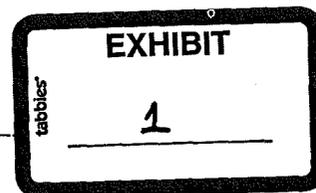
SWORN TO AND SUBSCRIBED
BEFORE ME THIS THE 25
DAY OF June, 2010.


Notary Public

My Commission Expires: 2/15/2012



BETTY B. HALL
NOTARY PUBLIC
State of South Carolina
My Commission Expires
February 15, 2012



Date: Thursday, March 4, 2010 8:17 AM

From: leoliberto@comcast.net

To: lhof375@charter.net

Subject: Estate Recovery-Heir of Margaret Melton

Equity Solutions of the Carolinas, Inc

LINDA ANN HOFMANN

375 GRAVLEY RD

PICKENS, SC 29671-8979

Re; funds located for Linda Ann Hoffman

March 4, 2010

Heir of Margaret Melton

file # 4050

Hi Linda, it was very nice speaking with you today. As I explained our firm has located funds of approximately \$20,000 to be distributed to the heirs of your mother Margaret Melton. I have verified that you and your step-sisters Faye & Joy are the rightful heirs to this money.

My company would like to offer you our services to recover the money owed to you. We do not require any funds from our clients. Equity Solutions of the Carolinas, Inc. bears all cost in the collection process. We only benefit when we successfully recover this money. We pay the fees of the attorney as well as any and all other Notary fees, overnight deliveries, document preparation and any other miscellaneous costs involved.

AT NO COST TO OUR CLIENTS WHATSOEVER.

Equity Solutions of the Carolinas works with a large array of customers and agencies to track down lost or unclaimed funds that are owed to people just like you. We have been involved in different aspects of the foreclosure and asset collection business in excess of 20 years.

I have attached the Agreement letter that I spoke of for your approval. After signing you may fax back to me at the number below, Email or mail to me. Normal recovery time is 150-180 days and within 10 days of the final recovery you will receive your check.

Please visit our web site for more details. www.equitycarolinas.com

In today's world no funds should be left un-recovered.

Sincerely,

Leo Liberto

Equity Solutions Of The Carolinas

10897 154TH Rd. N.

Jupiter, Fl. 33478

888-355-6902-office

561-741-4071-fax

 Contingency Fee Agreement-MELTON-LINDA.doc

AUTHORITY TO REPRESENT & CONTINGENCY FEE AGREEMENT FOR FILE #
4050

Heir of Margaret Melton

KNOW BY ALL MEN BY THESE PRESENTS that I Linda Ann Hoffman, the undersigned client(s), does hereby appoint and employ **Equity Solutions of the Carolinas Inc.**, 10897 154th Road North, Jupiter, FL. 33478 a Florida Corporation registered to do business in the State of North Carolina, to represent me/us in the recovery of abandoned or unclaimed assets, or estate settlement in which I/we may be entitled.

For services rendered, I/we agree to compensate **Equity Solutions of the Carolinas Inc.**, a Florida corporation located in Palm Beach County, a contingency fee of 33 1/3% of any net amount recovered.

I/we understand that ALL EXPENSES, including but not limited to, research and investigative costs, document and record copies, court costs, filing fees, paralegal and attorneys fees incurred in the recovery of my/our claim will be advanced by and the responsibility of **Equity Solutions of the Carolinas Inc.**

IT IS AGREED and UNDERSTOOD that this appointment is upon a contingency fee basis, and if no recovery is made, I/we will not be indebted to **Equity Solutions of the Carolinas Inc.**, it's agents or representatives, for any sum whatsoever. In fact under no circumstances will I/we, be liable for any payment, whatsoever.

By signing this Agreement, I/we agree to assist, cooperate, and provide any verbal information, execute and provide any additional city, county, state or court required documents, and execute any legal representation form that may be required to recover my/our claim. I/we further understand that **Equity Solutions of the Carolinas Inc.** will be responsible for ANY COSTS associated with said items.

THIS AGREEMENT MAY BE CANCELLED BY WRITTEN NOTIFICATION TO EQUITY SOLUTIONS OF THE CAROLINAS AT ANY TIME WITHIN THREE (3) BUSINESS DAYS OF THE DATE THE AGREEMENT WAS SIGNED, AS SHOWN BELOW, AND IF CANCELLED THE CLIENT SHALL NOT BE OBLIGATED TO PAY ANY FEES TO EQUITY SOLUTIONS OF THE CAROLINAS. FOR THE WORK PERFORMED DURING THAT TIME.

DATED THIS 10 day of March, 2010

Client Printed Name: Linda Ann Hoffman
Linda Ann Hoffman

Client Signature: Linda A. Hoffman

Address: 375 GRAVLEY RD, PICKENS, SC 29671-8979

Phone: [REDACTED]
CELL: [REDACTED]

Email: [REDACTED]

Peter J. Miceli
WITNESS SIGNATURE
Print Name: PETER J. MICELI

To expedite your claim, please fax this Agreement to: 561-741-4071. Thank You

- CONVEYANCE AGREEMENT -

THIS AGREEMENT, entered into this 15 day of March, 2010, between Equity Solutions of the Carolinas, Inc., a Florida Corporation, of 10897 154th Road North, Jupiter, Florida 33478, (U.S.), and Linda Ann Hofmann (SELLER)

Avery County ID# 185700346767 File # 06-CVD-344
Commissioner's Deed Book 421, Page 1890

Both parties agree as follows:

For services rendered, I/we agree to compensate **Equity Solutions of the Carolinas Inc.**, a Florida corporation located in Palm Beach County, a contingency fee of 33 1/3% of any net amount recovered.

I/we understand that **ALL EXPENSES**, including but not limited to, research and investigative costs, document and record copies, court costs, filing fees, paralegal and attorneys fees incurred in the recovery of my/our claim will be advanced by and the responsibility of **Equity Solutions of the Carolinas Inc.**

IT IS AGREED and UNDERSTOOD that this appointment is upon a contingency fee basis, and if no recovery is made, I/we will not be indebted to **Equity Solutions of the Carolinas Inc.**, it's agents or representatives, for any sum whatsoever. In fact under no circumstances will I/we, be liable for any payment, whatsoever.

By signing this Agreement, I/we agree to assist, cooperate, and provide any verbal information, execute and provide any additional city, county, state or court required documents, and execute any legal representation form that may be required to recover my/our claim. I/we further understand that **Equity Solutions of the Carolinas Inc.** will be responsible for **ANY COSTS** associated with said items.

Equity Solutions of the Carolinas, Inc. shall make every effort to obtain any funds available through the Registry of the Court; however no guarantee of any kind is express or implied.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this day.

SELLER: Linda Ann Hofmann
Linda Ann Hofmann

STATE OF: South Carolina
COUNTY OF: PICKENS

THE FOREGOING instrument was acknowledged before me this 15 day of March, 2010 by Linda Ann Hofmann, as SELLER, who [] is/are personally known to me, or [] who produced SDL as identification, and who [] did did not take an oath.

My Commission Expires:

2/15/2012

NOTARY PUBLIC



PRINT NAME:

Betty B Hall



BETTY B. HALL
NOTARY PUBLIC
State of South Carolina
My Commission Expires
February 15, 2012

ABSOLUTE ASSIGNMENT OF INTEREST IN TAX FORECLOSURE SURPLUS
PROCEEDS

Avery County ID# 185700346767 File # 06-CVD-344
Commissioner's Deed Book 421, Page 1890

THIS AGREEMENT made and entered into this 15 day of March, 2010, Linda Ann Hofmann, as heir of Margaret Melton ("Assignor"), whose address is 375 GRAVLEY RD, PICKENS, SC 29671-8979 and Equity Solutions of the Carolinas, Inc. or assigns ("Assignee") whose address is 10897 154th Road North, Jupiter, FL. 33478, for and in consideration of the sum of \$10 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby agree as follows:

1. Assignor acknowledges that she is a beneficiary as to a partial owner named in the above-styled Tax Foreclosure case, and she has not transferred, assigned or otherwise relinquished any remainder interest in or to the proceeds of said sale. Assignor has been informed by Assignee that Surplus Funds in the *approximate* amount of 20000 may be due and owing to Assignor, and may be available for disbursement from the Court Registry in Wake County, North Carolina and or the North Carolina Department of State Treasurer or a political subdivision thereof, or by a private entity, as the result of the above named Tax Foreclosure Sale.
2. Assignor hereby grants, bargains, sells and assigns, fully and irrevocably, to Assignee, Equity Solutions of the Carolinas, Inc. or assigns, any and all right, title and interest in and to all such surplus funds currently held by the Registry of the Court, as may be due from the above-referenced case.
3. Both Parties enter into this Agreement intending to be legally bound thereby. This Agreement is complete, in and of itself, representing the entire agreement between all Parties hereto, and may not be altered or amended except in writing.

ASSIGNOR ACKNOWLEDGES RECEIPT OF A COPY OF THIS AGREEMENT, AND AGREES TO PROMPTLY CO-OPERATE WITH ASSIGNEE BY PROVIDING ANY ADDITIONAL DOCUMENTATION OR INFORMATION REQUESTED, OR BY EXECUTING ANY AND ALL ADDITIONAL PAPERWORK ASSIGNEE DEEMS NECESSARY IN CONJUNCTION WITH THIS AGREEMENT.

IN WITNESS WHEREOF, I/we have hereunto set my/our hand/s this day and date.

Signed, sealed and delivered in our presence:

Assignor Signature: Linda Ann Hofmann
Printed Name: Linda Ann Hofmann

STATE OF South Carolina
COUNTY OF Pickens

THE FOREGOING instrument was acknowledged before me this 15 day of March, 2010, by Linda Ann Hofmann who [] is/are personally known to me or [X] who has/have produced SCDL as identification; and who [] did [X] did not take an oath.

My Commission Expires: 2/15/2012

Betty B. Hall
NOTARY PUBLIC SIGNATURE

Betty B. Hall
PRINTED NAME



BETTY B. HALL
NOTARY PUBLIC
State of South Carolina
My Commission Expires
February 15, 2012

AFFIDAVIT

Be it acknowledged, that I, Linda Ann Hofmann, as heir of Margaret Melton the undersigned deponent, being of legal age, does hereby depose and say under oath as follows:

1. I am a beneficiary as to a partial owner named in the Tax Foreclosure case mentioned in the Assignment executed to Equity Solutions of the Carolinas, Inc.
2. I have sold, transferred and assigned all of my present and future right, title, and interest in all property and remainder interests in and from Avery County ID# 185700346767 File # 06-CVD-344 Commissioner's Deed Book 421, Page 1890
3. I have executed the aforementioned assignment of my own free will and voluntary act with intent to be legally bound. I agree not to attempt to void the assignment in any manner and I consider the agreement fair and equitable, and to be in my best interest.
4. I agree to indemnify and hold harmless the assignee and the State of North Carolina, North Carolina Department of State Treasurer and the County of Avery and its agencies including the Sheriff's office, Commissioners office, Clerk of Court and Tax Collector with regard to the tax Foreclosure sale.

The above statements are true to the best of my belief.

I affirm that the foregoing is true upon information and belief.

WITNESS my hand under penalties of perjury this 15 day of March, 2010

Signature: Linda Ann Hofmann

Printed Name: Linda Ann Hofmann

STATE OF South Carolina
COUNTY OF PICKENS

The foregoing instrument was acknowledged before me this 15 day of March, 2010 by Linda Ann Hofmann who has produced SDL as identification.

My Commission Expires: 2/15/2012
(SEAL)

Betty B. Hall
Notary Public Signature

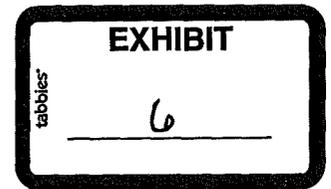


BETTY B. HALL
NOTARY PUBLIC
State of South Carolina
My Commission Expires
February 15, 2012

Equity Solutions of the Carolinas, Inc



LINDA ANN HOFMANN
375 GRAVLEY RD
PICKENS. SC 29671-8979



May 11, 2010

Hi Linda, enclosed is the breakdown you requested. Also if you wouldn't mind please send us the reference letter that we spoke about.

Thank you,
Leo Liberto
Equity Solutions Of The Carolinas
10897 154TH Rd. N.
Jupiter, Fl. 33478
888-355-6902-office
561-741-4071-fax

10897 154th Road N. Jupiter, FL. 33478 Toll Free (888)-355-6902
Fax (561)-741-4071 E-mail leo.liberto@equitycarolinas.com

Break down of expenses Heirs of Margaret Melton

Net proceeds	<u>\$23903.75</u>
Direct legal, expenses Adams Hendon Carson & Seanger	\$1,832.17
Indirect legal expenses Ward & Smith	\$825.00
P.I., genealogical and county clerk research	\$824.00
Accounting & document preparation	\$459.00
Travel expenses	\$135.00
<u>Total expenses</u>	<u>\$4,075.17</u>

Net after expenses \$ 19,828.58 X ~~60%~~ ^{13205.83} = \$11,897.15 to client

3473

1308.68

AD Just