

CAUSE NO. 2007-CI-13943

STATE OF TEXAS, Plaintiff	§	IN THE DISTRICT COURT
	§	
v.	§	
	§	
FORECLOSURE ASSISTANCE SOLUTIONS, LLC., J.W.W. SERVICES, INC., ADOLFO QUINTERO, JOHN WOODRUFF AND HERB ZERDEN INDIVIDUALLY, Defendants	§	408 TH JUDICIAL DISTRICT
	§	
	§	
	§	
	§	BEXAR COUNTY, TEXAS

AGREED FINAL JUDGMENT AND PERMANENT INJUNCTION

On this day came on to be considered the above-entitled and numbered cause in which the STATE OF TEXAS is Plaintiff and FORECLOSURE ASSISTANCE SOLUTIONS, L.L.C. ("FAS"), J.W.W. SERVICES, INC., ADOLFO QUINTERO, JOHN WOODRUFF, and HERB ZERDEN are Defendants. The parties, appearing by and through their attorneys of record, wish to make the following stipulations and agree to the entry of this Final Judgment and Permanent Injunction.

It is stipulated that the parties have compromised and settled all claims stated by Plaintiff in this cause. It is further stipulated that Plaintiff and Defendants agree to and do not contest the entry of this judgment. Defendants deny the allegations made in Plaintiff's Original Petition and deny that they have engaged in any conduct in violation of the laws of Texas, and enter into this agreed judgment in order to avoid the expense and uncertainty of litigation.

In conformance with, and for the purposes stated in the preceding paragraph, Defendants acknowledge and stipulate to the Court that they are no longer engaged in any of the business practices associated with the operation in Texas of Foreclosure Assistance Solutions, LLC, nor any business practices in Texas defined in this judgment as foreclosure mitigation assistance. All Defendants, except Defendant Zerden, further stipulate that there are no longer any active files or accounts currently open or maintained by FAS for Texas consumers, or any other services being

provided by FAS for consumers in Texas.¹

The Court has read the pleadings and stipulations of the parties, and it appears to the Court that the parties agree to the entry of this judgment and that they have approved entry of this judgment.

1. **IT IS THEREFORE ORDERED, ADJUDGED AND DECREED** that, as used in this Judgment, the following terms are defined as follows:

- A. “Consumer” means an individual, partnership, corporation, or entity of any kind, including this state, or a subdivision or agency of this state who seeks or acquires, by purchase or lease, any goods or services;
- B. “Defendant(s)” means FORECLOSURE ASSISTANCE SOLUTIONS, L.L.C. (“FAS”), J.W.W. SERVICES, INC., ADOLFO QUINTERO, JOHN WOODRUFF, HERB ZERDEN, and their successors, assigns, officers, agents, subcontractors, servants, employees, successor corporations or entities, and any other persons in active concert or participation with them including R.A.I.L. LIMITED PARTNERSHIP, L.L.L.P.; MAYAN ENTERPRISE, L.L.C.; TRS, L.L.C.; and MATT JUDKIN;
- C. “Person” means an individual, sole proprietorship, firm, partnership, corporation, association, joint venture or other group, or business entity, however organized;
- D. “Foreclosure Mitigation Assistance” means participating, marketing, soliciting, or advertising for the purpose of assisting persons threatened with foreclosure of real property by negotiating with a property owner’s lender or loan servicing agent in

¹The State acknowledges that Defendant Zerden has represented that he is not and has not been involved with FAS during the pendency of this action and therefore has no personal knowledge on which to provide this stipulation.

attempting to avoid, delay, forestall, or minimize the cost associated with an actual or threatened foreclosure sale of real property in exchange for remuneration;

- E. “Telephone solicitation” means a telephone call initiated by a seller or salesperson to or from a person for the purpose of inducing the person to purchase, rent, claim, or receive a good or service. The term “telephone solicitation” includes a call made by a purchaser in response to a solicitation sent by mail or made by any other means, and also includes the use of automatic dialing machines or recorded message devices;
- F. “Services” means work, labor, or service purchased or leased for use, including services furnished in connection with the sale or repair of goods;
- G. “Goods” means tangible chattels or real property purchased or leased for use.

2. **IT IS FURTHER ORDERED** that Defendants, FORECLOSURE ASSISTANCE SOLUTIONS, L.L.C. (“FAS”), J.W.W. SERVICES, INC., ADOLFO QUINTERO, JOHN WOODRUFF, HERB ZERDEN, and any other persons in active concert or participation with them including their officers, agents, servants, employees, attorneys, R.A.I.L. LIMITED PARTNERSHIP, L.L.L.P.; MAYAN ENTERPRISE, L.L.C.; TRS, L.L.C.; and MATT JUDKIN, who receive actual notice of this Agreed Final Judgment by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or devise, shall be restrained from engaging in the following acts or practices:

- A. Destroying, or removing from the jurisdiction of this Court, any books, records, documents, or other written or computer generated materials relating to the business of Foreclosure Assistance Solutions, LLC (“FAS”) currently or hereafter in Defendants possession, custody or control for a period of two years after such records or documents were created;

- B. Engaging in Foreclosure Mitigation Assistance or the business of Foreclosure Mitigation Assistance in the State of Texas from the date of this order and until further order of this Court.
- C. Owning, operating, managing, being employed by, or performing consulting or other work for any entity which engages in the business of Foreclosure Mitigation Assistance in the State of Texas, from the date of this order and until further order of this Court.
- D. Making any telephone solicitation to a Texas resident or consumer for the purpose of inducing that resident or consumer to purchase, rent, claim, or receive an item, good or service unless Defendants have first registered and posted a bond with the Texas Secretary of State pursuant to Chapters 37 & 38 of the Texas Business and Commerce Code.

3. **IT IS FURTHER ORDERED** that Plaintiff, the State of Texas, have judgment in the amount of One Hundred Thousand and No /100 Dollars (\$100,000.00) for civil penalties from and against Defendants FORECLOSURE ASSISTANCE SOLUTIONS, L.L.C., J.W.W. SERVICES, INC., ADOLFO QUINTERO, JOHN WOODRUFF, and HERB ZERDEN, jointly and severally, which the Court finds are civil fines and penalties to and for a governmental unit and not for pecuniary compensation and which does not constitute an antecedent debt with respect to this litigation. This civil penalty shall be paid out of the funds identified in this judgment which are to be remitted and made payable to the State of Texas, Consumer Protection Division, Attention: Lara Johnson, 115 E. Travis, Suite 925, San Antonio, Texas 78205.

4. **IT IS FURTHER ORDERED** that Plaintiff, the State of Texas, have judgment in the amount of One Hundred Seventy Five Thousand and No/100 Dollars (\$175,000.00) from and against

Defendants FORECLOSURE ASSISTANCE SOLUTIONS, LLC, J.W.W. SERVICES, INC., ADOLFO QUINTERO, JOHN WOODRUFF, and HERB ZERDEN, jointly and severally, for reimbursement of the State's attorneys' fees, court costs, and investigative costs incurred in this case, which sum is for the benefit of the State of Texas, a governmental unit, and which is not compensation for any actual or pecuniary loss and does not constitute an antecedent debt with respect to this litigation. These fees and costs shall be paid out of the funds identified in this judgment which are to be remitted and paid to the State of Texas, Consumer Protection Division, Attention: Lara Johnson, 115 E. Travis, Suite 925, San Antonio, Texas 78205.

5. **IT IS FURTHER ORDERED** that the State of Texas have judgment in the amount of Four Hundred Seventy Five Thousand and No/100 Dollars (\$475,000) from and against Defendants, FORECLOSURE ASSISTANCE SOLUTIONS, LLC., J.W.W. SERVICES, INC., ADOLFO QUINTERO, JOHN WOODRUFF, and HERB ZERDEN, jointly and severally, to be used as provided herein for restitution to Texas consumers who transacted business with, and paid monies to, Defendants. The State of Texas is Ordered to remit the total sum of \$369,511.36 in restitution to the 338 persons set forth on Exhibit "A" attached hereto and incorporated herein, in the specific amounts listed by each person's name. The State of Texas shall disburse said monies, by and through disbursing agent Randolph N. Osherow, who is hereby appointed by this Court to distribute restitution as provided herein. The court finds that a disbursing agent is a litigation-related service for which competitive procurement is not feasible under the circumstances. Randolph N. Osherow is Ordered to post a bond in the amount of \$370,000, the cost of which is to be paid out of the restitution funds remitted to and held by the State pursuant to this Judgment. Randolph N. Osherow is Ordered to place the following release language in 10 point bold font on the back of every restitution check directly below the place designated for endorsing said check: "Signing or cashing

this check means that you hereby completely release all Defendants in Cause No. 2007-CI-13943 from any and all claims you may have as a result of contracting with Foreclosure Assistance Solutions, LLC.” Plaintiff, State of Texas, is Ordered to compensate Randolph N. Osherow for his services as disbursing agent from the restitution funds remitted to and held by the State pursuant to this Judgment. The restitution remaining after distribution to the persons identified on Exhibit “A” and payment to Randolph N. Osherow for his services rendered as disbursing agent, shall be held by the State of Texas for a period of 270 days from the date this judgment is signed. The State of Texas is Ordered to remit restitution, by and through said Court appointed disbursing agent, to Texas consumers who file a complaint or claim with either Defendants or Plaintiff within 270 days from the date this judgment is signed, provided it is shown or verified that said Texas consumers contracted with and paid monies to Foreclosure Assistance Solutions, L.L.C. The amount of restitution to be paid to such Texas consumers shall equal the amount of money each consumer paid to Foreclosure Assistance Solutions, L.L.C. Said remaining restitution shall be paid in the order that such complaint or claim is made or dated until all restitution funds are depleted. In the event there remains undistributed restitution after expiration of the 270 day period referenced herein, and after final payment to Disbursing Agent Osherow who shall disburse all restitution funds, then and in that event said remaining restitution monies shall revert to the State of Texas as additional civil penalties and be deposited into the State’s General Revenue Fund.

6. **IT IS FURTHER ORDERED THAT** Randolph Osherow, Disbursing Agent, shall take such steps as are necessary to disburse the funds in accordance with this Order, including the immediate disbursement of \$369,511.36 in restitution to the 338 persons set forth on Exhibit “A”, as well as to receive appropriate funds held by the State in the Office of the Attorney General Restitution Suspense Account and deposit them in escrow in a Trust Account in a Federally insured

bank to effectuate disbursement of restitution in accordance with this Order. Said Disbursing Agent is also Ordered to retain all returned mail in this matter and coordinate with the State to attempt to locate a deliverable address for any intended recipients. If a deliverable address cannot be obtained, said Disbursing Agent is directed to forward the funds for each intended recipient to the appropriate person with the State to be handled as unclaimed property by the State. Any funds not delivered to a claimant, or checks to claimants which have not been negotiated within 120 days of issuance, shall be voided and then returned to the State and processed by the State in accordance with the State's requirements regarding unclaimed property.

7. **IT IS FURTHER ORDERED** that the State shall remit appropriate restitution monies from its restitution suspense account to the court appointed disbursing agent, from time to time, as the State receives and verifies complaints and claims for restitution from Texas residents.

8. **IT IS FURTHER ORDERED** that Bank of America, Wells Fargo Bank and Am South Bank shall remit and transfer the following sums of money on deposit in the following bank accounts to the STATE OF TEXAS by cashier's check, payable to the STATE OF TEXAS, and deliver or mail said cashier's check(s) to Consumer Protection Division, Attention: Lara Johnson, 115 E. Travis, Suite 925, San Antonio, Texas 78205 in order to comply with the foregoing Order of this Court:

Account #	Bank	Name on Account	Amount
003670326849	Bank of America	Foreclosure Assistance Solutions LLC	\$ 60,000.00
Suspense Acct ²	Bank of America	Foreclosure Assistance Solutions LLC	\$125,000.00
5686534677	Wells Fargo Bank	Adolfo Quintero	\$125,200.00
0073291897	AmSouth	Herb Zerden and wife	\$150,000.00

Said banks shall be entitled to deduct all normal processing and cashier's check fees from the

²Suspense account with \$125,000 set up pursuant to 9-21-07 letter directive signed by John Owens and David Barger/Mitch Roth.

remaining balances in said accounts, or from the amount ordered to be remitted to the State if there is no remaining balance in said account(s). All amounts remaining in such accounts after these specified amounts are remitted and transferred to the State are hereby completely released from any previous order of this Court, including the Temporary Injunction dated October 17, 2007.

9. It is further ORDERED that Foreclosure Assistance Solutions, LLC, shall transfer and deliver to the State of Texas, Consumer Protection and Public Health Division, Attention: Lara Johnson, 115 East Travis, Suite 925, San Antonio, Texas 78205, the additional sum of \$289,800.00, by cashier's or attorney trust account check bringing the total amount paid by Defendants under this judgment to \$750,000.00, receipt of which is hereby acknowledged by the affixation of the signature of an Assistant Attorney General to this Judgment and Permanent Injunction. Plaintiff acknowledges that Defendants have fully paid all amounts due under this judgment and that no judgment lien or abstract of judgment shall issue.

10. **IT IS FURTHER ORDERED** that all assets held in the name of FORECLOSURE ASSISTANCE SOLUTIONS, LLC., J.W.W. SERVICES, INC., ADOLFO QUINTERO, JOHN WOODRUFF, HERB ZERDEN and MATT JUDKIN, which are not otherwise dealt with in this Judgment, are completely released from any previous order of this Court, including the temporary injunction dated October 17, 2007. Plaintiff will cooperate with Defendants in notifying appropriate banking authorities so as to correct any erroneous credit information respecting Defendants. Defendants will cooperate with Plaintiffs in securing all necessary documents to effectuate payment of restitution.

11. **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that all amounts due and owing under this judgment having been fully paid, no writs of execution or other process is necessary. Defendants, and Matt Judkin, by their signatures below, hereby acknowledge notice of

this Judgment and Permanent Injunction and acceptance of same; therefore, no injunctive writ need be issued. The State of Texas may enforce the Permanent Injunction through any procedure or process available under the laws of the State of Texas.

12. **IT IS FURTHER ORDERED** that all other costs of court expended or incurred in this cause be borne by the party incurring same.

13. All relief not expressly granted herein is denied. This is a final judgment.

SIGNED this _____ day of APR - 8 2008 2008.



PRESIDING JUDGE

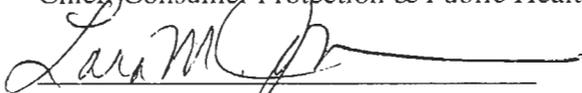
AGREED AS TO SUBSTANCE AND FORM AND ENTRY REQUESTED:

GREG ABBOTT
ATTORNEY GENERAL OF TEXAS

KENT C. SULLIVAN
First Assistant Attorney General

JEFF L. ROSE
Deputy First Assistant Attorney General

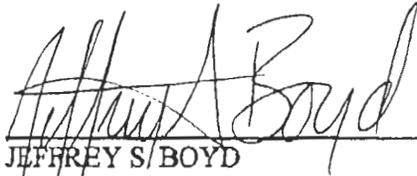
PAUL CARMONA
Chief, Consumer Protection & Public Health Division



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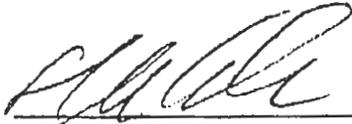
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Attorney for Defendant, Herb Zerden



HERB ZERDEN



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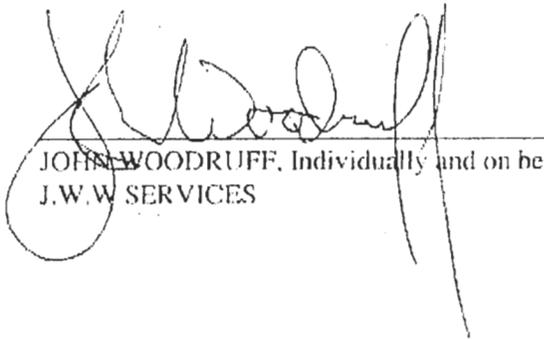
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Attorney for Defendants, John Woodruff and J.W.W. Services, Inc.



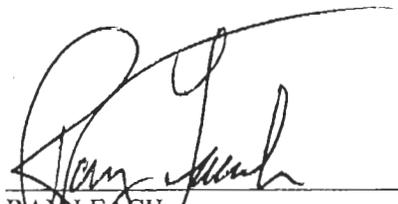
JOHN WOODRUFF, Individually and on behalf of
J.W.W. SERVICES



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of Foreclosure Assistance Solutions, Inc.



RAY LEACH

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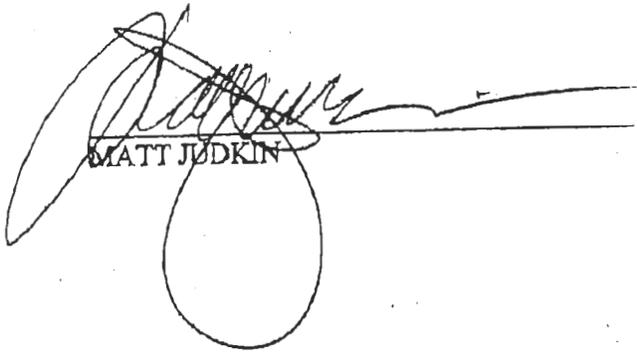
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MATT JODKIN