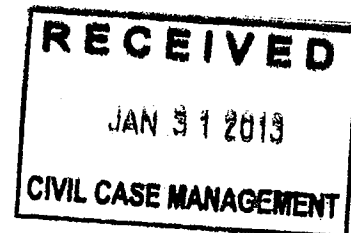


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ATTORNEY GENERAL OF NEW JERSEY  
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Attorney for Plaintiffs



By: Krima D. Shah, Special Deputy Attorney General  
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SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION,  
MERCER COUNTY  
DOCKET NO. \_\_\_\_\_

JEFFREY S. CHIESA, Attorney General of the State  
of New Jersey, and ERIC T. KANEFSKY, Acting  
Director of the New Jersey Division of Consumer  
Affairs,

Plaintiffs,

v.

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

Defendants.

Civil Action

**COMPLAINT**

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

1. Plaintiffs, Jeffrey S. Chiesa, Attorney General of the State of New Jersey (“Attorney General”), with offices located at 124 Halsey Street, Fifth Floor, Newark, New Jersey, and Eric T. Kanefsky, Acting Director of the New Jersey Division of Consumer Affairs (“Director”), with offices located at 124 Halsey Street, Seventh Floor, Newark, New Jersey (collectively, “Plaintiffs”)

bring this action against Lender Processing Services, Inc., LPS Default Solutions, Inc., and DocX, LLC (collectively, “Defendants”) for violating the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. (“CFA”).

2. This Court has jurisdiction over the subject matter of this action and over the Defendants pursuant to the CFA, N.J.S.A. 56:8-1 et seq. Venue is proper pursuant to R. 4:3-2 because Mercer County is a county in which the Defendants have conducted business and/or some of the transactions upon which this action is based occurred in Mercer County.

3. The Attorney General is charged with enforcing the CFA. The Director is charged with administering the CFA on behalf of the Attorney General. By this action, the Attorney General and the Director seek injunctive relief and other relief for violations of the CFA, pursuant to N.J.S.A. 56:8-8, 8-11, 8-13, and 8-19, against Defendants for engaging in unconscionable commercial practices, deception and/or misrepresentation in connection with the creating, signing, recording, notarizing, and otherwise placing into the stream of commerce mortgage-related documents in New Jersey, as well as selling mortgage default servicing services for mortgages held in New Jersey.

4. Defendant Lender Processing Services, Inc. (“LPS”) is a Delaware corporation with its principal place of business at 601 Riverside Avenue, Jacksonville, Florida 32204.

5. 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.

6. 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.

## ADVERTISEMENT AND SALE OF MERCHANDISE

7. The CFA, N.J.S.A. 56:8-1, defines “advertisement” as:

The attempt directly or indirectly by publication, dissemination, solicitation, indorsement or circulation or in any other way to induce directly or indirectly any person to enter or not enter into any obligation or acquire any title or interest in any merchandise or to increase the consumption thereof . . .

8. The CFA, N.J.S.A. 56:8-1, defines “merchandise” as “any objects, wares, goods, commodities, services or anything offered, directly or indirectly to the public for sale.”

9. The CFA, N.J.S.A. 56:8-1, defines “sale” as “any sale, rental or distribution, offer for sale, rental or distribution or attempt directly or indirectly to sell, rent or distribute.”

10. Defendants were at all times relative hereto, engaged in the advertisement and the sale of merchandise in New Jersey to wit: creating, signing, recording, notarizing, and otherwise placing into the stream of commerce mortgage-related documents in New Jersey, as well as selling mortgage default services for mortgages held in New Jersey.

## 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 mortgage, 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 workflow management support.

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

#### **DEFENDANTS' UNCONSCIONABLE AND DECEPTIVE ACTS AND PRACTICES**

17. Defendants' unconscionable commercial practices, deceptive acts and misrepresentations contributed to and facilitated many faulty foreclosure and bankruptcy processes throughout the nation, and in New Jersey 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.

19. 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.

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. 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.

## COUNT I

### **VIOLATION OF THE CFA BY DEFENDANTS (UNCONSCIONABLE COMMERCIAL PRACTICES, DECEPTION AND MISREPRESENTATION)**

26. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 25 as if more fully set forth herein.

27. The CFA, N.J.S.A. 56:8-2, prohibits:

The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or knowing [ ] concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of advertisement of any merchandise...

28. Defendants, in the course of selling mortgage-related document execution and default services as alleged herein, have engaged in unconscionable commercial practices, deception, and misrepresentation in violation of the CFA, namely the Defendants violated the CFA 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**, based on the foregoing allegations, Plaintiffs respectfully request that the Court enter judgment against Defendants:

- (a) Finding that the acts of Defendants constitute unlawful practices in violation of the CFA, N.J.S.A. 56:8-1 et seq.;
- (b) Permanently enjoining Defendants and their owners, officers, directors, shareholders, members, founders, managers, agents, servants, employees, representatives, corporations, independent contractors, subsidiaries, affiliates, successors, assigns and all other entities or persons directly under their control, to cease and desist from engaging in continuing to engage in, or doing any acts or practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., including, but not limited to, the acts and practices alleged in this Complaint;
- (c) Assessing the maximum statutory civil penalties against Defendants for each and every violation of the CFA, in accordance with the CFA, N.J.S.A. 56:8-13;
- (d) Directing the assessment of costs and fees, including attorneys' fees, against Defendant for the use of the State of New Jersey, as authorized by the CFA, N.J.S.A. 56:8-11 and N.J.S.A. 56:8-19; and
- (e) Granting such other relief as the interest of justice may require.

JEFFREY S. CHEISA  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

By: Krima D. Shah  
Krima D. Shah  
Special Deputy Attorney General

Dated: January 31, 2013  
Newark, New Jersey

**RULE 4:5-1 CERTIFICATION**

I certify, to the best of my information and belief, that the matter in controversy in this action involving the aforementioned violations of the CFA, is not the subject of any other action pending in any other court of this State. I further certify, to the best of my information and belief, that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated.

JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

By: Krinda D. Shah  
Krinda D. Shah  
Special Deputy Attorney General

Dated: January 31, 2013  
Newark, New Jersey



**RULE 1:38-7(c) CERTIFICATION OF COMPLIANCE**

I certify that confidential personal identifiers have been redacted from documents now submitted to the court, and will be redacted from all documents submitted in the future in accordance with Rule 1:38-7(b).

JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

By: Krima D. Shah  
Krima D. Shah  
Special Deputy Attorney General

Dated: January 31, 2013  
Newark, New Jersey

**DESIGNATION OF TRIAL COUNSEL**

Pursuant to R. 4:25-4, Special Deputy Attorney General Krima D. Shah and Deputy Attorney General Patricia Schiripo are hereby designated as trial counsel for the Plaintiffs in this action.

JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

By: Krima D. Shah  
Krima D. Shah  
Special Deputy Attorney General

Dated: January 31, 2013  
Newark, New Jersey