

IN THE CIRCUIT COURT FOR BALTIMORE CITY, MARYLAND  
Civil Division

2014 SEP 14 PM 3:24

GWENDOL DENISE TAYLOR \*

and \*

GAIL E. THOMPSON, \*

Individually and on behalf of a \*

Class of consumers similarly situated \*

Plaintiffs, \*

v. \*

SAVINGS FIRST MORTGAGE, LLC \*

and \*

WELLS FARGO HOME \*

MORTGAGE, INC. \*

Defendants. \*

Case No.: 24-C-02-001635  
Honorable John M. Glynn

**SECOND AMENDED COMPLAINT**

Plaintiffs Gwendol Denise Taylor and Gail E. Thompson (the "Plaintiffs" or the "Named Plaintiffs"), on behalf of themselves and all others similarly situated, as defined herein, by and through their attorneys, Kieron F. Quinn and Richard S. Gordon and Quinn, Gordon & Wolf, Chtd., Denis J. Murphy and Civil Justice, Inc., and Peter A. Holland, sue Defendants Savings First Mortgage, LLC ("Savings First") and Wells Fargo Home Mortgage, Inc. (hereinafter collectively "Defendants") and state as follows:

**INTRODUCTION**

1. This is a class action brought by Gwendol Denise Taylor and Gail E. Thompson seeking relief from the predatory lending practices of the Defendants, Savings First Mortgage, LLC ("Savings First") and Wells Fargo Home Mortgage, Inc. ("Wells Fargo") for violations of the Maryland Finder's Fee Act and the Maryland Consumer Protection Act and for violations of common law obligations. Named Plaintiffs and the class are persons who entered into mortgage loan transactions using a mortgage broker where: (1) the mortgage broker is also identified as

the mortgage lender in the operative documents relating to the transaction; (2) the mortgage broker received a finder's fee as that term is defined in Md. Com. Law Code Ann. § 12-801(c); but (3) the loan was in fact funded by Wells Fargo. Named Plaintiffs are also members of a Subclass whose mortgage loans were originated by Defendant Savings First in a table-funded arrangement.

2. Specifically, the Complaint asserts that, as a condition of doing business with Defendant Wells Fargo, Wells Fargo often requires mortgage brokers, including Defendant Savings First, to act as both the mortgage broker *and* lender in mortgage loan transactions, in violation of Maryland law. By serving this dual role, the mortgage brokers, including Savings First, were able to engage in various predatory loan practices such as loan flipping. Further, by requiring the mortgage brokers to serve in this dual role, Wells Fargo conspired to and aided and abetted violations of the Finder's Fee Act, Md. Com. Law Code Ann. § 12-801, *et seq.* and the Consumer Protection Act, Md. Com. Law Code Ann. § 13-301, *et seq.*

3. As part of the scheme to cheat consumers, Wells Fargo funded each loan and then required its mortgage brokers, including Defendant Savings First, to assign and transfer the loan to Wells Fargo, as a holder, upon closing. In so doing, the mortgage brokers and Wells Fargo were able to systematically and deceptively hide and conceal the fact that Wells Fargo was the true lender in the transaction and thus *de facto* limit the ability of the consumer to take steps to enforce his/her rights against Wells Fargo as provided by both state and federal law.

#### PARTIES

4. Plaintiff Gwendol Taylor is a resident of Baltimore City residing at 2536 West Franklin Street, Baltimore, Maryland 21223. Ms. Taylor is 48 years old and is the owner of record of the townhouse unit located at 2536 West Franklin Street.

5. Ms. Taylor entered into two mortgage loans with Defendants. On August 21, 2000, Ms. Taylor refinanced her mortgage loan. Defendant Savings First served as both the mortgage broker and lender in the transaction and charged and collected from Ms. Taylor an astonishing 10% of the mortgage loan for serving this dual role. At or shortly after closing, the loan was assigned to Defendant Wells Fargo, which had funded the loan. On May 7, 2001 – a

mere nine months later – Plaintiff Taylor again refinanced her existing Wells Fargo loan using the services of Defendant Savings First. Once again: (a) Savings First served as both the mortgage broker and lender in the transaction; (b) Savings First charged and collected from Ms. Taylor another 10% of the mortgage loan for serving this dual role; and (c) at or shortly after closing, the loan was assigned to Defendant Wells Fargo, which had funded the loan.

6. Plaintiff Gail Thompson is a resident of Baltimore City residing at 3915 Grantley Road, Baltimore, Maryland 21215. Ms. Thompson is 38 years old and is the owner of record of the house located at 3915 Grantley Road.

7. Ms. Thompson refinanced her mortgage loan on June 4, 2001. Defendant Savings First served as both the mortgage broker and lender in the transaction and charged and collected from Ms. Thompson an astonishing 10% of the mortgage loan for serving this dual role. At or shortly after closing, Ms. Thompson’s mortgage loan was assigned to Defendant Wells Fargo, which had funded the loan.

8. Defendant, Savings First Mortgage, LLC is a licensed mortgage broker and mortgage lender under Maryland law with offices at 100 Painters Mill Road, Suite 800, Owings Mills, Md. 21227. Defendant Savings First is a Limited Liability company organized under Maryland law.

9. Defendant Wells Fargo is a foreign corporation organized and existing under the laws of the State of California. It is engaged in the business of consumer lending in Maryland and elsewhere. Wells Fargo is a licensed mortgage lender in the State of Maryland and, during the time frame of this Complaint, entered into literally thousands of mortgage loans – including many subprime mortgage loans – with low-income consumers throughout this state.

#### **JURISDICTION AND VENUE**

10. This Court has personal jurisdiction over the Defendants because they each systematically and continually transact business in Maryland and the case arises out of Defendants’ transactions within Maryland.

11. Venue is proper in this Court because Plaintiffs each reside within Baltimore City, the properties which are the subject of this lawsuit are within Baltimore City and because

Defendants systematically and continually transact business in Baltimore City.

### FACTUAL ALLEGATIONS

a. *Wells Fargo Entered into "Funding Agreements" with Mortgage Brokers*

12. Wells Fargo markets itself as a leader in the so-called subprime lending industry.

13. As a subprime lender, Wells Fargo specializes in making loans to consumers with below average credit histories. Wells Fargo originates or underwrites billions of dollars in mortgage loans each year.

14. In respect of its consumer and residential mortgage loan operations in Maryland, Wells Fargo relies heavily on mortgage brokers to obtain loan applications from homeowners.

15. "Mortgage brokers" in the regular course of business provide real estate settlement services to individuals seeking mortgage loans in the State of Maryland, and in particular, for a fee or other valuable consideration, whether received directly or indirectly, aid or assist borrowers in obtaining mortgage loans.

16. From at least 2001, Defendant Savings First has served as both the mortgage broker and the mortgage lender in numerous "table funded" transactions funded by Wells Fargo and others.

17. In May 2000, Wells Fargo entered into a "Broker Agreement" with Defendant Savings First providing that: (a) Savings First would procure mortgage loans on behalf of Wells Fargo; and, (b) Wells Fargo would fund each mortgage loan transaction.

18. Wells Fargo's Broker Agreement with Savings First also provided expressly that: (1) Wells Fargo would make the final underwriting decisions, but (2) Savings First would close each of the loans in its own name as the "Creditor" or "Lender."

19. Upon information and belief, as early as June 1992 ("the time frame of this Complaint"), Wells Fargo entered into substantially similar "Broker Agreements," as part of its "Table Funding Loan Program," with dozens of other mortgage brokers in the State of Maryland.

20. As a mortgage broker participating in Wells Fargo's "Table Funding Loan Program," Savings First required its borrowers to sign a "Savings First Mortgage, LLC (FEE DISCLOSURE)" in which Savings First advised the borrower that a percentage of the loan will

be charged as a fee:

[D]ue and payable to Savings First Mortgage, LLC by the borrower at the time of the closing for services rendered. This fee is required by the broker. It is not imposed by the lender, however, this fee will be disclosed by the lender in connection with all finance charge disclosure.

21. Savings First's form "FEE DISCLOSURE" also advised the borrower that there would be a "processing fee" of \$500 charged by Savings First – the "Broker."

22. Savings First, in its preprinted form given to all borrowers titled "Loan Approval/Commitment Fee," describes an array of charges including Discount points, Origination Fees, and/or Mortgage Broker Fees stated as a percentage of the loan, as well as an underwriting fee \$695, Appraisal Fee \$500, Administrative Fee \$500, Review and Appraisal Fee \$250, Lender Fee Document Preparation Fee \$500, Commitment Fee \$500, Lender Real Estate Tax Fee Service Fee \$125, and Lender Courier fee \$75.00.

23. Savings First's "Loan Approval/Commitment Letter" also deceptively advises borrowers:

*This document may not represent all of the final terms of your loan... If for any reason should your loan terms differ from those set forth in this document, you the borrower(s) agree to hold Savings First Mortgage, LLC, its directors, officers, principals, employees, etc. harmless from any and all legal and/or regulatory claims at any time now, or in the future. Should during the course of a regulatory audit it be determined that the terms in this document in any way, shape, or form differ from the final loan terms as disclosed by the lender who will fund your loan, and should any regulator suggest that action be taken by us to rewrite your loan, make any type of refunds, or give you the borrower(s) any type of monetary, financial, or any other type of consideration now or in the future, you the borrower(s) agree that Savings First Mortgage, LLC, its officers, principals, employees, etc. have no obligation to you the borrower(s) at anytime now or in the future, to carry out any of the abovementioned remedies as may be determined by any regulatory authority and/or a court of law. In addition this document will serve as formal notice to any regulatory authority that you the borrower(s) request that no further action be taken against Savings First Mortgage, LLC, its directors, officers, principals, employees, etc. as a result of this document being incorrect in any way, shape or form.*

b. *In accordance with the terms of Wells Fargo's "Broker Agreement" – which Identifies the Requirements of Wells Fargo's "Table Funding Loan Program" – the Mortgage Brokers Serve the Dual Role of "Mortgage Broker" and "Lender"*

24. In accordance with the requirements of their "Broker Agreement" with Wells Fargo, each mortgage broker, including Savings First, in addition to procuring the mortgage loan

for Wells Fargo, also acted as the mortgage lender and was identified as such in the various operative documents relating to the mortgage loan transactions, including the HUD-1 Settlement Statement, the Deed of Trust, Promissory Note and other financing documents.

25. Notwithstanding the array of charges levied by Savings First as a Mortgage Broker, at the closing of the borrowers' loans originated under Wells Fargo's "Table Funding Loan Program," the HUD-1 Settlement Statement would identify Savings First as the maker, Creditor and/or Lender in the transaction.

c. **The Mortgage Broker/Lenders – including Savings First – Received Finder's Fee in Each Transaction**

26. Upon closing the mortgage loans that are the subject of this action, each mortgage broker/lender, including Savings First, would receive "finder's fees" as that term is defined in Md. Com. Law Code Ann. § 12-801 (c).

27. The finder's fees often included, but were not limited to a loan origination fee, discount points, broker fees and, often, a "yield spread premium."

28. Yield spread premiums are kickbacks and/or referral fees offered by lenders in exchange for brokers' referrals of "above-par" loans. "Par" is the lowest interest rate at which a lender will originate a mortgage for qualified borrowers without charging discount points.

29. The yield spread premium is calculated based on the "spread" between "par" and the agreed-upon interest rate and is unrelated to the value of the brokers' services. The yield spread premium is paid by lenders without regard to the amount of work performed by the broker; nor does it have any correlation to or is it limited by the compensation paid by the borrower.

d. **Shortly After Closing on the Mortgage Loan, the Mortgage Broker/Lender would assign and transfer the Mortgage Loan to Wells Fargo**

30. Within a short time after closing on each of the mortgage loans that are the subject of this action, each mortgage broker/lender, including Savings First, would assign the Deed of Trust and other operative financing documents to Wells Fargo, who would purchase it as a holder of the Note and assignee of the Deed of Trust with notice, at a substantial discount and to the disadvantage of consumers.

31. Upon information and belief, the mortgage loan transactions were structured in this fashion – by requiring the mortgage broker to serve as both the mortgage broker *and* lender and then subsequently transferring the mortgage papers to Wells Fargo – to mislead and deceive the consumer. That is, the mortgage broker/lenders (including Savings First) would hide and conceal from the consumer the fact that they had already agreed to assign each loan to Defendant Wells Fargo and, thus, *de facto* limit the ability of the consumer to take steps to enforce his/her rights against Wells Fargo as provided by both state and federal law.

32. This financing structure also permitted the mortgage broker/lenders and Wells Fargo to reap substantial economic benefits by requiring homeowners to pay higher interest rates and origination related fees than they would have had to have paid had they gone to and closed a mortgage loan with the second lender directly.

33. For its part, Savings First participated in Wells Fargo's "Table Funding Loan Program," and closed loans identifying itself as the "Lender" in Plaintiffs and the class' mortgage loans – even though it was the broker in these same transactions – so as to deceive the borrower and maximize the charges it could earn. In many transactions, including the transactions of the Named Plaintiffs, Savings First would charge and collect from the borrower fees in excess of the 8% permitted by Maryland law – often as high 10% *or more*.

34. Savings First also participated in Wells Fargo's "Table Funding Loan Program" because it enabled Savings First to "flip" mortgage loans – that is, originate mortgage loans with the same borrower, and charge excessive and duplicative fees, more than once in a 24-month period – a practice which is expressly prohibited by Maryland law. Md. Com. Law Code Ann. §12-804 (c).

35. Upon information and belief, as of the time this Amended Complaint is filed, Wells Fargo continues to hold and service many of the mortgage loans that resulted from these illegal acts – that is, where mortgage brokers throughout the State of Maryland served as both the mortgage broker *and* lender in mortgage loan transactions funded by Wells Fargo in the State of Maryland.

36. Unless and until this Court issues appropriate declaratory and injunctive relief, Wells Fargo will continue to engage in the practices set forth above to the detriment of consumers.

#### FACTS APPLICABLE TO THE NAMED PLAINTIFFS

a. Gwendol Taylor

37. On or about July 2000, Plaintiff Gwendol Taylor was solicited by Defendant Savings First to refinance her home. On or about July 2000, Ms. Taylor entered into a Mortgage Broker Agreement with Savings First whereby Savings First agreed to aid or assist Ms. Taylor in obtaining a mortgage loan.

38. On or about August 21, 2000, Ms. Taylor entered into a mortgage loan transaction, which re-financed her home. The principal amount of Plaintiffs' new mortgage loan was \$31,750<sup>00</sup>.

39. Ms. Taylor's August 21, 2000 HUD-1 Settlement Statement identifies Savings First as the lender.

40. The Deed of Trust dated August 21, 2000 identifies Savings First as the beneficiary.

41. In addition, the Promissory Note (entered into for \$31,750<sup>00</sup>) likewise identifies Savings First as the lender in the mortgage loan transaction.

42. Despite the fact that Savings First is the identified lender in the mortgage loan transaction, Savings First received a substantial finder's fee for its dual role as Ms. Taylor's mortgage broker. In fact, Savings First received \$3,175 – or 10% of the loan amount – for originating Ms. Taylor's August 2000 loan.

43. At or about the time of closing, Savings First assigned Ms. Taylor's mortgage loan to Wells Fargo which took the loan as a holder.

44. Savings First, even though it was serving as Ms. Taylor's mortgage broker, identified itself as the "Lender" in Ms. Taylor's mortgage loan documents because Ms. Taylor's loan was originated under the provisions of Wells Fargo's "Table Funding Loan Program," which required Savings First to so identify itself.

45. Facilitated by the fact that Savings First identified itself as the “Lender” on Ms. Taylor’s August 21, 2000 loan, in April 2001 – only 9 months later – Savings First again solicited Ms. Taylor to refinance and “flip” her mortgage.

46. Once again, Ms. Taylor entered into a Mortgage Broker Agreement with Savings First whereby Savings First agreed to aid or assist Ms. Taylor in obtaining a mortgage loan.

47. Like Ms. Taylor’s August 21, 2000 loan transaction – and despite the fact that Savings First, again, was serving as Ms. Taylor’s mortgage broker – on May 7, 2001, Ms. Taylor entered into a second mortgage loan transaction which re-financed her home and identified Savings First as the “Lender.”

48. The principal amount of Ms. Taylor’s flipped mortgage loan was \$42,000<sup>00</sup>.

49. In connection with this second mortgage loan transaction, Savings First charged and collected finder’s fees from Ms. Taylor of \$4,200 – or 10% of the loan amount.

50. Thus, in respect of Ms. Taylor’s August 2000 and May 2001 loans, Savings First charged and collected an astonishing \$7,375 for assisting Ms. Taylor in procuring the mortgage loans.

51. Ms. Taylor’s May 7, 2001 HUD-1 Settlement Statement identifies Savings First as the lender.

52. The Deed of Trust dated May 7, 2001 identifies Savings First as the beneficiary.

53. In addition, the Promissory Note (entered into for \$42,000<sup>00</sup>) likewise identifies Savings First as the lender in the mortgage loan transaction.

54. At or about the time of closing, Savings First assigned Ms. Taylor’s second mortgage loan to Wells Fargo, which took the loan as a holder.

55. Wells Fargo, through its agents or employees, had conducted underwriting for the May 7, 2001 mortgage loan and approved it for funding well before the time that Savings First closed the Taylor loan as the “Lender.” Savings First, even though it was serving as Ms. Taylor’s mortgage broker, identified itself as the “Lender” in Ms. Taylor’s mortgage loan documents because it was required to do so under Wells Fargo’s “Table Funding Loan Program” and because it was a condition of originating a mortgage loan under that program with Wells

Fargo.

b. Gail Thompson

56. On or about April 2001, Plaintiff Gail Thompson was solicited and/or contacted by Defendant Savings First to refinance her home. On or about April 26, 2001, Ms. Thompson, together with James Smith (now deceased), entered into a Mortgage Broker Agreement with Savings First whereby Savings First agreed to aid or assist Ms. Thompson in obtaining a mortgage loan.

57. On or about June 4, 2001, Ms. Thompson entered into a mortgage loan transaction, which re-financed her home. The principal amount of Plaintiffs' new mortgage loan was \$51,200<sup>00</sup>.

58. Ms. Thompson's June 4, 2001 HUD-1 Settlement Statement identifies Savings First as the lender.

59. The Deed of Trust dated June 4, 2001 identifies Savings First as the beneficiary.

60. In addition, the Promissory Note (entered into for \$51,200<sup>00</sup>) likewise identifies Savings First as the lender in the mortgage loan transaction.

61. Despite the fact that Savings First is the identified lender in the mortgage loan transaction, it also received a substantial finder's fee for its dual role as Ms. Thompson's mortgage broker. In fact, Savings First received a finder's fee of \$5,120 – or 10% of the loan amount – for originating Ms. Thompson's loan.

62. At or about the time of closing, Savings First assigned Ms. Thompson's mortgage loan to Wells Fargo which took the loan as a holder.

63. Wells Fargo, through its agents or employees, had conducted underwriting for the mortgage loan and approved it for funding well before the time that Savings First closed the Thompson loan as the "Lender." Savings First, even though it was serving as Ms. Thompson's mortgage broker, identified itself as the "Lender" in Ms. Thompson's mortgage loan documents because it was required to do so under Wells Fargo's "Table Funding Loan Program" and because it was a condition of originating a mortgage loan under that program with Wells Fargo.

## CLASS ALLEGATIONS

64. Named Plaintiffs bring this action on behalf of themselves and all other similarly situated individuals pursuant to Md. Rule 2-231. The class consists of:

All consumers who entered into a mortgage loan transaction using a Mortgage Broker where: (1) the Mortgage Broker is also identified as the mortgage lender in the operative documents relating to the transaction; (2) the Mortgage Broker received a finder's fee as that term is defined in Md. Com. Law Code Ann. § 12-801(c); and (3) Wells Fargo funded the mortgage loan.

65. Named Plaintiffs also bring this action on behalf of the following subclass:

All consumers who entered into a mortgage loan transaction with Savings First Mortgage, LLC in which Savings First Mortgage, LLC is identified as both the mortgage broker and lender in the operative documents relating to the residential loan transaction; and Savings First Mortgage received a Finder's Fee as that term is defined in Md. Com. Law Code Ann. Sec. 12-801(c).

66. The Class and the Subclass, as defined above, are identifiable. The Named Plaintiffs are members of the Class and Subclass.

67. The Class and Subclass each consist of hundreds and perhaps thousands of individuals, to the best of the information and belief of the Plaintiffs, and is so numerous that joinder of all members is clearly impracticable.

68. There are questions of law and fact which are not only common to the class and subclass but which predominate over any questions affecting only individual class members. The predominate questions include, but are not limited to:

(a) Whether Savings First's and other mortgage brokers' practice of acting as both the "Broker" and "Lender" in the same mortgage loan transaction violates Maryland's Finders Fee Law, Md. Com. Law Code Ann. §§12-801, *et seq*;

(b) Whether Savings First's and other mortgage brokers' practice of acting as both the "Broker" and "Lender" in the same mortgage loan transaction violates the Maryland Consumer Protection Act, Md. Com. Law Code Ann. §§ 13-101, *et seq.*;

(c) Whether Savings First's and other mortgage brokers' practice of collecting finder's fees in mortgage loan transactions in which they acted as both the "Broker" and "Lender" violates Maryland's Finders Fee Law, Md. Com. Law Code

Ann. §§ 12-801, *et seq.*;

(d) Whether Savings First's and other mortgage brokers' practice of collecting finder's fees in mortgage loan transactions in which they acted as both the "Broker" and "Lender" violates Maryland Consumer Protection Act, Md. Com. Law Code Ann. §§ 13-101, *et seq.*;

(e) Whether Savings First's unilateral statement announcing that the borrower has waived their rights under Maryland law constitute unfair and deceptive trade practices under the Maryland Consumer Protection Act.

(f) Whether Wells Fargo aided and abetted the violations of the Finder's Fee Act;

(g) Whether Wells Fargo aided and abetted the violations of the Consumer Protection Act;

(h) Whether Wells Fargo, as assignee of the loans at issue in this case, is a holder, subject to all the claims and defenses that could have been brought against the original lenders.

(i) Whether Wells Fargo conspired with Savings First and other mortgage brokers to violate the Finder's Fee Act;

(j) Whether Wells Fargo conspired with Savings First and other mortgage brokers to violate the Consumer Protection Act; and,

(k) Whether named Plaintiffs and the class are entitled to restitution and other damages resulting from Defendants' illegal actions.

69. The claims of Named Plaintiffs are typical of the claims of each member of the Class and Subclass within the meaning of Md. Rule 2-231(a)(3), and are based on and arise out of identical facts constituting the wrongful conduct of the Defendants.

70. The prosecution of separate actions by individual members of the Class and Subclass would create a risk of establishing incompatible standards of conduct for the Defendants, within the meaning of Rule 2-231(b)(1)(A).

71. Defendants actions are generally applicable to the Class and Subclass as a whole, and Plaintiffs seeks equitable remedies with respect to the class as a whole within the meaning of Rule 2-231(b)(2).

72. Common questions of law and fact enumerated above predominate over questions affecting only individual members of the Class and Subclass, and a class action is the superior method for fair and efficient adjudication of the controversy, within the meaning of 2-231(b)(3). The likelihood that individual members of the Class and Subclass will prosecute separate actions is remote due to the time and expense necessary to conduct such litigation. To Plaintiffs' knowledge, no similar litigation is pending against Defendants brought by other members of the Class or Subclass.

**COUNT ONE – VIOLATIONS  
OF MARYLAND'S FINDER'S FEE LAW**

73. Plaintiffs reallege and incorporate by reference the allegations set out in Paragraphs 1 through 72, and further allege:

74. The mortgage loan transactions entered into by named Plaintiffs and the Class and Subclass, that are the subject of this action, are governed by Maryland's Finder's Fees Law, Md. Com. Law Code Ann. §§ 12-801 *et seq.*

75. Section 12-804 (e) of the Finder's Fees Law mandates that:

A mortgage broker may not charge a finder's fee in any transaction in which the mortgage broker or an owner, part owner, partner, director, officer, or employee of the mortgage broker is the lender or an owner, part owner, partner, director, officer, or employee of the lender.

76. Section 12-803 of the Finder's Fees Law similarly mandates that "[a] mortgage broker may not be a director, officer, or employee of any lender where he places a loan."

77. The mortgage brokers, including but not limited to Savings First, violated these mandates of the Finder's Fees Law by acting as both the mortgage broker and lender and collecting a finder's fee including, but not limited to origination points, processing fees, administrative fees, commitment fees, discount points, yield spread premiums and other fees.

78. By requiring that the mortgage brokers, including but not limited to Savings First, act as both the mortgage broker and lender in each of the subject transactions, Wells Fargo encouraged, incited, aided and abetted the act of the direct perpetrator of the legal wrong.

79. As an assignee of each class member's mortgage loan, Wells Fargo stands in the shoes of their assignors.

80. Consequently, by assisting, supporting, and supplementing, instigating, advising and encouraging the efforts of the mortgage brokers, including but not limited to Savings First, to violate the Finder's Fee Act, and by accepting an assignment of each mortgage loan in the manner set forth in this Amended Complaint, Wells Fargo is responsible for the underlying damages available to the Plaintiffs and the Class and Subclass as if Wells Fargo had performed the illegal acts itself.

WHEREFORE, Plaintiffs pray that:

A. The Court order, pursuant to Md. Com. Law Code Ann. § 12-807, that Defendants return to Plaintiffs all monies paid to mortgage brokers, directly or indirectly, as finder's fees by named Plaintiffs and the Class and Subclass under the mortgage loan transactions, and all reasonable interest thereon;

B. The Court order, pursuant to Md. Com. Law Code Ann. § 12-807, that Defendants forfeit to named Plaintiffs and the Class and Subclass three times the amount of the finder's fees collected; and,

C. The Court award such other and further relief as the Court deems just and proper.

**COUNT TWO – CONSPIRACY TO VIOLATE  
MARYLAND'S FINDER'S FEE LAW**

81. Plaintiffs reallege and incorporate by reference the allegations set out in Paragraphs 1 through 80, and further allege:

82. Alternatively, Wells Fargo conspired with each of the mortgage brokers, including Savings First, to violate Maryland's Finder's Fee Law.

83. The mortgage brokers each committed overt acts in furtherance of the conspiracy by acting as both the mortgage broker and lender in the Plaintiffs' and the Class' and Subclass' mortgage loan transactions.

84. Wells Fargo furthered the conspiracy by requiring that the mortgage brokers identify themselves as the "Creditor" or "Lender" in the Named Plaintiffs' and Class' and Subclass' mortgage loan transactions.

85. As a result of the conspiracy, Plaintiffs suffered damages and loss.

WHEREFORE, Plaintiffs pray that:

A. The Court order pursuant to Md. Com. Law Code Ann. § 12-807, that Defendants return to Plaintiffs all monies paid to mortgage brokers, directly or indirectly, as finder's fees by named Plaintiffs and the Class and Subclass under the mortgage loan transactions, and all reasonable interest thereon;

B. The Court order, pursuant to Md. Com. Law Code Ann. § 12-807, that Defendants forfeit to named Plaintiffs and the Class and Subclass three times the amount of the finder's fees collected; and,

C. The Court award such other and further relief as the Court deems just and proper.

**COUNT THREE – VIOLATIONS  
OF MARYLAND'S CONSUMER PROTECTION ACT**

86. Plaintiffs reallege and incorporate by reference the allegations set out in Paragraphs 1 through 85, and further allege:

87. The mortgage loan transactions set forth herein are governed by the Consumer Protection Act, Md. Com. Law Code Ann. §§ 13-101 *et. seq.*

88. Section 13-303 of the Commercial Law Article prohibits unfair or deceptive trade practices in the sale of any consumer realty or the extension of consumer credit.

89. The Consumer Protection Act defines unfair or deceptive trade practices to include, inter alia, the following:

- a. False or misleading oral or written statements that have the capacity, tendency, or effect of deceiving or misleading consumers;
- b. Failure to state a material fact if the failure deceives or tends to deceive; and
- c. Deception, fraud, misrepresentation or knowing concealment,

suppression or omission of any material fact concerning the sale of consumer realty or the extension of consumer credit, with the intent that the consumer rely on the deception, fraud, misrepresentation or knowing concealment, suppression or omission of the material fact.

90. By engaging in the acts and omissions set forth above, by making the misrepresentations set forth above, and by failing to disclose material facts where the failure to do so deceived or tended to deceive, the mortgage brokers, including but not limited to Savings First, committed unlawful trade practices, in violation of the Maryland Consumer Protection Act, §§13-301(1), (2) and (3) and §§13-303(1) and (3).

91. The mortgage brokers' conduct, including but not limited to Savings First's conduct as set forth above, had the capacity, tendency or effect of deceiving Plaintiffs and the Class and Subclass, who in fact were deceived or misled, causing them injury and loss.

92. As a result of the mortgage brokers', including but not limited to Savings First's, unfair and deceptive trade practices, in violation of the Consumer Protection Act, Plaintiffs and the Class and Subclass members were induced to enter into mortgage loan transactions that misrepresented: (a) the identity of the true lender in the mortgage loan transactions; and (b) the terms and financial conditions applicable to Plaintiffs' and the Class' and Subclass' mortgage loan transactions, causing them injury and loss.

93. By requiring that mortgage brokers, including but not limited to Savings First, act as both the mortgage broker and lender in each of the subject transactions, Wells Fargo encouraged, incited, aided and abetted the act of the direct perpetrator of the legal wrongs identified above.

94. Consequently, by assisting, supporting, and supplementing, instigating, advising and encouraging the efforts of the mortgage brokers, including but not limited to Savings First, to violate the Consumer Protection Action Act, by accepting an assignment of each mortgage loan in the manner set forth in this Amended Complaint, Wells Fargo is responsible for the underlying damages available to the Plaintiffs and the Class and Subclass as if Wells Fargo had performed the illegal acts itself.

WHEREFORE, Plaintiffs pray that:

A. The Court award Plaintiffs restitution in the amount equal to the finder's fees paid on the mortgage loans of the named Plaintiffs and Class and Subclass members, together with costs and disbursements, prejudgment interest, and any other equitable relief as determined by this Court.

B. The Court find that the mortgage brokers' practice, including but not limited to the practice of Savings First, of acting both as the mortgage lender and the mortgage broker in each of the mortgage loan transactions, and collecting a finder's fees in each transaction, is unfair and deceptive in violation of the Consumer Protection Act.

C. The Court order that Defendants return to Plaintiffs all monies paid to mortgage brokers, directly or indirectly, as finder's fees under the mortgage loan transactions, and all reasonable interest thereon;

D. The Court award Plaintiffs reasonable costs and attorney's fees as permitted by Section 13-408 of the Commercial Law Article.

E. The Court award Plaintiffs such other and further relief as the Court deems just and proper.

**COUNT FOUR – CONSPIRACY TO VIOLATE  
MARYLAND'S CONSUMER PROTECTION ACT**

95. Plaintiffs reallege and incorporate by reference the allegations set out in Paragraphs 1 through 94, and further allege:

96. Alternatively, Wells Fargo conspired with each of the mortgage brokers, including Savings First, to violate Maryland's Consumer Protection Act.

97. The mortgage brokers each committed overt acts in furtherance of the conspiracy by acting as both the mortgage broker and lender in the Plaintiffs' and Class and Subclass' mortgage loans.

98. Wells Fargo furthered the conspiracy and the deception by requiring that the mortgage brokers identify themselves as the "Creditor" or "Lender" in the Named Plaintiffs' and Class and Subclass' mortgage loan transactions.

99. As a result of the conspiracy, Plaintiffs suffered damages and loss.

WHEREFORE, Plaintiffs pray that:

A. The Court award Plaintiffs damages and restitution in the amount equal to the finder's fees paid on the mortgage loans of the named Plaintiffs and Class and Subclass members, together with costs and disbursements, prejudgment interest, and any other equitable relief as determined by this Court.

B. The Court find that the mortgage brokers', including but not limited to Savings First's, practice of acting both as the mortgage lender and the mortgage broker in each of the mortgage loan transactions, and collecting a finder's fees in each transaction, is unfair and deceptive in violation of the Consumer Protection Act.

C. The Court order that Defendants return to Plaintiffs all monies paid to Mortgage Brokers, directly or indirectly, as finder's fees under the mortgage loan transactions, and all reasonable interest thereon;

D. The Court award Plaintiffs reasonable costs and attorney's fees as permitted by Section 13-408 of the Commercial Law Article.

E. The Court award Plaintiffs such other and further relief as the Court deems just and proper.

#### **COUNT FIVE – RESTITUTION AND UNJUST ENRICHMENT**

100. Plaintiffs reallege and incorporate by reference the allegations set out in Paragraphs 1 through 99, and further allege:

101. By paying the finder's fees as described above, Plaintiffs and the Class and Subclass members conferred a benefit of these collected overcharges upon Defendants.

102. Defendants' acceptance of these overcharges is and was and continues to be unjust and inequitable. Defendants should not be permitted to retain the benefits of those overcharges.

103. Plaintiffs and the Class and Subclass conferred these unjust benefits upon Defendants after and as a result of the mortgage brokers' (including, but not limited to Savings First's) misrepresentations, concealment and other misconduct as set forth herein.

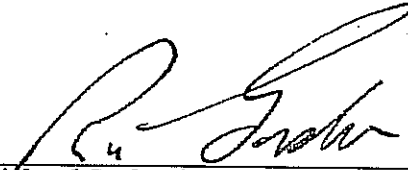
WHEREFORE, Plaintiffs pray that:

A. The Court enter judgment in an amount equal to the finder's fees paid on the mortgage loan transactions of the Plaintiffs and Class and Subclass members, together with costs, disbursements and interest and such other equitable relief as determined by the Court.

B. The Court award such other and further relief as the Court deems just and proper.

Respectfully submitted,

QUINN, GORDON & WOLF, CHTD.



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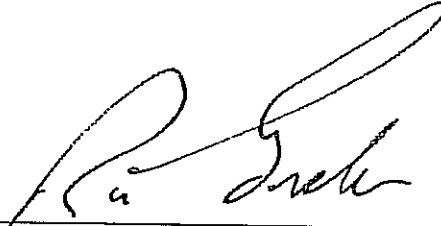
Attorneys for Plaintiffs

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing Second Amended Complaint was served this 14<sup>th</sup> day of September, 2004, by first class mail, postage prepaid on:

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Donald A. Rea  
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A handwritten signature in black ink, appearing to read "Richard S. Gordon", written over a horizontal line.

Richard S. Gordon