

2008-33535

CAUSE NO. _____

STATE OF TEXAS,
Plaintiff

IN THE DISTRICT COURT OF

v.

HARRIS COUNTY, TEXAS

JAMES KING d/b/a K&W INDUSTRIES, §
EDWARD GRAY d/b/a GRAY & GRAY §
INVESTOR'S and ALL IN ONE, §
CHARLES HENSLEY d/b/a GLOBAL §
FINANCIAL and d/b/a HOUSES R US, §
CALLIE HERPIN, d/b/a NEW PHASE §
DEVELOPMENT, GUSTAVIA HALL §
d/b/a NEXT LEVEL DEVELOPMENT, §
ERIK CAMPBELL, MATTHEW WADE §
and CALVIN REMO d/b/a REAL TIME §
INVESTMENTS, CHERYL SWINSON §
d/b/a VALLERY'S RESIDENTIAL §
HOME REPAIR, VALLERY'S HOUSE, §
INC. and OSCAR HERNANDEZ §
Defendants §

FILED
THERESA CHIANG
DISTRICT CLERK
HARRIS COUNTY
2008 MAY 30 AM 10:06
BY
DEPUTY

125 JUDICIAL DISTRICT

**PLAINTIFF'S ORIGINAL VERIFIED PETITION AND APPLICATION FOR
EX PARTE TEMPORARY RESTRAINING ORDER, TEMPORARY INJUNCTION
AND PERMANENT INJUNCTION**

TO THE HONORABLE JUDGE OF SAID COURT:

The State of Texas, Plaintiff, acting by and through Attorney General of Texas Greg Abbott, complains of James King d/b/a K&W Industries, Edward Gray d/b/a Gray & Gray Investor's and All In One, Charles Hensley d/b/a Global Financial and d/b/a Houses R Us, Callie Herpin d/b/a New Phase Development, Gustavia Hall d/b/a Next Level Development, Erik Campbell, Calvin Remo and Matthew Wade d/b/a Real Time Investments, Cheryl Swinson d/b/a Vallery's Residential Home Repair, Vallery's House Inc., and Oscar Hernandez ("Defendants") and for cause of action would respectfully show as follows:

DISCOVERY CONTROL PLAN

1. The discovery in this case is intended to be conducted under Level 2 pursuant to TEX. R. CIV. P. 190.3.

PARTY PLAINTIFF

2. This suit is brought in the name of the State of Texas by its Attorney General and his Consumer Protection and Public Health Division in the public interest and under the authority granted to him by the Constitution, and statutes and laws of the State of Texas, including the Deceptive Trade Practices-Consumer Protection Act, TEX. BUS. COM. CODE ANN. §17.41 *et seq.* (the “DTPA”).

3. The State brings this suit upon the ground that Defendants have engaged in false, deceptive, and misleading acts and practices in the course of trade and commerce as defined in, and declared unlawful by, DTPA §§17.46(a) and 17.46(b).

PARTY DEFENDANTS

4. Defendant James Lanier King (“King”)¹ is an individual who may be served with process at 4800 Lamonte Lane #1007, Houston, Texas 77092 or wherever he may be found.

5. Defendant Edward Charles Gray (“Gray”)² is an individual who may be served with process at 622 Evergreen Street, Fresno, Texas 77545-7666.

6. Defendant Charles Eddie Hensley (“Hensley”)³ is an individual who may be served with process at his residence at 219 N Esplanade Lane, Stafford, Texas 77477, 5707 Trafalgar Drive,

¹James King does real estate activity under the following assumed name: K&W Industries.

²Edward Gray does real estate activity under the following assumed names: Gray & Gray Investor’s, All In One, All-N-1 Transports, All-In-One Medical Supplies.

³Charles Hensley appears to do real estate activity under the following assumed names: Global Financial, Houses R Us, Wonder Years, Johnson & Associates Construction Co., and THC Investments & Consulting.

Houston, Texas 77085-3342, or 5841 Southlea Street, Houston Texas 77033-1734.

7. Defendant Callie Hall Herpin (“Herpin”) is an individual who may be served with process at her residence at Federal Prison Camp Bryan, 1100 Ursuline Ave., Register #38871-179, Bryan, Texas 77803 or wherever she may be found.

8. Defendant Gustavia Renee Hall (“Hall”)⁴ is an individual who may be served with process at 622 Evergreen Street, Fresno, Texas 77545-7666 or at 6000 Reims, #4102, Houston, Texas 77036.

9. Defendant Erik Lamont Campbell (“Campbell”) is an individual who may be served with process at 622 Evergreen Street, Fresno, Texas 77545-7666 or wherever he may be found.

10. Defendant Calvin Balanda Remo (“Remo”)⁵ is an individual who may be served with process at 3736 Folger, Houston, Texas 77093.

11. Defendant Matthew Wade (“Wade”)⁶ is an individual who may be served with process at 6535 Sandy Oaks, Houston, Texas 77050 or wherever he may be found.

12. Defendant Cheryl Shree Swinson (“Swinson”)⁷ is an individual who may be served with process at 5303 Dove Forest, Humble, Texas 77346.

13. Defendant Vallery’s House Inc. is a Texas nonprofit corporation, now inactive, located at 5303 Dove Forest Lane, Humble, Texas 77346, that may be served with process by serving its registered agent, Calvin Remo, at 6103 Verde Valley, Humble, Texas 77396.

⁴Gustavia Hall does real estate activity under the following assumed names: Next Level Development; New Phase Development.

⁵Calvin Balanda Remo does real estate activity under the following assumed names: Real Time Investments Grp. & Assoc.

⁶Matthew Wade appears to do real estate activity under the following assumed names: Real Time Investments Grp. & Assoc.; Epiphany Ltd.

⁷Cheryl Swinson does real estate activity under the following assumed name: Vallery’s Residential Home Repair.

14. Defendant Oscar Hernandez is an individual who may be served with process at 5826 Muskogee Lane, Richmond, Texas 77469.

VENUE

15. Venue of this suit lies in Harris County, Texas for the following reasons:

A. Under TEX. CIV. PRAC. & REM. CODE §15.002 (a)(1), venue is proper because all or a substantial part of the events or omissions giving rise to the claim occurred in Harris County, Texas.

B. Under the DTPA §17.47(b), venue is proper because Defendants have done business in Harris County, Texas by soliciting and performing the transactions made the subject of the suit in Harris County, Texas. Defendants solicited and took money from Harris County consumers.

PUBLIC INTEREST

16. Because Plaintiff State of Texas has reason to believe that Defendants have engaged in the unlawful practices set forth below, Plaintiff State of Texas has reason to believe Defendants have, by means of these unlawful acts and practices, caused damage to and acquired money from persons of this State and caused adverse effects to legitimate business enterprises which lawfully conduct trade and commerce in the State. Therefore, the Consumer Protection and Public Health Division believes and is of the opinion that these proceedings are in the public interest.

TRADE AND COMMERCE

17. Defendants have, at all times described below, engaged in conduct that constitutes “trade” and “commerce” as those terms are defined by DTPA §17.45(6).

ACTS OF AGENTS

18. Whenever in this petition it is alleged that Defendants did any act, it is meant that:

A. Defendants performed or participated in the act; or

B. Defendants' officers, agents, or employees performed or participated in the act on behalf of and under the authority of the Defendants.

NOTICE BEFORE SUIT NOT GIVEN

19. Pursuant to DTPA §17.47(a), contact has not been made with the Defendants herein to inform them of the unlawful conduct alleged herein, for the reason that the Plaintiff is of the opinion that there is good cause to believe that such an emergency exists that immediate and irreparable injury, loss or damage would occur as a result of such delay in obtaining a temporary restraining order, and that Defendants would dissipate or secrete assets if prior notice of this suit were given.

NATURE OF DEFENDANTS' OPERATIONS

20. Defendants utilized a variety of schemes to fraudulently acquire and convey dozens of properties belonging to innocent Houston-area homeowners. The Defendants forged signatures, filed fraudulent trust and warranty deeds, and took ill-gotten monies by "selling" these properties to innocent third-parties. Defendants' conduct victimizes Houston homeowners and damages the Harris County real estate market by fraudulently taking title to homes or by promising to help save consumers' homes from foreclosure and then fraudulently stripping the equity from consumers' homes.

SPECIFIC FACTUAL ALLEGATIONS

JAMES KING

21. James King conspired with other Defendants named herein to divest legal title from dozens of Houston area homeowners. Defendants used a series of frauds and schemes to fraudulently take "legal title" to these properties and then sell the properties to other Defendants or innocent third-party purchasers.

JAMES KING'S TRUST DEED SCHEME INVOLVING 8130 BONAIRE STREET

22. Manuel Thomas of 8130 Bonaire Street died in 1998. (*Exhibit 1 para. 5, Investigator Affidavit*).
23. On April 28, 2004, Defendant King filed a trust deed purportedly executed by Manuel Thomas in 2000. (*Exhibit 2, Thomas-King trust deed, Harris County Clerk record X566530*). This trust deed claimed to be for \$12,341.00 of repair work to be done by King's business **K&W Industries**. (*Exhibit 3, K & W Industries Assumed Name Record, Harris County Clerk 1008877*). The trust deed is notarized by Defendant Oscar Hernandez. Defendant King forged this deed since it was impossible for Manuel Thomas to have signed it from the grave.
24. On May 14, 2004, Defendant King filed a deed conveying the property to Defendant Ed Gray's business **Gray & Gray Investor's** [sic]. (*Exhibit 4, King-Gray general warranty deed, Harris County Clerk X611266*). Defendant Oscar Hernandez also notarized this deed. This deed was purportedly executed in 2003.
25. On February 18, 2005, Defendant King filed a warranty deed purporting to bear Thomas' signature that conveyed Thomas's property to K&W Industries; this warranty deed was purportedly executed by Manuel Thomas in 2002. (*Exhibit 5, Thomas-King general warranty deed, Harris County Clerk Y269186*).
26. On February 18, 2005, Defendant King also filed a warranty deed conveying the property from K&W Industries to Defendant Callie Herpin. (*Exhibit 6, Gray-Herpin warranty deed, Harris County Clerk Y269187*).
27. According to the Harris County Appraisal District, Gray & Gray Investor's is the current owner of 8130 Bonaire Street.

JAMES KING'S TRUST DEED SCHEME INVOLVING 7306 SAINT LOUIS STREET

28. Willie Hailey owned property at 7306 Saint Louis Street and died in 1998. (*Exhibit 1 para.*

5, Investigator Affidavit).

29. Two years after he died, Hailey purportedly executed a trust deed for labor performed by K&W Industries worth \$16,231.00. (*Exhibit 7, Hailey-King trust deed, Harris County Clerk X502370*). The trust deed lists Defendant Cheryl Swinson as trustee and is notarized by Defendant Oscar Hernandez.

30. Harris County Clerk records do not show a deed or other instrument conveying Hailey's property to K&W Industries. Nonetheless, James King filed a deed conveying 7306 Saint Louis from K&W Industries to Defendant Ed Gray; the deed is notarized by Defendant Oscar Hernandez. (*Exhibit 8, King-Gray general warranty deed, Harris County Clerk X611263*).

31. Within months, however, Defendant King arranged to sell the property by contract deed to an innocent third-party, Graciela Vega. (*Exhibit 9, King-Vega contract deed, Harris County Clerk X758388; Exhibit 10, Vega Affidavit*). James King told Vega and her daughter Janet Mendez that K&W Industries had title to the 7306 Saint Louis property and could sell the property. (*Exhibit 11, para. 5, Mendez Affidavit*). For this reason, Vega decided to buy the 7306 Saint Louis property for \$20,000.00. (*Exhibit 10, para. 5, Vega Affidavit*).

32. Around this same time, however, Defendant Gray conveyed the property by warranty deed to **Next Level Development**, a business owned by Defendants Herpin and Hall. (*Exhibit 12, Gray-Next Level warranty deed, Harris County Clerk X986950*).

KING'S PATTERN OF DECEPTION USING FORGED TRUST DEEDS

33. Defendant King filed at least 25 trust deeds for labor work with the Harris County Clerk's Office. (*Exhibit 1 para 4, Investigator Affidavit; Exhibit 13, trust deeds*).

34. In the trust deeds, Defendant King claimed to be performing electrical repair, foundation repair, mold treatment, and other work for Houston area homeowners. By filing these bogus trust

deeds, King established a fraudulent claim to these homeowners' property when the homeowner "failed to pay" for the "work" which of course was never done by King's business K&W Industries. (*Exhibit 3, K & W Industries Assumed Name Record, Harris County Clerk 1008877*).

35. Many of the homeowners whose signatures appears on Defendant King's trust deeds were dead at the time these deeds were purportedly executed by them. These homeowners include Felix Gonzales at 10213 Cheeves, Willie Hailey at 7306 St. Louis, Manuel Thomas at 8130 Bonaire, Eloise Sterling at 6703 Saint Augustine, Ella Louise McClahan at 6223 Sherwood, and Edgar Bailey at 8530 Northton. (*Exhibit 1, para. 5, Investigator Affidavit*).

36. Defendant King filed at least 25 trust deeds within a six-month period. However, most of these trust deeds were purportedly executed three to six years before they were filed. (*Exhibit 22, summary chart of trust deeds*). King obviously reviewed foreclosure postings and county tax filings to find homes and properties whose owners had passed away. King then forged the owners' signatures, backdating the signature by several years, and then filed the trust deeds as if they were legitimate.

37. Within weeks after filing bogus trust deeds with the Clerk's Office, Defendant King conveyed many of these properties by warranty deed to one of his associates, either Defendant Ed Gray (d/b/a Gray & Gray Investor's [sic]), Defendant Charles Hensley (d/b/a Global Financial), or Defendant Matthew Wade and/or Defendant Calvin Remo (d/b/a Real Time Investments). (*Exhibit 23, summary chart of warranty deeds*).

38. King's trust deeds claim payments for work ranging from \$6,241.00 to \$28,331.00. The total amount claimed by King through his trust deeds is \$341,799.00. (*Exhibit 22, summary chart of trust deeds*). Defendant King filed these deeds in Harris County Clerk records to establish a fraudulent claim for monies owed him when conveying these properties to innocent third-party purchasers.

39. The trust deeds state that the homeowners convey their property to a trustee, usually Defendant Cheryl Swinson.

40. Defendant King also filed warranty deeds in Harris County Clerk records that purported to convey property from a homeowner to King. However, several of these homeowners were dead at the time they purportedly signed warranty deeds to King. (*Exhibit 1, para. 5, Investigator Affidavit*).

KING HAS NEVER BEEN LICENSED AS A SALESPERSON OR BROKER

41. According to the Texas Real Estate Commission, Defendant King has never been licensed to act as a Salesperson or Broker in Texas. (*Exhibit 24, TREC Certification of Licensure re King*).

LAWSUITS AGAINST JAMES KING

42. Homeowners or their heirs have sued Defendant King and K&W Industries, alleging that King filed fraudulent documents using fraudulent signatures.

- Cause 2004-00577 James Wycoff v. James King et al. (re 5210 Haywood)
- Cause 2005-25767 Tami Worrell for Estate of Robert Lee Barnes v. K&W Industries, Matthew Wade, Calvin Remo, Real Time Investments (re 10530 Homestead)
- Cause 2007-03464 Isaiah Berry, John Worsham v. James King, K&W Industries, Ed Gray and Oscar Hernandez (re 6407 Sandy Oaks)
- Cause 819310 Harris County Court Eula Barras v. James King et al. (re 10213 Cheeves) (*Exhibit 1 para. 37, Investigator Affidavit*).

43. Harris County and other government entities have sued Defendant King and K&W Industries for failure to pay taxes regarding multiple properties.

- Cause 2004-65784: Harris Co. et al. v. James King (re 5613 Haywood)
- Cause 2004-67737: HISD et al. v. James King, K&W Industries et al. (re 8530 Northton)
- Cause 2006-13230: Harris Co. v. K&W Industries et al. (re 6703 England St)
- Cause 2006-56751: Harris Co. et al. v. James King et al. (re 5013 Pardee)
- Cause 2006-60059: Harris Co. et al. v. James King (re 7801 Homewood Ln)
- Cause 2006-73319: Harris Co. et al. v. James King (re 9206 Mirawood)
- Cause 2007-14094: Harris Co. et al. v. James King (re 8530 Northton)
- Cause 2007-29267: Harris Co. et al. v. James King, Callie Herpin, et al. (re 6731 Cullen) (*Exhibit 1 para.37, Investigator Affidavit*)

SUMMARY OF JAMES KING'S SCHEMES

44. Defendant King filed bogus trust deeds against at least 25 properties and also filed warranty deeds with forged signatures. In total, King has filed documents in deed records that represent transactions involving at least 40 properties. Based on current appraisal records, these properties that families of deceased victims have been cheated out of are valued at \$2,240,328.00. (*Exhibit 26, summary of HCAD properties values and Exhibit 27, HCAD printouts*).

ED GRAY'S HOME REPAIR AND FORECLOSURE RESCUE SCHEME

45. Defendant Ed Gray is linked to dozens of property transfers in the Houston area in connection with Defendant James King and others.

46. Defendant King conveyed at least 12 properties by warranty deed to Defendant Gray or Gray's business known as **Gray & Gray Investor's** [sic]. (*Exhibit 28, Gray & Gray Assumed Name Record, file number B343043*). Defendant Gray then flipped many of these properties to Defendant Callie Herpin and Defendant Gustavia Hall and their businesses: **Southern American Finance**, **Next Level Development**, and **New Phase Development**. (*Exhibit 29, chart of property flips from King to Gray to Herpin/Hall; Exhibits 30, Assumed Name record B371865; Exhibit 31, Assumed Name record B357141; Exhibit 32, Assumed Name record B357144*).

47. Defendant Gray is also involved in other property transfers, individually and through his business known as **All In One**. (*Exhibit 33, All In One Assumed Name Record 948572*). Defendants Gray and Hensley take large payouts for non-existent repair work, similar to Defendant King's bogus trust deed scheme:

- 8407 Quail View (*Exhibit 34, Nov 2002 \$21,000 payment to All In One*)
- 4411 Howcher (*Exhibit 35, Aug 2002 \$6,000 payment to All In One*)
- 5630 Overdale (*Exhibit 36, Feb 2004, \$30,592.35 payment to All In One*)
- 1726 W. Donovan (*Exhibit 37, Nov 2002 \$5,444.08 to Gray; \$24,154.62 payment to Global Financial, Defendant Hensley's business*).

ED GRAY'S FORECLOSURE RESCUE SCHEME REGARDING 5630 OVERDALE

48. Katherine Williams is a 67-year old homeowner living at 5630 Overdale, Houston, Texas. Williams became delinquent in her loan payments because of medical and nursing home expenses for her deceased husband. (*Exhibit 38, para. 4, Williams Affidavit*). Williams' lender notified her that her home was subject to foreclosure.

49. Defendant Gray appeared at Williams' home and offered to provide his services to save her home from foreclosure. Gray convinced Williams to transfer the title to her home to him temporarily on his promise that he could save her house and return her home to her. (*Exhibit 38, paras. 6-7, Williams Affidavit*).

The Williams-Gray Contract

50. Defendant Gray had Williams execute a residential contract ("Williams-Gray Contract") to transfer her home to Gray. (*Exhibit 38, pgs. 5-13 Williams-Gray Contract*). Gray added a handwritten provision that Gray was to transfer the home back into Williams' name in 60 days. (*Exhibit 38, pg. 1, para. 6, Williams-Gray Contract*).

51. Defendant Gray's promise to transfer the home back into Ms. Williams' name fraudulently induced her to sign the contract. (*Exhibit 38, pgs. 1-2, paras. 6-8, Williams Affidavit*).

52. Defendant Gray told Williams his service would cost \$1,500.00 plus interest to stop the foreclosure. Williams agreed to pay Gray \$350.00 a month to stop the foreclosure. (*Exhibit 38, pgs. 1-2, paras. 6 & 13, Williams Affidavit*).

The Deed of Trust with All In One and Global Financial

53. One week later, Defendant Gray had Williams execute a deed of trust regarding her Overdale property. By virtue of this deed of trust, Williams unknowingly granted a lien to Gray's business

All in One as Beneficiary, and **Global Financial** as Trustee. (*Exhibit 38, pg. 14, October 27 Deed of Trust*).

54. **Global Financial** is a business owned by Defendant Hensley. (*Exhibit 39, Global Financial Assumed Name Record*). Hensley and Gray are brothers, according to signature cards for bank accounts held by Gray. (*Exhibit 40, Signature cards Lubrizol Employees Credit Union accounts*).

55. The deed of trust claims that Williams borrowed and received \$28,255.00 from **All In One**. (*Exhibit 38, Page 14, October 27 Deed of Trust*). However, Defendant Gray and **All In One** never paid Williams \$28,255.00 or any monies whatsoever. Williams did not receive any loan or any consideration from Defendants or **All In One**, or anyone else, as a result of signing the deed of trust. (*Exhibit 38, pg. 2, para. 12, Katherine Williams Affidavit*).

The Closing at Chicago Title

56. On February 19, 2004 Defendant Gray told Williams he was going to take her to Chicago Title to sign more papers to transfer her home back into her name. (*Exhibit 38, pg. 2, para. 14, Katherine Williams Affidavit*).

57. A Warranty Deed with Vendor's Lien was executed at this closing conveying Williams' Overdale property to Defendant Erik Campbell. (*Exhibit 38, pgs. 30-35, Williams-Campbell Warranty Deed*).

58. At 11:30 a.m., Equity Mortgage and Realty faxed to Chicago Title a payoff claim for **All- In-One** for \$30,592.35. (*Exhibit 41, \$30,592.35 payoff claim*).

59. The HUD-1 Settlement Statement indicates a \$30,592.35 payoff to **All In One**. (*Exhibit 42, 2:38 p.m. Settlement Statement, line 505*).

60. After the closing, Defendant Gray gave Williams a check for \$1,500.00. Gray told her that he was giving her this check to "help her out." (*Exhibit 38, pg.3, para. 16, Katherine Williams*

Affidavit).

61. Defendant Gray received over \$30,000 from this fraudulent transaction, which happened to be all the equity in Ms. Williams' home.

Campbell's Role in the Overdale Property Transactions

62. On March 4, 2004, within weeks after the closing, Defendant Gray wrote a check to Defendant Campbell for \$3,000.00. (*Exhibit 43, Ed Gray Texas Bay Area Credit Union check*).

63. Defendant Campbell was scheduled to make his first loan mortgage payment in the amount of \$493.56 to Finance America on April 1, 2004. Campbell did not make this payment or any other payments toward his new loan. It appears that Campbell's only interest in Williams' property was to serve as a straw buyer for Gray and get a quick cut of the proceeds from the sale.

Williams Discovers That Campbell Owns Her Overdale Property

64. Following the closing, Williams continued to pay \$350.00 each month to Defendant Gray. (*Exhibit 38, pgs. 15-19, copies of checks and receipts for payments*). Eventually, Gray stopped coming to collect the payments and when Williams called him to find out why he stopped coming to collect payments she discovered that the telephone number she had for Gray was disconnected. (*Exhibit 38, pg. 3, para. 18, Katherine Williams Affidavit*).

65. Williams started receiving mail for Defendant Campbell at her Overdale home. When she received mail addressed to Campbell from the Harris County Appraisal District, she opened it and found that it indicated that Campbell owned her property.

66. Williams tried to contact Defendant Gray to find out why he had stopped coming to collect the \$350.00 payments and to see if he knew Campbell, but all of her attempts to locate Gray failed. (*Exhibit 38, pg. 3, para. 18, Katherine Williams Affidavit*).

67. Williams still resides at 5630 Overdale. Defendant Erik Campbell is the "legal" owner of

the property. Campbell's Note and Deed of Trust with Finance America, LLC was transferred to Specialized Loan Servicing, then to Option One. On March 11, 2008 Option One's Substitute Trustee filed a notice of foreclosure sale of 5630 Overdale. (*Exhibit 44, Notice of Substitute Trustee's Sale*).

68. This foreclosure sale was scheduled to take place on Tuesday, April 1, 2008. However, the foreclosure sale was postponed because the Texas Attorney General's Office intervened and contacted Option One's trustee, advising the trustee of the Attorney General's investigation and findings. The trustee agreed to postpone the foreclosure sale. (*Exhibit 45, foreclosure postponement*).

GRAY'S PATTERN OF PROPERTY FLIPPING IN THE HOUSTON AREA

69. Harris County Clerk grantor/grantee records show that Defendant Gray has filed at least a dozen more deeds claiming property transfers from homeowners to Gray. (*Exhibit 1, para. 6, Investigator Affidavit*).

GRAY HAS NEVER BEEN LICENSED AS A SALESPERSON OR BROKER

70. According to the Texas Real Estate Commission, Defendant Gray has never been licensed to act as a Salesperson or Broker in Texas. (*Exhibit 46, TREC Certification of Licensure re Gray*).

LAWSUITS AGAINST GRAY REGARDING PROPERTY

71. At least one property owner has sued Defendant Gray alleging that Gray and other Defendants filed fraudulent documents using fraudulent signatures. Harris County and other government entities have sued Defendant Gray for failure to pay taxes on property at 8130 Bonaire; this is the property owned by Manuel Thomas that Defendant King filed a trust deed on and then conveyed by warranty deed to Defendant Gray.

- Cause 2007-03464 Isaiah Berry and John Otis Worsham v. Ed Gray, James King, Oscar

- Hernandez, et al. (re 6407 Sandy Oaks)
- Cause 2007-25717 Harris Co. et al. v. Gray & Gray Investments, Callie Herpin, Elizabeth Thomas et al. (re 8130 Bonaire)
(*Exhibit 1, para. 38, Investigator Affidavit*)

CHARLES HENSLEY

72. Defendant Charles Hensley involved himself with numerous property conveyances in connection with Defendants King, Gray, and Swinson d/b/a Vallery's Residential Home Repair.

(*Exhibit 1, para. 8, Investigator Affidavit*).

73. Defendant Hensley participated in property transactions with other Defendants individually and through a business he owns known as **Global Financial**. (*Exhibit 39, Global Financial Assumed Name Record, file number P44353*).

74. For instance, after Defendant King filed a bogus trust deed on property at 6703 Saint Augustine, owned by deceased homeowner Eloise Sterling, King then filed a warranty deed conveying the property to Hensley's business Global Financial. (*Exhibit 1, para. 8, Investigator Affidavit re Harris County Clerk X210866*). Hensley, through Global Financial, then conveyed the property by warranty deed to Southern American Finance, the business owned by Defendant Hall. (*Exhibit 1, para. 8, Investigator Affidavit re Harris County Clerk X217154*). Hall then conveyed the property to Defendant Gray, and Gray sold the property to a third party.

75. In another instance Defendant Swinson conveyed property at 14002 Nitida to Hensley. (*Exhibit 1, para. 8, Investigator Affidavit re Harris County Clerk X669331*). However, Swinson had fraudulently acquired this property by filing a trust deed in deed records that was purportedly signed by the homeowner Delois Thomas. Thomas' signature must have been forged, because Thomas died prior to the date when the trust deed was signed. A subsequent lawsuit by Thomas' loan servicer resulted in a default judgment against Hensley and voiding of the transfers. (*Exhibit 1, para. 39(a)*),

Investigator Affidavit).

HENSLEY HAS NEVER BEEN LICENSED AS A SALESPERSON OR BROKER

76. According to the Texas Real Estate Commission, Defendant Hensley has never been licensed to act as a Salesperson or Broker in Texas. (*Exhibit 48, TREC Certification of Licensure re Hensley*).

LAWSUITS AGAINST CHARLES HENSLEY AND GLOBAL FINANCIAL

77. Defendant Hensley and Global Financial have been sued, based on allegations that Hensley was involved in the filing of fraudulent documents with fraudulent signatures.

- Cause 2006-21598 Select Portfolio Servicing v. Charles Hensley, Global Financial, Vallery's Home Repair, Oscar Hernandez, et al. (Plaintiff got a declaratory judgment against Hensley and Global Financial)
 - Cause 2007-25755 Harris County, et al. v. Charles Hensley et al.
- (*Exhibit 1, para. 39, Investigator Affidavit*)

CALLIE HERPIN AND GUSTAVIA HALL ROLE IN PROPERTY FLIPPING

78. Defendant Callie Herpin and Defendant Gustavia Hall participated in a conspiracy to transfer property with Defendant James King and Defendant Ed Gray. Herpin and Hall, individually and through several businesses, received deeds to properties and then flipped them to another insider or attempted to profit by arranging a sale with an innocent third-party purchaser.

79. Defendants Herpin and Hall, doing business as **Next Level Development**, participated in multiple property transfers with Defendants King and Gray, according to Harris County Clerk deed records. (*Exhibit 1, para. 9, Investigator Affidavit*). Herpin was sole owner of Next Level Development, then Hall replaced her. (*Exhibit 31, Next Level Development Assumed Name Record B357141; Exhibit 50, Next Level Development Assumed Name Record B371864*).

80. Defendants Herpin and Hall, doing business as **New Phase Development**, participated in at least one property transfer with Defendants King and Gray, according to Harris County Clerk deed

records. (*Exhibit 1, para. 9, Investigator Affidavit*). Hall was sole owner of Next Level Development, then Herpin replaced her. (*Exhibit 51, New Phase Development Assumed Name Record B371863; Exhibit 32, New Phase Development Assumed Name Record B357144*).

81. Defendant Hall did business as Southern American Finance and participated in several property transfers with Defendant Gray. (*Exhibit 1, para. 9, Investigator Affidavit*). Harris County assumed name records also indicate that Hall did business as Southern American Finance. (*Exhibit 30, Southern American Finance Assumed Name Record B371865*). Hall was a member of the initial board of directors of **Southern American Finance Corporation**. (*Exhibit 52, Southern American Finance, Secretary of State file number 800209989*). Hall acted as CEO and director of the company. (*Exhibit 52, page 4, Secretary of State file, 2004 Public Information Report*). On February 10, 2006, the Secretary of State revoked Southern American Finance Corporation's charter for failure to pay taxes. (*Exhibit 52, page 5, Forfeiture, Secretary of State filing*).

HERPIN AND HALL HAVE NEVER BEEN LICENSED AS SALESPERSON OR BROKER

82. According to the Texas Real Estate Commission, Herpin and Hall have never been licensed as a Salesperson or Broker in Texas. (*Exhibit 53, TREC Certification of Licensure re Herpin and Exhibit 54, TREC Certification of Licensure re Hall*).

LAWSUITS AGAINST CALLIE HERPIN AND GUSTAVIA HALL

83. Defendant Herpin, Defendant Hall, and Next Level Development have been sued for their involvement in fraudulent property transfers and failure to pay taxes regarding multiple properties:

- Cause 2003-46115 Clear Creek ISD v. Herpin
- Cause 2005-00461 HISD v. Next Level Development
- Cause 2005-34212 Antonie Francis v. Herpin et al.
- Cause 2006-46785 Harris Co. v. Hall
- Cause 2006-73054 Harris Co. v. Herpin, Next Level Development
- Cause 2006-73095 Harris Co. v. Herpin, Next Level Development; Cheryl Swinson; et al. (re 7306 Saint Louis)

- Cause 2006-75063 Harris Co. v. Herpin, Next Level Development
- Cause 2007-25717 Harris Co. v. Herpin, Gray & Gray Investments
- Cause 2007-64583 Harris Co. v. Next Level Development (re 4512 Rosemont)
- Cause 2007-29267 Harris Co. et al. v. King, Herpin, et al. (re 6731 Cullen)

(*Exhibit 1, para. 40, Investigator Affidavit*).

HERPIN'S CONVICTION FOR HEALTH CARE FRAUD

84. In April 2005, Defendant Herpin pled guilty to conspiracy to commit health care fraud and violation of the Anti-Kickback statute. Herpin was a medical doctor and sold hundreds of illegal prescriptions for 1,765,000 dosage units of hydrocodone and 2,500 gallons of promethazine with codeine for cash to individuals who did not have a medical need for the drugs. Herpin was sentenced to 10 years in federal prison and ordered to pay \$12,926,880.20 in restitution to Medicare. (*Exhibit 56, Department of Justice Lien Notice, Harris County Clerk file Z361714*).

MATTHEW WADE, CALVIN REMO AND REAL TIME INVESTMENTS GROUP

85. Defendant Matthew Wade and Defendant Calvin Remo also conspired with Defendants to divest dozens of Houston area homeowners and beneficiaries of their real property.

86. Defendants Wade and Remo are connected to over 30 different properties and at least three dozen warranty deeds filed in Harris County Clerk records. (*Exhibit 1, para. 10, Investigator Affidavit*).

87. Defendants Wade and Remo do business as **Real Time Investments Grp. & Assoc.** according to Harris County Clerk records. (*Exhibit 57, Real Time Investments Assumed Name Record 1010448*).

WADE AND REMO'S SCHEME INVOLVING ROBERT LEE BARNES' PROPERTIES

88. Robert Lee Barnes owned property at 10530 Homestead, 10534 Homestead, and 4207 Lyons. Barnes died in 1999. (*Exhibit 1, para. 5, Investigator Affidavit re Exhibit 14, Barnes' Houston Chronicle obituary notice*).

89. Six months after he died, warranty deeds purporting to be signed by Barnes were executed which conveyed his properties to Defendant King's business, K&W Industries. (*Exhibits 58, 59, 60 Barnes-King warranty deeds, Harris County Clerk W989720, W989721, W989722*).

90. Defendant King then executed deeds conveying Barnes' properties to Defendants Remo and Wade's business, Real Time Investments. (*Exhibit 1, para. 11, Investigator Affidavit*).

91. The Barnes' estate administrator discovered these fraudulent filings and filed suit seeking to void these transfers. (*Exhibit 61, Cause 2005-25767 Tami Worrell for Estate of Robert Lee Barnes v. Matthew Wade, Calvin Remo, Real Time Investments*).

WADE AND REMO HAVE NEVER BEEN LICENSED AS A SALESPERSON OR BROKER

92. According to the Texas Real Estate Commission, Defendants Wade and Remo have never been licensed to act as a Salesperson or Broker in Texas. (*Exhibits 62 & 63, TREC Certification of Licensure re Wade and Remo*).

LAWSUITS AGAINST WADE AND REMO

93. Homeowners or their heirs have sued Defendants Wade and Remo and Real Time Investments, alleging that they filed fraudulent documents using fraudulent signatures.

- Cause 2005-25767: Tami Worrell for Estate of Robert Lee Barnes v. Matthew Wade, Calvin Remo, Real Time Investments K&W Industries (re 10530 Homestead, 10534 Homestead, and 4207 Lyons)
 - Cause 2005-39785: Walterine Livingston v. Matthew Wade, Calvin Remo, Marvin Cooper, Eric Templeton, and Orbie Ratcliff (re 3302 Palm)
 - County Court Cause 834788: Troy and Kimberly Gamble v. Matthew Wade, Eric Templeton, Carl Gray, Bobbie Heckard, Esau Heckard (re 5650 Elm Springs Drive)
- (*Exhibit 1, para. 41, Investigator Affidavit*).

94. Harris County and other government entities have filed multiple lawsuits against Defendants Wade and Remo and Real Time Investments for failure to pay taxes regarding properties. (*Exhibit 1, para. 41, Investigator Affidavit*).

SUMMARY OF WADE AND REMO'S SCHEME

95. The State has found, to date, that Defendants Wade and Remo are connected to dozens of properties and deeds filed in Harris County Clerk records. Based on current appraisal records, these properties that consumer victims and their families have been cheated out of are valued at \$1,655,873.00. (*Exhibit 66, HCAD values chart; Exhibit 67, HCAD records*).

CHERYL SWINSON

96. Defendant Cheryl Swinson conspired to fraudulently convey property in the Houston area with Defendant Kings, Hensley, and Wade.

97. As described above, Defendant King filed approximately twenty five trust deeds with forged signatures in Harris County records. Defendant Swinson is the trustee for at least twenty of King's trust deeds. (*Exhibit 13, trust deeds; Exhibit 22 summary chart of trust deeds*).

98. Defendant Swinson conspired to file bogus deeds transferring property with Defendants Hensley and Wade, operating under her own name and while doing business as **Valery's Residential Home Repairs**. (*Exhibit 68, Valery's Residential Assumed Name Record H60828*). Swinson and Valery's Residential Home Repairs were involved in similarly suspicious property transfers involving multiple properties. (*Exhibit 1, para. 12, Investigator Affidavit*).

99. For example, as described above, Defendant Swinson conveyed property at 14002 Nitida to Defendant Hensley. (*Exhibit 1, para. 8, Investigator Affidavit re Harris County Clerk X669331*). However, Swinson fraudulently acquired this property by filing a bogus trust deed in deed records that was purportedly signed by the homeowner Delois Thomas. Thomas' signature is forged, because Thomas was dead when the trust deed was signed. A subsequent lawsuit by Thomas' loan servicer resulted in a default judgment against Swinson's Valery's Residential Home Repairs which voided the transfers. (*Exhibit 1, para. 42(a), Investigator Affidavit*).

SWINSON HAS NEVER BEEN LICENSED AS A SALESPERSON OR BROKER

100. According to the Texas Real Estate Commission, Defendant Swinson has never been licensed to act as a Salesperson or Broker in Texas. (*Exhibit 70, TREC Certification of Licensure re Swinson*).

LAWSUITS AGAINST SWINSON AND VALERY'S RESIDENTIAL

101. Defendant Swinson and Valery's Residential have been sued for fraud, alleging that Swinson filed documents using false signatures.

- Cause 2006-21598: Select Portfolio Servicing v. Hensley, Global Financial, Vallery's Home Repair, Oscar Hernandez, et al. (Plaintiff got declaratory judgment against Vallery's Residential Home Repair)
(*Exhibit 1, para. 42, Investigator Affidavit*).

102. Harris County and other government entities have sued Defendant Swinson and Valery's Residential for failure to pay taxes regarding multiple properties.

- Case 2004-71430: Houston Independent School District (re 3323 Palm)
 - Case 2005-26003: Harris County (re 3901 Crane)
 - Case 2005-77182: Aldine Independent School District (re 2403 Ferguson)
 - Case 2006-27756: Harris County, et al.
 - Case 2006-73095: Harris Co. et al. v. Swinson, Herpin et al. (re 7306 Saint Louis)
 - Case 2008-19380: Aldine Independent School District (re 4120 Trout)
- (*Exhibit 1, para. 42, Investigator Affidavit*).

VALERY'S HOUSE, INC.

103. Defendant Swinson and Wade incorporated Defendant **VALERY'S HOUSE, INC.**, a Texas non-profit corporation on December 19, 2000. (*Exhibit 69, Valery's House Inc., Secretary of State filing number 160930001*).

104. Defendant Valery's House is involved in dozens of property conveyances using warranty deeds and quit claims deeds. (*Exhibit 1, para. 53, Investigator Affidavit*).

105. On January 19, 2006, Defendant Remo replaced Defendant Swinson as Defendant Valery's

House Inc.'s registered agent. (*Exhibit 69, page 13, Secretary of State filing Statement of Change of Registered Office/Agent*).

LAWSUITS AGAINST VALERY'S HOUSE

106. Several individual homeowners sued Defendant Valery's House Inc. for fraudulent acts, alleging that the corporation filed fraudulent documents using false signatures.

- Cause 2005-57361: Lela May Palmer v. Valery's House Inc. (re 5219 Heatherbrook)
 - Cause 2005-80766: Raja Ben Messaoud Elamri v. Valery's House Inc. (re 302 West 6th)
 - Cause 2006-54038: Laurna Franklin v. Valery's House Inc. (re 3401 Palm)
- (*Exhibit 1, para. 43, Investigator Affidavit*).

OSCAR HERNANDEZ

107. Defendant Oscar Hernandez notarized at least 25 warranty deeds and trust deeds for Defendant King and Defendant Gray. (*Exhibit 1, para. 14, Investigator Affidavit*).

108. Many of these deeds were purportedly signed by homeowners who were clearly dead:

- Homeowner Manuel Thomas at 8130 Bonaire: died 1998; trust deed purportedly executed 2000 (*Exhibit 1, para. 5, Investigator Affidavit; Exhibit 13, trust deed X566530*)
- Homeowner Willie Hailey at 7306 Saint Louis: died 1999; trust deed purportedly executed 2000; (*Exhibit 1, para. 5, Investigator Affidavit; Exhibit 13, trust deed X502370*)
- Homeowner Isaiah Berry at 6407 Sandy Oaks: signature forged (*Exhibit 47, Berry lawsuit and Exhibit 13, trust deed X502371*)
- Homeowner Robert Lee Barnes at 4207 Lyons: deceased (*Exhibit 1, para. 5, Investigator Affidavit; Exhibit 61, Worrell lawsuit re trust deed X206859*)
- Homeowner Felix Gonzalez at 10213 Cheeves: died 1981; trust deed purportedly executed 1998 (*Exhibit 1, para. 5, Investigator Affidavit; Exhibit 25, Barras lawsuit re trust deed X400748*)
- Louis Sells regarding 8762 Flossie Mae: signature forged (*Exhibit 72, Sells Affidavit re trust deed X566537*)

LAWSUITS AGAINST OSCAR HERNANDEZ FOR NOTARIZING FORGERIES

109. Defendant Hernandez has been sued, based on allegations that he notarized fraudulent documents with fraudulent signatures:

- Cause 2006-21598: Select Portfolio Servicing v. Charles Hensley, Global Financial, Vallery's Home Repair, Oscar Hernandez, et al.

(Exhibit 1 para. 44, Investigator Affidavit).

FALSE, MISLEADING, AND DECEPTIVE ACTS AND PRACTICES

110. Defendants, in the course and conduct of trade and commerce, have directly and indirectly engaged in false, misleading and deceptive acts and practices declared to be unlawful by the DTPA §17.46(a) and DTPA §17.46(b), by engaging in the following conduct:

- A. Engaging in false, misleading, or deceptive acts or practices in the conduct of any trade or commerce, in violation of DTPA §17.46(a);
- B. Causing confusion or misunderstanding as to affiliation, connection, or association with, or certification by, another, in violation of DTPA §17.46(b)(3);
- C. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he does not have, in violation of DTPA §17.46(b)(5);
- D. Representing that goods and services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another, in violation of DTPA §17.46(b)(7);
- E. Advertising goods or services with intent not to sell them as advertised, in violation of DTPA §17.46(b)(9);
- F. Representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve or which are prohibited by law, in violation of DTPA §17.46(b)(12);
- G. Failing to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such information was intended to induce the

consumer into a transaction into which the consumer would not have entered had the information been disclosed, in violation of DTPA §17.46(b)(24).

FRAUD

111. Defendants, by and through their intentional acts and omissions described herein, have made repeated and materially false representations to persons concerning their real property as described herein, which were known to be false when made or were made without knowledge of the truth of the matter asserted. Such false representations were made with the intention that they be acted upon by the parties to whom the misrepresentations were made. Reliance upon these false representations has resulted in injury to these individuals located in the State of Texas.

CONSPIRACY

112. Defendants, by and through their acts and omissions described herein, conspired together to defraud scores of consumers, homeowners, and innocent purchasers. Defendants agreed with one or more other Defendants that they or one or more of them engage in conduct that is the basis of this lawsuit and that person and one or more of them perform an overt act in pursuance of the agreement.

DISGORGEMENT

113. All of Defendants' assets are subject to the equitable remedy of disgorgement, which is the forced relinquishment of all benefits that would be unjust for Defendants to retain, including all ill-gotten gains and benefits or profits that result from Defendants putting fraudulently converted property to a profitable use. Defendants should be ordered to disgorge all monies fraudulently taken from individuals and businesses together with all of the proceeds, profits, income, interest and accessions thereto. Such disgorgement should be for the benefit of victimized consumers and the State of Texas.

REPATRIATION OF ASSETS

114. After due notice and a hearing, the court should order that all of Defendants' assets situated outside the jurisdiction of this Court be deposited or repatriated into an appropriate financial institution within the jurisdiction of this Court.

NECESSITY OF IMMEDIATE RELIEF TO PRESERVE ASSETS

115. Plaintiff requests immediate relief by way of a Temporary Restraining Order and Temporary Injunction to preserve and protect the Defendants' assets from dissipation so that the victims of Defendants' actions can receive the restitution to which they are entitled. Defendants take in large sums of money from consumers through their schemes and use fraudulently obtained funds for personal gain. Defendants' assets are subject to dissipation for the following reasons:

- a) Defendants fraudulently acquire large sums of money under false pretenses from unsuspecting consumers as a result of their false and misleading statements and actions.
- b) Defendants appropriate monies under false pretenses and then dissipate these fraudulently obtained assets. These monies are transferred to Defendants' businesses and personal accounts. (*Exhibit 1, paras. 47-55 Investigator Affidavit re bank records*). Defendants are in possession of funds to which they have no justiciable claim.
- c) Defendants currently traffic in properties that were acquired by fraudulent means, as described above. (*Exhibit 1, para. 46, Investigator Affidavit*).
- d) Defendants have a demonstrated pattern of transferring properties from one party to another in an attempt to "sell" these properties to innocent third-party purchasers.
- e) Defendants have fraudulently stripped the equity and literally stolen homes from

consumers.

- f) Defendants forge deeds, steal properties, and steal money from unsuspecting consumers and use official county records to accomplish this.

116. For these reasons, Defendants' assets are subject to dissipation and secretion and should be frozen pending final trial so restitution can be made and full and final relief can be awarded at final trial.

**REQUEST TO CONDUCT DISCOVERY PRIOR
TO TEMPORARY INJUNCTION HEARING**

117. Plaintiff requests leave of this Court to conduct telephonic, oral, written and other depositions (containing requests for production) of witnesses prior to any scheduled Temporary Injunction Hearing and prior to Defendants' answer date. There are victims and other witnesses who may need to be deposed prior to any scheduled temporary injunction hearing. Any depositions, telephonic or otherwise, would be conducted with reasonable, shortened notice to Defendants and their attorneys, if known.

TRIAL BY JURY

118. Plaintiff herein requests a jury trial and tenders the jury fee to the Harris County District Clerk's office pursuant to TEX. R. CIV. P. 216 and TEX. GOVT. CODE ANN. §51.604.

INJURY TO CONSUMERS

119. Defendants have, by means of these unlawful acts and practices, obtained money or other property from identifiable persons to whom such money or property should be restored or who, in the alternative, are entitled to an award for damages.

**APPLICATION FOR TEMPORARY RESTRAINING ORDER,
TEMPORARY INJUNCTION AND PERMANENT INJUNCTION**

120. Because Defendants have engaged in the unlawful acts and practices described above,

Defendants have violated the law as alleged in this Petition. Unless immediately restrained by this Honorable Court, Defendants will continue to violate the laws of the State of Texas and cause immediate, irreparable injury, loss and damage to the State of Texas and to the general public. Therefore, Plaintiff requests a Temporary Restraining Order, Temporary Injunction and Permanent Injunction as indicated below.

PRAYER

121. WHEREFORE, Plaintiff prays that Defendants be cited according to law to appear and answer herein; that before notice and hearing a Temporary Restraining Order be issued; that after due notice and hearing a Temporary Injunction be issued; and upon final hearing a Permanent Injunction be issued, restraining and enjoining Defendants, Defendants' successors, assigns, officers, agents, servants, employees and attorneys and any other person in active concert or participation with Defendants, from engaging in the following acts or practices:

A. Transferring, concealing, destroying, or removing from the jurisdiction of this Court any books, records, documents, invoices or other written or computer generated materials relating to Defendants and their businesses currently or hereafter in their possession, custody, or control except in response to further orders or subpoenas in this cause;

B. Transferring, spending, hypothecating, concealing, encumbering, or removing from the jurisdiction of this court any money, stocks, bonds, assets, notes, equipment, funds, accounts receivable, policies of insurance, trust agreements, or other property, real, personal, or mixed, wherever situated, belonging to or owned by, in possession of, or claimed by Defendants, insofar as such property relates to, arises out of, or was derived from the real estate related business operations of Defendants without further order of this Court;

C. Forging signatures on any kind of document;

- D. Conspiring with others or requesting others to forge signatures on any kind of document;
- E. Conspiring with others or requesting others to notarize forged documents;
- F. Notarizing forged documents;
- G. Preparing, filing, drafting, or executing documents which have the effect of placing a lien on real property without further order of the court;
- H. Preparing, filing, drafting, or executing documents which have the effect of transferring real property without further order of the court;
- I. Offering to assist any person with any type of actual or threatened foreclosure notice or proceeding;
- J. Accepting anything of value to assist anyone in any type of actual or threatened foreclosure notice or proceeding;
- K. Assisting any person in any way with any type of actual or threatened foreclosure notice or proceeding;
- L. Filing any type of document or instrument with any County Clerk's office without further order of the court;
- M. Transferring or purporting to transfer any real or personal property to any other person or entity without further order of this court; and
- N. Engaging in any type of real estate transaction without further order of this court;
- O. Destroying, altering, mutilating, concealing, transferring, or otherwise disposing of or changing any records relating to any Defendant or entity in which any Defendant has or claims an ownership interest.

122. In addition, Plaintiff State of Texas respectfully prays that this Court will:

A. Adjudge against Defendants civil penalties in favor of Plaintiff State of Texas in an amount of not more than \$20,000 per violation of the DTPA, pursuant to TEX. BUS. COM. CODE ANN. §17.47(c)(1);

B. Adjudge against Defendants civil penalties in favor of Plaintiff State of Texas in an amount of not more than \$250,000 per violation of the DTPA, if the act or practice was calculated to acquire or deprive money or other property from a consumer who was 65 years of age or older when the act or practice occurred, pursuant to TEX. BUS. COM. CODE ANN. §17.47(c)(2);

C. Order Defendants to restore all money or property taken from identifiable persons by means of unlawful acts or practices, or in the alternative, award judgment for damages to compensate for such losses;

D. Order Defendants to pay Plaintiff State of Texas' attorneys fees and costs of court pursuant to TEX. GOV'T CODE §402.006(c);

E. Order Defendants to pay pre-judgment interest on all awards of restitution, damages, civil penalties and attorney fees as provided by law; and

F. Grant all other relief to which Plaintiff State of Texas may show itself entitled.

Respectfully submitted,

GREG ABBOTT
Attorney General of Texas

KENT C. SULLIVAN
First Assistant Attorney General

JEFF L. ROSE
Deputy First Assistant Attorney General

PAUL D. CARMONA
Chief, Consumer Protection and Public Health Division



SCOT CLINTON

State Bar No. 24045667

JOHN OWENS

State Bar No. 15379200

JANET DANN

State Bar No. 00792091

L. SUSAN HERRERA

State Bar No. 09530160

ROBERTA A. NORDSTROM

State Bar No. 24036801

Assistant Attorneys General

Consumer Protection & Public Health Division

808 Travis, Suite 300

Houston, Texas 77002

Telephone 713-223-5886

Facsimile 713-223-5821

ATTORNEYS FOR PLAINTIFF

SPIN No.: 99999928

VERIFICATION

STATE OF TEXAS

§

COUNTY OF HARRIS

§

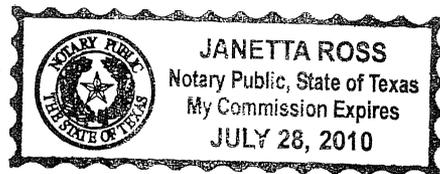
§

Before me, the undersigned Notary Public, on this day personally appeared Cathryn Haynes, who, after being duly sworn, stated under oath that she is the investigator for Plaintiff in this action, that she has read the above petition, and that every statement contained in the petition is true and correct and based upon the personal knowledge of all of the affiants as indicated in the affidavits attached to Plaintiff's Original Petition.

Cathryn Haynes
CATHRYN HAYNES

SUBSCRIBED AND SWORN TO BEFORE ME, on the 30th day of May, 2008, to certify which witness my hand and official seal.

Janetta Ross
NOTARY PUBLIC
State of Texas



Notary without Bond