

VT SUPERIOR COURT

STATE OF VERMONT

SUPERIOR COURT  
Washington Unit

2013 FEB - 5 ) A 10: 57

CIVIL DIVISION  
Docket No. 73-2-13Whe

STATE OF VERMONT,

Plaintiff,

vs.

**LENDER PROCESSING SERVICES, INC.**,  
a Delaware Corporation; **LPS DEFAULT  
SOLUTIONS, INC.**, a Delaware Corporation,  
and **DOCX, LLC**, a Georgia Limited Liability  
Company,

Defendants.

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

1. Plaintiff, the State of Vermont, brings this action complaining of Defendants LENDER PROCESSING SERVICES, INC., LPS DEFAULT SOLUTIONS, INC., and DOCX, LLC, for violating the Vermont Consumer Protection Act, 9 V.S.A. §§ 2451, *et seq.*, (“the Consumer Protection Act” or “the Act”), as follows:

**PUBLIC INTEREST**

2. The Vermont Attorney General believes this action to be in the public interest of the citizens of the State of Vermont and brings this lawsuit pursuant to the Consumer Protection Act.

## **JURISDICTION AND VENUE**

3. This action is brought for and on behalf of the State of Vermont by William H. Sorrell, Attorney General of the State of Vermont, pursuant to the provisions of the Act.

4. This Court has jurisdiction over the Defendants pursuant to the Act because the Defendants have transacted business within the State of Vermont at all times relevant to this complaint.

5. Venue for this action properly lies in the State of Vermont pursuant to section 2458(a) of the Act, because Defendants transact business in Vermont or some of the transactions upon which this action is based occurred in Vermont.

## **PARTIES**

6. Plaintiff, the State of Vermont, by William H. Sorrell, Attorney General of the State of Vermont, is charged with the enforcement of the Consumer Protection Act.

7. Defendant LENDER PROCESSING SERVICES, INC. ("LPS") is a Delaware corporation with its principal place of business at 601 Riverside Avenue, Jacksonville, Florida 32204.

8. Defendant LPS DEFAULT SOLUTIONS, INC. ("Default Solutions") is a Delaware corporation with its principal place of business at 601 Riverside Avenue, Jacksonville, Florida 32204. Default Solutions is a wholly owned subsidiary of LPS.

9. Defendant DOCX, LLC ("DocX") was a Georgia limited liability company and a wholly owned subsidiary of LPS, with its principal place of business in Alpharetta, Georgia. DocX operations were discontinued in 2010.

## **TRADE AND COMMERCE**

10. Defendants were, at all times relative hereto, engaged in trade or commerce in the State of Vermont by creating, signing, recording, notarizing, and otherwise placing into the stream of commerce mortgage-related documents in Vermont, as well as selling mortgage default servicing services for mortgages held in Vermont.

## **BACKGROUND**

11. LPS is the largest provider in the United States of technology, data, and services to mortgage lenders and servicers. LPS provides technology support to banks and mortgage loan servicers for various processes throughout the life of a residential mortgage loan. It has over 30 subsidiaries throughout the nation. In relevant part, LPS is a provider of default, foreclosure and bankruptcy technology service platforms for mortgage servicers.

12. DocX is a subsidiary of LPS that was located in Alpharetta, Georgia (acquired in 2005 by Fidelity National Financial and spun off under LPS in 2008 as part of a corporate reorganization). DocX ceased operations in the spring of 2010. DocX performed various functions for mortgage servicers, including but not limited to preparation, execution, notarization and recording of lien releases, assignments of mortgages, and other related documents.

13. Default Solutions provides mortgage servicers with administrative support services in connection with foreclosure and bankruptcy proceedings. Default Solutions is another subsidiary of LPS. Prior to March 2010, Default Solutions also engaged in document execution and notarization practices, including execution and notarization of mortgage-related documents necessary for foreclosure or bankruptcy proceedings.

14. Currently, Default Solutions provides services for its bank or servicer clients when a mortgage loan goes into default. These services include but are not limited to foreclosure and bankruptcy management services, services to independent attorneys and trustees, property inspection and preservation services, and other asset management services supporting the foreclosure and bankruptcy processes.

15. In providing default services to its bank or servicer-clients, Default Solutions uses a technology platform called “Desktop” to provide work flow management support.

16. “Desktop” performs a variety of functions, but in part, is used by foreclosure attorneys and bankruptcy trustees to manage the processes described in paragraph 14.

#### **DEFENDANTS’ UNFAIR AND DECEPTIVE ACTS AND PRACTICES**

17. Defendants’ practices contributed to and facilitated many faulty foreclosure and bankruptcy processes throughout the nation, and in Vermont, occurring primarily during the height of the foreclosure crisis from 2007 to 2010.

18. Concerning document execution practices, Defendants employed a high-speed, rote assembly line process wherein employees in numerous instances inappropriately signed and notarized documents as described in paragraphs 19 to 24.

19. Some of those documents contained defects including unauthorized signatures, improper notarizations, or attestations of facts not personally known to or verified by the affiant.

20. Some of those documents contained unauthorized signatures or inaccurate information relating to the identity, location, or legal authority of the signatory, assignee, or beneficiary or to the effective date of the assignment.

21. Some of those defective documents were recorded in local land records offices or executed with the knowledge that the documents would be filed in state courts or used to comply with statutory, non-judicial foreclosure processes.

22. At some time prior to November 1, 2009, employees and agents of Defendant DocX were directed by management of DocX to initiate and implement a program under which employees signed documents in the name of other DocX employees, without appropriate authority to sign on their behalf. DocX referred to these unauthorized signers as "Surrogate Signers."

23. The Surrogate Signers executed documents in the name of other DocX employees without indicating that the documents had been signed by a Surrogate Signer.

24. Notaries public employed by DocX or as agents of DocX completed the notarial statements on the Mortgage Loan Documents that were executed by Surrogate Signers and stated that those documents had been properly acknowledged, signed, and affirmed in their presence by the person whose name appeared on the document, when in fact the Surrogate Signer had signed the name of another person or signed outside the presence of the notary, or both.

25. Concerning Default Solutions, LPS' Desktop system inappropriately influenced attorney behavior, in part by inhibiting communication between the servicer and its attorney, and by incentivizing speed and volume over accuracy.

## VIOLATIONS OF LAW

### COUNT I - CONSUMER PROTECTION ACT

26. Plaintiff realleges and incorporates each allegation contained in the preceding paragraphs 1 through 25.

27. Defendants, in the course of selling mortgage-related document execution and default services, have engaged in a course of trade or commerce which constitutes unfair, deceptive, or misleading practices, and is therefore unlawful under the Vermont Consumer Protection Act, 9 V.S.A. § 2453, by:

- a. Creating, signing, recording, or notarizing documents that contained false, deceptive, or misleading information, assertions, or averments, such as:
  - i. unauthorized signatures;
  - ii. improper notarizations;
  - iii. attestations of facts not personally known to or verified by the affiant; or
  - iv. inaccurate information relating to the identity, location, or legal authority of the signatory, assignee, or beneficiary, or to the effective date of the assignment.
- b. Initiating and facilitating a system by which an attorney or law firm and their client could not appropriately communicate; and
- c. Initiating and facilitating a system by which attorney speed and volume was favored over accuracy.

**PRAYER FOR RELIEF**

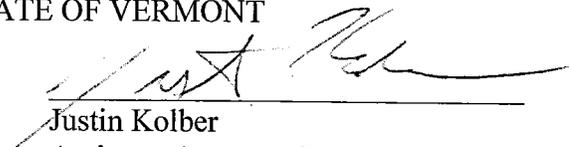
WHEREFORE, the State of Vermont respectfully requests that this honorable Court enter an order:

- A. Issuing a permanent injunction prohibiting Defendants, its agents, employees, and all other persons and entities, corporate or otherwise, in active concert or participation with any of them, from engaging in unfair, deceptive or misleading conduct;
- B. Ordering Defendant to disgorge all revenues, profits, and gains achieved in whole or in part though the unfair acts or practices complained of herein;
- C. Ordering Defendants to pay civil penalties in the amount of \$10,000.00 for each and every violation of the Vermont Consumer Protection Act pursuant to the Vermont Consumer Protection Act, 9 V.S.A. § 2458(b)(1);
- D. Ordering Defendants to pay all costs for the prosecution and investigation of this action, as provided by the Vermont Consumer Protection Act, 9 V.S.A. § 2458(b)(3); and
- E. Granting such other relief as the Court deems equitable and proper.

Dated February 5, 2013

Respectfully submitted,

WILLIAM H. SORREL  
ATTORNEY GENERAL  
STATE OF VERMONT

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