

Return Date: February 19, 2013

STATE OF CONNECTICUT
Plaintiff

SUPERIOR COURT
JUDICIAL DISTRICT OF
HARTFORD

v.

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

JANUARY 31, 2013

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

COUNT ONE

1. This is an action under the Connecticut Unfair Trade Practices Act ("CUTPA"), Chapter 735a of the Connecticut General Statutes, for the Defendants' alleged violations of General Statutes § 42-110b(a), which governs unfair or deceptive acts and practices, for injunctive relief against the Defendants' alleged violations of law, and for appropriate civil penalties.

THE PARTIES

2. The Plaintiff is the State of Connecticut, represented by Attorney General George Jepsen, acting at the request of William M. Rubenstein, Commissioner of the Department of Consumer Protection of the State of Connecticut, pursuant to the authority of Chapter 735a of the General Statutes, more particularly, General Statutes §§ 42-110m(a) and 42-110o.

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

4. 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.

5. 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

6. General Statutes § 42-110a(4) defines "trade" and "commerce" as follows:

'Trade' and 'commerce' means the advertising, the sale or rent or lease, the offering for sale or rent or lease, or the distribution of any services and any property, tangible or intangible, real, personal or mixed, and any other article, commodity, or thing of value in this state.

7. At all times relevant to this complaint, Defendants LENDER PROCESSING SERVICES, INC., LPS DEFAULT SOLUTIONS, INC., and DOCX, LLC, engaged in the trade or commerce in the State of Connecticut by creating, signing, recording, notarizing, and otherwise placing into the stream of commerce mortgage-related documents in Connecticut as well as selling mortgage default servicing services for mortgages held in Connecticut.

BACKGROUND

8. 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.

9. 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 mortgage, and other related documents.

10. 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..

11. 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.

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

13. "Desktop" performs a variety of functions, but in part, is used by foreclosure attorneys and bankruptcy trustees to manage those respective processes.

DEFENDANTS' ACTS AND PRACTICES

14. Defendants' unfair and deceptive acts and practices contributed to and facilitated many faulty foreclosure and bankruptcy processes throughout the nation, and in Connecticut occurring primarily during the height of the foreclosure crisis from 2007 to 2010.

15. Concerning document execution practices, Defendants employed a high-speed, rote assembly-line process wherein employees in numerous instances inappropriately signed and notarized documents.

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

17. 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.

18. 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.

19. 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. DocX referred to these unauthorized signers as "Surrogate Signers."

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

21. 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.

22. 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.

DEFENDANT'S VIOLATIONS OF CUTPA

23. General Statutes § 42-110b states in relevant part as follows:

No person shall engage in unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce.

24. 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 or deceptive acts or practices in violation of § 42-110b 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;
 - c. Initiating and facilitating a system by which attorney speed and volume was favored over accuracy.

COUNT TWO

1-24. The allegations of paragraphs 1-24 of Count One are incorporated herein as paragraphs 1-24.

25. Defendants engaged in the acts or practices alleged herein when they knew or should have known that their conduct was unfair or deceptive, in violation of General Statutes § 42-110b(a).

PRAYER FOR RELIEF

WHEREFORE, Plaintiff State of Connecticut respectfully requests that this Court enter an order:

A. Enter judgment against Defendants and in favor of the Plaintiff on each Count of this Complaint;

B. An order, pursuant to General Statutes § 42-110m(a), permanently enjoining and restraining Defendants, their agents, employees and all other persons and entities, corporate or otherwise, acting in active concert or participation with or on behalf of any of them, from further violations of General Statutes § 42-110b;

C. An order, pursuant to General Statutes § 42-110m, directing Defendants to disgorge all revenues, profits, and gains achieved in whole or in part through the unfair acts or practices complained of herein;

D. An order, pursuant to General Statutes § 42-110o(b), directing Defendants to pay civil penalties of not more than \$5,000 for each willful violation of General Statutes § 42-110b(a);

E. An order, pursuant to General Statutes § 42-110m(a), directing Defendants to pay an award of reasonable attorneys fees;

F. Granting such other and further relief as the Court deems equitable and proper.

The Plaintiff hereby states that the amount in controversy is more than Fifteen Thousand Dollars (\$15,000.00), exclusive of interest and costs.

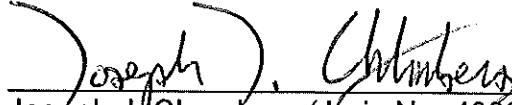
HEROF FAIL NOT, BUTO OF THIS WRIT, MAKE DUE SERVICE AND RETURN ACCORDING TO LAW.

Dated at Hartford, Connecticut, January 31, 2012.

PLAINTIFF
STATE OF CONNECTICUT

GEORGE JEPSEN
ATTORNEY GENERAL

BY:



Joseph J. Chambers (Juris No. 430258)

Assistant Attorney General

55 Elm Street, P.O. Box 120

Hartford, CT 06141-0120

Telephone: (860) 808-5270

Fascimile: (860) 808-5385

Email: joseph.chambers@ct.gov