SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

MORTGAGE RESOLUTION SERVICING, LLC, 1ST FIDELITY LOAN SERVICING, LLC, and S & A CAPITAL PARTNERS, INC.,	Index No. 653955/2014 Date Filed: December 24, 2014
Plaintiff,	Plaintiffs designate New York County as the place of trial. The basis of the venue is the location of one of the
-against-	defendants at commencement of the action.
JPMORGAN CHASE BANK, N.A., CHASE HOME FINANCE LLC, and JPMORGAN CHASE & CO.,	**SUMMONS**
Defendants.	Plaintiffs' place of business is 6810 N. State Rd. 7, Coconut Creek, Florida 33073

YOU ARE HEREBY SUMMONED to answer the First Amended Complaint in this action and to serve a copy of your Answer, or, if the First Amended Complaint is not served with this Summons, to serve a Notice of Appearance, on the plaintiffs' attorneys within twenty (20) days after the service of this Summons, exclusive of the day of service (or within thirty (30) days after the service is complete if this Summons is not personally delivered to you within the State of New York). In case of failure to appear or answer, judgment will be taken against you by default for the relief demanded in the First Amended Complaint.

Dated: New York, New York
December 26, 2014

PERKINS COIE LLP

/s/ Gary F. Eisenberg
By: Gary F. Eisenberg, Esq.

Attorneys For: Plaintiff
30 Rockefeller Plaza
22nd Floor
New York, NY 10112-0085
212.262.6900

TO:

JPMorgan Chase & Co.
270 Park Avenue
New York, New York 10036

JPMorgan Chase Bank, N.A.
270 Park Avenue
New York, New York 10036

Chase Home Finance, LLC
343 Thornall Street
Edison, NJ 08837

Chase Home Finance, LLC
270 Park Avenue
New York, New York 10036

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

MORTGAGE RESOLUTION SERVICING, LLC, 1ST FIDELITY LOAN SERVICING, LLC, and S & A CAPITAL PARTNERS, INC.,	:	Index No. 653955/2014
Plaintiff,	:	**FIRST AMENDED COMPLAINT**
-against-	:	**JURY TRIAL DEMANDED**
JPMORGAN CHASE BANK, N.A., CHASE HOME FINANCE LLC, and JPMORGAN CHASE & CO.,	:	
Defendants.	:	

Plaintiffs Mortgage Resolution Servicing, LLC ("MRS"), 1st Fidelity Loan Servicing, LLC (1st Fidelity"), and S&A Capital Partners, Inc. ("S&A") (collectively, "Plaintiffs" or the "Schneider Entities"), by and through their attorneys, Perkins Coie LLP, file this first amended complaint against Defendants JPMorgan Chase Bank, N.A., JPMorgan Chase & Co., and Chase Home Finance LLC, (collectively, "Chase" or "Defendants"), and respectfully alleges as follows:

I. NATURE OF THE ACTION

1. This action arises from Defendants' actionable and ongoing misconduct in connection with the offer and sale of certain first-lien mortgage loans and pools of such loans to the Schneider Entities.

2. For over six years, since the onset of the financial meltdown in this country in 2008, Defendants have been engaged in an ongoing pattern of fraudulent and

wrongful conduct, resulting in, *inter alia*, large-scale deception, breach of contract, and tortious interference with the contractual relationships between the Schneider Entities and the borrowers whose loans Chase sold to the Schneider Entities. This pattern includes the wrongful mailing of debt forgiveness letters and the wrongful releasing of hundreds of liens securing loans that Chase previously sold to the Schneider Entities. As it turned out, Defendants' misconduct directed at the Schneider Entities inflicted harm not only on the Schneider Entities, but also formed part of a larger scheme and conspiracy by Defendants to evade their legal obligations and liabilities with respect to the proper servicing of residential mortgage loans; and to evade their legal obligations and liabilities as parties to multiple consent orders, settlements and agreements entered into with various branches of federal and state governments (the "Lender Settlements").

3. The Schneider Entities' damages are on a scale exceeding the collective face value of the loans that the Schneider Entities own. Essentially, Defendants, with callous disregard for the Schneider Entities, engaged in unlawful activity that destroyed the Schneider Entities' residential mortgage loan purchasing and servicing business. The end goal of Defendants' unlawful activity was to make the Schneider Entities the scapegoats for Chase's own misconduct that contributed to the residential loan mortgage abuses. These are the same abuses that brought about the Lender Settlements (which, parenthetically, Chase continues to flout and evade).

II. THE PARTIES

A. Plaintiffs

4. S&A Capital Partners, Inc. ("S&A") is a Florida corporation located at 6810 N. State Rd. 7, Coconut Creek, Florida 33073. Laurence Schneider is the President and shareholder of S&A. From 2005 to 2010, S&A purchased approximately 650 first lien and second lien residential mortgage loans owned by Chase.

5. 1st Fidelity Loan Servicing, LLC ("1st Fidelity") is a Florida Limited Liability Company located at 6810 N. State Rd. 7, Coconut Creek, Florida 33073. Mr. Schneider is the President and managing member of 1st Fidelity. From 2007 to 2010, 1st Fidelity purchased approximately 350 first lien and second lien residential mortgage loans owned by Defendant Chase.

6. Mortgage Resolution Servicing, LLC ("MRS") is a Florida Limited Liability Company located 6810 N. State Rd. 7, Coconut Creek, Florida 33073. Mr. Schneider is the President and managing member of MRS. MRS purchased a pool of what Chase represented to be 3,529 First Lien residential mortgage loans from Chase on February 25, 2009.

B. Defendants

7. Defendant JPMorgan Chase & Co. is a Delaware corporation. Its headquarters is located at 270 Park Avenue, New York, New York.

8. Defendant JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank") is a national banking association and a wholly-owned subsidiary of Defendant JPMorgan Chase & Co. Its headquarters is located at 270 Park Avenue, New York, New York. On September 25, 2008, Washington Mutual Bank, F.S.B., a federal savings bank headquartered in Henderson,

Nevada, failed, and JPMorgan Chase Bank, N.A., purchased substantially all of the assets and assumed all deposit and substantially all other liabilities of Washington Mutual Bank, F.S.B., pursuant to a Purchase and Assumption Agreement with the Federal Deposit Insurance Corporation (FDIC) and the FDIC as Receiver for Washington Mutual Bank, F.S.B.

9. Defendant Chase Home Finance, LLC ("Chase Home Finance") was a Delaware limited liability company that offered mortgage and loan services, with its headquarters at 343 Thornall Street, Edison, NJ 08837. Chase Home Finance, at all times relevant to this action prior to May 1, 2011, was qualified to do business in New Jersey. Effective May 1, 2011, Chase Home Finance merged into JPMorgan Chase Bank and JPMorgan Chase Bank is now the owner and servicer of the residential mortgage loans previously held by Chase Home Finance.

III. JURISDICTION AND VENUE

10. This Court has jurisdiction pursuant to CPLR § 301 over Defendants, which are all Delaware business organizations with principal places of business in New York, New York.

11. Venue is proper under CPLR § 503 because at least one of the Defendants resides in New York County.

IV. FACTUAL ALLEGATIONS

A. The Schneider Entities' Business Model and Relationship with Defendants

12. The Schneider Entities are in the business of buying defaulted residential mortgage loans, including both the note obligation and the security interest (mortgage or deed of

trust), and working out payment plans with the borrowers of those loans. By working directly and closely with homeowners, the Schneider Entities are able to increase the value of the mortgage loans above their purchase price, a price set based on their identity as a defaulted obligation. By extension, these practices mean that the Schneider Entities frequently provide avenues for homeowners to stay in their homes, rebuild their credit, and realize a renewed peace of mind.

13. Laurence Schneider is the President of each of the Schneider Entities. He is a real estate specialist who works and resides in Boca Raton, Florida. Since 2005, through the Schneider Entities, Mr. Schneider has purchased thousands of first and second lien residential mortgage loans from Chase.

14. Beginning in April 2005, Mr. Schneider began regularly purchasing defaulted residential mortgage loans for S&A from Chase Home Finance. From April 2005 to June 2010, S&A acquired approximately 650 individual defaulted first and second lien residential mortgage loans from Chase Home Finance through a Master Mortgage Loan Sale Agreement. S&A was never offered, and never purchased, unsecured loans (second mortgages that have been extinguished by first lien foreclosures) or unsecured deficiencies (debt owned by a borrower after the mortgage has been foreclosed and the property sold).

15. Among the hundreds of loans purchased by S&A were the following:

- On November 22, 2006, S&A purchased a $35,730 residential mortgage loan from Chase. The borrowers on the loan were Carol Laug and Garry Keeton ("Laug Loan"). The Laug Loan was originated on January 24, 2001 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed by Patricia Lopez, Corporate Executive Officer for Chase.

- On September 13, 2007, S&A purchased a $16,132 residential mortgage loan from Chase. The borrowers on the loan were Allen and Gloria Bradley ("Bradley Loan"). The Bradley Loan was originated on April 26, 2000 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed by Patricia Lopez, Corporate Executive Officer for Chase and prepared by Launi Solomon, Corporate Executive Officer for Chase.

- On September 26, 2007, S&A purchased a $29,000 mortgage loan from Chase. The borrowers on the loan were Frank Demske and Barbara Yockey ("Yockey Loan"). The Yockey Loan was originated on November 20, 2000 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed by Patricia Lopez, Corporate Executive Officer for Chase and prepared by Launi Solomon Corporate Executive Officer for Chase.

- On September 27, 2007, S&A purchased a $9,844 residential mortgage loan from Chase. The borrowers on the loan were Jerry and Linda Grimm ("Grimm Loan"). The Grimm Loan was originated on March 8, 2001 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed by Patricia Lopez, Corporate Executive Officer for Chase and prepared by Launi Solomon Corporate Executive Officer for Chase.

- On September 18, 2007, S&A purchased a $25,000 residential mortgage loan from Chase. The borrower on the loan was Randy Frazier ("Frazier Loan"). The Frazier Loan was originated on July 28, 2004 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed by Patricia Lopez, Corporate Executive Officer for Chase.

- On June 24, 2008, S&A purchased a $91,000 residential mortgage loan from Chase. The borrower on the loan was Diane Busza ("Busza Loan"). The Busza Loan was originated on December 21, 2005 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed by Patricia Lopez, Corporate Executive Officer for Chase and prepared by Launi Solomon, Corporate Executive Officer for Chase.

- On March 22, 2010, S&A purchased a $20,200 residential mortgage loan from Chase. The borrower on the loan was Dianna Goodwin ("Goodwin Loan"). The Goodwin Loan was originated on June 28, 2004 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Launi Solomon, Corporate Executive Officer for Chase.

- On July 23, 2010, S&A purchased a $79,000 residential mortgage loan from Chase. The borrowers on the loan were Dorothy and Jeffery Vance ("Vance Loan"). The

Vance Loan was originated on May 4, 2006 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Launi Solomon, Corporate Executive Officer for Chase.

16. Beginning in May 2005, Mr. Schneider began purchasing defaulted residential mortgage loans for 1st Fidelity from Chase Home Finance. From May 2005 to November 2010, 1st Fidelity acquired approximately 350 individual defaulted first and second lien mortgage loans from Chase Home Finance through individual note sale agreements that included the assignment of the mortgage (or deed of trust) securing the loan. As with S&A, 1st Fidelity was never offered, and never purchased, unsecured loans or unsecured deficiencies.

17. Among the hundreds of loans purchased by 1st Fidelity were the following:

- On October 14, 2009, 1st Fidelity purchased a $50,000 residential mortgage loan from Chase. The borrowers on the loan were Jacob Rossatto and Miriam Alvarez ("Rossatto Loan"). The Rossatto Loan was originated on October 6, 2006 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Eddie Guerrero, Corporate Executive Officer for Chase.

- On October 14, 2009, 1st Fidelity purchased a $90,000 residential mortgage loan from Chase. The borrower on the loan was Matthew Di Minno ("Di Minno Loan"). The Di Minno Loan was originated on September 20, 2006 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Eddie Guerrero, Corporate Executive Officer for Chase.

- On October 14, 2009, 1st Fidelity purchased a $190,000 residential mortgage loan from Chase. The borrowers on the loan were Yvonne and Edward Harrity ("Harrity Loan"). The Harrity Loan was originated on March 8, 2006 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Eddie Guerrero, Corporate Executive Officer for Chase.

- On October 14, 2009, 1st Fidelity purchased a $60,400 residential mortgage loan from Chase. The borrowers on the loan were Marvin and Cassandra Cornish ("Cornish Loan"). The Cornish Loan was originated on January 27, 2006 and

secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Eddie Guerrero, Corporate Executive Officer for Chase.

- On October 14, 2009, 1st Fidelity purchased a $37,000 residential mortgage loan from Chase. The borrowers on the loan were Saleh Ahmed and Beverly Ahmed ("Ahmed Loan"). The Ahmed Loan was originated on May 21, 2007 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Eddie Guerrero, Corporate Executive Officer for Chase.

- On October 30, 2009, 1st Fidelity purchased a $60,400 residential mortgage loan from Chase. The borrowers on the loan were Vito Derosa and Nicolette Derosa ("Derosa Loan"). The Derosa Loan was originated on October 19, 2005 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Launi Solomon, Corporate Executive Officer for Chase.

- On November 4, 2009, 1st Fidelity purchased a $25,000 residential mortgage loan from Chase. The borrower on the loan was Teresa Hancock ("Hancock Loan"). The Hancock Loan was originated on March 31, 2006 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Launi Solomon, Corporate Executive Officer for Chase.

- On November 10, 2009, 1st Fidelity purchased a $44,000 residential mortgage loan from Chase. The borrowers on the loan were William Spence and Laura Spence ("Spence Loan"). The Spence Loan was originated on June 20, 2005 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Launi Solomon, Corporate Executive Officer for Chase.

- On October 30, 2009, 1st Fidelity purchased a $100,000 residential mortgage loan from Chase. The borrower on the loan was Irene Williams ("Williams Loan"). The Williams Loan was originated on January 7, 2005 and secured by a recorded deed of trust. The Assignment of Mortgage Agreement was signed and prepared by Launi Solomon, Corporate Executive Officer for Chase.

- On January 15, 2010 1st Fidelity purchased a $19,950 residential mortgage loan from Chase. The borrowers on the loan were George and Theresa Lawwill ("Lawwill Loan"). The Lawwill Loan was originated on April 5, 2005 and secured by a recorded mortgage. The Assignment of Mortgage Agreement was signed and prepared by Launi Solomon, Corporate Executive Officer for Chase.

18. Through September 2008, S&A and 1st Fidelity purchased defaulted first and second lien residential mortgage loans from Chase without incident; and continued servicing

the loans, including making payment arrangements with borrowers, in a way that both enabled homeowners to keep their homes and allowed these companies to earn a profit. Relying on Chase for their supply of loans (who in turn valued its relationship with 1st Fidelity and S&A), 1st Fidelity and S&A built strong portfolios with high levels of recovery on the residential mortgage loans they purchased, while preserving opportunities for thousands of home owners to remain in their homes and rebuild their credit. In short, S&A and 1st Fidelity's business model was able to achieve results that Chase could not.

19. Indeed, Defendants and their representatives have expressly acknowledged the successes of 1st Fidelity and S&A. For example, in January 2009, Eddie S. Guerrero, Chase Home Finance's Loss Recovery Supervisor, and one of Mr. Schneider's primary contacts in dealing with Defendants, drafted a recommendation letter for S&A to submit to HSBC Bank Consumer Lending as part of the vetting process for S&A to obtain approval to purchase residential mortgage loans from HSBC. In that letter, Mr. Guerrero stated that "S&A Capital Partners continues to exceed our expectations" and that many of Chase's former customers have contacted Chase regarding "the great experience that they have had with S&A Capital Partners."

B. <u>The Mortgage Loan Purchase Agreement Between MRS and Chase</u>

20. After many years of the close, reliable, and mutually beneficial business relationship that Chase experienced with 1st Fidelity and S&A, Chase, through Mr. Guerrero, in 2008, approached Mr. Schneider about the opportunity to purchase a pool initially described to Mr. Schneider of closed end first lien residential mortgage loans that had been labeled "First Lien Walks." These were loans that Chase claimed to Mr. Schneider were first mortgage loans from which Chase had decided to "walk away" based on a cost-benefit analysis. In other words,

as Chase communicated to Mr. Schneider, Chase had decided it was more financially beneficial to forego foreclosing on the properties because the sales proceeds would not justify the costs that Chase anticipated would be associated with foreclosure. As it turns out, that explanation was a pretext to lure the Schneider Entities into pursuing the purchase of these loans.

21. Chase, through Mr. Guerrero, further expressed to Mr. Schneider that, based on reputational and political risks, the "highest levels of management" had made it an urgent priority for Chase to get rid of the loans at issue. The population of residential mortgage loans at issue consisted of very low-valued properties, mostly in parts of the country that were hardest hit by the recent housing crisis, such as Detroit and Flint, Michigan and St. Louis and St. Louis County (including Ferguson), Missouri. Additionally, on account of the dramatic increase in the volume of defaulted loans at that time and Chase's limited default servicing resources, Chase had set new thresholds in determining whether a particular first lien loan was worth foreclosing, resulting in a higher volume of "First Lien Walks" that Chase wanted to sell.

22. In response to Chase's proposal, Mr. Schneider, who was at first reluctant, eventually was convinced by Chase to conduct some due diligence, with the aim of possibly purchasing these loans through a third Schneider Entity, MRS.

23. In October 2008, Chase, through Mr. Guerrero, sent to Mr. Schneider an email attaching the preliminary data tape for the "First Lien Walks" available for sale. However, this preliminary data tape did not include any borrowers' names or collateral addresses. As a result, Mr. Schneider informed Mr. Guerrero that the information was insufficient to enable basic due diligence to assess the value of the underlying properties securing the mortgage loans.

24. In November 2008, Chase, through Mr. Guerrero, sent to Mr. Schneider another email, attaching a second data tape (the "November 2008 Data Tape") of the overall population of first lien loans that Chase offered to sell. The November 2008 Data Tape clearly identified all the loans as first lien mortgages. Mr. Guerrero's email acknowledged, however, that information for some of the loans did not include basic information, such as borrowers' names or collateral addresses, but that Mr. Guerrero would help obtain that information. Mr. Guerrero stated that Mr. Schneider should look first at the loans for which the November 2008 Data Tape contained complete information and they would "go from there." The spreadsheet within the November 2008 Data Tape contained a total population of approximately 5,785 mortgage loans, with an aggregate "charge off" balance of approximately $230 million, all of them represented to be first lien residential mortgage loans.

25. When Mr. Schneider enquired as to why some of the names and addresses were missing from the November 2008 Data Tape, Mr. Guerrero responded that Chase had all of the information, but the information was not yet accessible because of the fact that Chase had just acquired Washington Mutual and had not yet completed the lengthy process of converting the data from Washington Mutual's system to Chase's system. Mr. Guerrero assured Mr. Schneider that Chase was in possession of all the data and would supply all the necessary borrower information and collateral files. Mr. Guerrero also stressed that the loan sale deal had to close by December 31, 2008 so that Chase could get the loans off its books. This exchange of information took place by a series of telephone conversations during November 2008.

26. Pursuant to Mr. Guerrero's suggestion, Mr. Schneider conducted what due diligence he could on the loans for which the November 2008 Data Tape did include sufficient

borrower and property information. Based on the limited due diligence that he was able to perform, Mr. Schneider discovered a number of high value loans within the loan pool. These discoveries, coupled with Mr. Guerrero's repeated assurances that the pool consisted entirely of first lien residential mortgages and that Chase would subsequently supply a complete and accurate data tape for the entire loan pool, induced Mr. Schneider to continue to pursue the purchase of the loan pool.

27. By email dated October 30, 2008, Mr. Guerrero had informed Mr. Schneider that the proposed sale was to be made through a process of seeking competitive bids. Mr. Schneider declined to bid on the loan pool, because of his concerns on the due diligence and his pursuit of other potential loan purchase opportunities.

28. In response, on December 22, 2008, Mr. Guerrero sent Mr. Schneider an email urging Mr. Schneider to prepare, instead of a competitive bid letter, a letter "reiterating your acceptance to our offer" on the portfolio of loans for $200,000. Because the Schneider Entities relied on Chase Home Finance for their supply of loans, and in reliance on Mr. Guerrero's repeated assurances that the pool consisted of first lien mortgages and that Chase would supply the customary borrower and collateral data for the loans once the data became accessible, Mr. Schneider complied with Mr. Guerrero's request and prepared a bid letter for the purchase of a "Non-Performing Closed End First Mortgage Loan Portfolio."

29. On December 23, 2008, Mr. Schneider sent Chase, to Mr. Guerrero's attention, a cashier's check made payable to Chase in the amount of $200,000 for payment in full for the Non-Performing Closed End First Mortgage Loan Portfolio. The memorandum portion of the cashier's check states "1st Lien Pool." This was, of course, based on Chase's

representation that the loans to be purchased were all first lien mortgage loans.

30. On February 4, 2009, Mr. Schneider received an email from Mr. Guerrero, attaching the Mortgage Loan Purchase Agreement ("MLPA") that Mr. Schneider was to review and to sign, with a placeholder for inclusion of Exhibit A as the list of mortgage loans being sold pursuant to the MLPA. The list was to be drawn from the loans on the November 2008 Data Tape, as these were the set of loans that Mr. Schneider had reviewed and evaluated.

31. On February 25, 2009, Mr. Schneider emailed the executed MLPA to Mr. Guerrero. Mr. Schneider then received, via fax, the fully executed MLPA from Chase, with Victor Fox's signature on behalf of Chase Home Finance.

32. The MLPA repeatedly confirmed that the pool of loans that Chase Home Finance was selling, and that MRS was purchasing, consisted of non-performing first lien mortgage loans. The MLPA further specified that the agreement was on a "servicing-released basis," which, based on what Mr. Guerrero had communicated to him, Mr. Schneider understood to refer only to secured mortgage loans. Indeed, "servicing-released basis" is a concept in the finance industry that generally applies only to mortgage loans.

33. Though the MLPA did not include the Mortgage Loan Schedule, which was to be "Exhibit A," at the time that the parties executed the MLPA, and as specified in the MLPA itself, the parties intended that the Mortgage Loan Schedule would consist of 3,529 loans with an outstanding principal balance as of December 22, 2008 in the amount of approximately $156 million, drawn from the November 2008 Data Tape. Further, Mr. Guerrero represented that MRS would receive the updated loan schedule and corresponding information on the loans sold once Mr. Guerrero completed "scrubbing" the November 2008 Data Tape to ensure that MRS

was buying only closed end first lien mortgages that were listed on the November 2008 Data Tape. Mr. Schneider reasonably relied on these representations, and based on his prior dealings with Mr. Guerrero and Chase Home Finance, reasonably believed that the promised information would be forthcoming and that Exhibit A would consist of 3,529 loans from the November 2008 Data Tape with accompanying usual and customary data and information reasonably necessary to service mortgage loans. That usual and customary data and information would have contained greater and more specifically detailed information than that provided on the November 2008 Data tape.

C. Defendants' Breaches of its Obligations under the MLPA and Breaches of Representations and Warranties in the MLPA

34. Despite repeated efforts by Mr. Schneider, Chase has yet to supply a complete data tape for the loans sold to MRS through the MLPA. Chase's failure to provide these documents and information constitute ongoing breaches of its obligations under the MLPA.

35. Despite promises that Mr. Schneider would receive an updated version of the November 2008 Data Tape as Exhibit A of the MLPA, Mr. Schneider was never provided an updated data tape. On February 25, 2009, less than an hour after Mr. Schneider received the fully executed MLPA from Chase, Chase purported to deliver an updated loan schedule as Exhibit A in the form of a data tape titled "First Lien Final" (the "Corrupted List"). Accompanying the email transmission of the Corrupted List was a smug note from Mr. Guerrero stating, "All yours…."

36. However, contrary to a customary data tape that clearly identifies borrower and loan information, and contrary even to the much more minimal information

provided on the November 2008 Data Tape, the Corrupted List did not have any clearly defined column descriptions. In addition to omitting basic information such as borrower names and phone numbers and collateral addresses on many accounts, with respect to most of the loans listed, the Corrupted List did not provide any critical information such as lien priority, current outstanding principal balance, status of the property as occupied or vacant, cross-reference of borrower name with collateral address and other customary information for the accurate boarding and servicing of federally related mortgage loans.

37. Following receipt of the Corrupted List, Mr. Schneider had multiple conversations and exchanges of emails with representatives of Chase Home Finance regarding the absence of borrower and collateral information. These communications and exchanges did not achieve any concrete results for Mr. Schneider, just the opposite. For example, in response to repeated requests from Mr. Schneider, on March 18, 2009, Mr. Guerrero sent Mr. Schneider an email attaching a data tape that was purported to contain updated information for boarding and servicing the mortgage loans. The attached data tape, however, like the Corrupted List, did not contain the necessary information and MRS remained unable to service the loans it acquired through the MLPA. Each time Mr. Schneider enquired about the missing information, he was provided with the same explanation about the delays associated with converting information from Washington Mutual's system.

38. As discussed in further detail below, however, this explanation was false. The data problems associated with the loans that Chase sold to MRS did not resulted from any problems with converting data from Washington Mutual's system. Rather, the data problems stemmed from the complete corruption of the data as a result of Chase's abandonment of all

servicing obligations with respect to those loans and Chase's movement of the loans from its active servicing queue to its Recovery One System (the "RCV1" queue, described in further detail below). Indeed, it was those realities that motivated Chase to seek to saddle the Schneider Entities with ownership of these problematic loans in the first place.

39. The MLPA also required Chase to execute and to deliver allonges to the notes evidencing the MLPA mortgage loans and assignments of mortgages securing the notes. They failed to perform these requirements. Since, as it turned out (contrary to the representations in the MLPA), many of the mortgage loans were not in fact mortgage loans but instead deficiency claims remaining after foreclosure (including a number of deficiency claims that were owing from borrowers in states where deficiency judgments were unrecoverable as a matter of law), this fact may have played a role in Chase's failure to deliver the required assignments of mortgages. Chase remains in breach of its obligation to deliver allonges and assignments of mortgage for many of the loans purchased by MRS through the MLPA.

40. After attempting to obtain information on the mortgage loans that MRS had acquired through the MLPA so that MRS could service the loans in accordance with federal, state, and local laws and regulations, Mr. Schneider further discovered that many of the representations and warranties contained in the MLPA were false.

41. First and foremost, the loans at issue were defined in the MLPA as first lien mortgage loans. Contrary to information contained in the November 2008 Data Tape and Chase's repeated representations to the contrary, the vast majority of the loans sold to MRS have proven to be deficiency claims rather than secured mortgage loans. Mr. Schneider discovered, and alerted Chase, that a significant number of the loans were coded incorrectly as first lien

mortgages, when in fact they were unsecured mortgage deficiencies. Despite being informed of this clear and fundamental breach of the representations and warranties in the MLPA, and the representations made to Mr. Schneider by Chase's representatives, Chase has taken no action to remedy the problem.

42. Mr. Schneider was able to determine this breach by painstaking efforts to determine borrower identities, property location, and occupancy status. To do so, Mr. Schneider, among other steps, caused numerous public record and other internet searches to be made in order to trace borrower identities, reconciled the search information to the bare information provided in Exhibit A of the MLPA, and, once he had identified borrowers, attempted to work out payment plans with borrowers similar to the model he used for 1st Fidelity and S&A. Mr. Schneider also procured broker opinions of value as to many of the properties and sought from those brokers information on whether the underlying properties were then currently occupied.

43. The MLPA also contains representations and warranties that the mortgage loans are in compliance with all federal, state and local laws. Mr. Schneider discovered that Chase had failed to comply with nearly all such laws and had continued to perpetuate severe and long-running servicing violations. Indeed, as shown below, the fact of Chase's failure to comply with such laws was a prime factor motivating the sale of the loans at issue to MRS, and Chase's subsequent acts are part of Chase's overall scheme to conceal its violations of law and evade its obligations under the Lender Settlements and government loan programs in which Chase participated.

44. Mr. Schneider discovered that the loans at issue, which are federally related, had long since been removed from Chase's active servicing system and moved into

Chase's RCV1 queue. Once the loans were placed into the RCV1 queue, Chase stopped servicing the loans entirely and merely attempted to collect the debt in-house for a period of time. Chase then sent the loans through a gauntlet of external debt collection agencies which could not, and did not, perform any servicing activities.

45. Mr. Schneider discovered that Chase violated federal, state and local laws and regulations relating to the proper servicing of mortgage loans by engaging in the following conduct:

- Transferring the servicing of the mortgage loans to and from multiple unlicensed and unregulated debt collection agencies;
- Knowingly providing false borrower information;
- Failing to provide escrow account record keeping;
- Stripping loan files of most origination documentation, including federal disclosures and good faith estimates, thus rendering MRS unable to respond to borrower's inquiries;
- Failing to provide accurate borrower payment histories;
- Knowingly executing assignments of mortgage for loans when Defendants knew that the underlying property had already been foreclosed and sold and the tenant had already been evicted; and
- Failing to maintain operating procedures and written policies in connection with federally related mortgage loans.

46. After the sale of loans through the MLPA was completed, Chase attempted to change the list of loans sold, including attempting to add hundreds of loans that violate loan servicing and consumer protection laws and attempting to pull back valuable loans originally included in the Data Tape - and even included in the Corrupted List. For example, despite the MLPA specifying no buybacks of loans, in March and April 2009, Mr. Schneider received emails from Chase stating that Chase was "recalling" a number of loans, including a

number of the most valuable loans in the loan pool. The inclusion of these valuable loans in the loan pool to be sold was material in MRS's decision to enter into the MLPA. Their attempted removal was a breach of the MLPA.

47. On October 31, 2009, Mr. Guerrero passed away unexpectedly at age 29. The reported cause of death was sleep apnea. Prior to his death, Mr. Guerrero was supposedly working on putting together an updated list of loans that would have accurate information, reimburse MRS for the loans "recalled" in April 2009, and reimburse MRS for the time and money expended as a result of the data problems associated with the loans purchased.

48. On November 13, 2009, in an effort to obtain reimbursement for the "recalled" loans and to finalize an agreement with Chase that would rectify Chase's breaches of the MLPA, Mr. Schneider sent an email regarding the ongoing data integrity issues to Mark Davis, Senior Vice President of Recovery, and Chad Paxton, Vice President of Relationship Management, at Chase Home Finance. In this email, Mr. Schneider explained, *inter alia*, that approximately two-thirds of the loans sold to MRS were coded incorrectly and turned out to be mortgage deficiencies and not secured loans. Further, Mr. Schneider's email urged Chase to finalize the efforts started by Mr. Guerrero to reimburse MRS adequately for "recalled loans" and expenses and liabilities resulting from data deficiencies for and breach of warranties with respect to the MLPA loans.

49. Mr. Schneider's November 13, 2009 email was forwarded to Patrick "Mike" Boyle, Vice President of Loss Mitigation Recovery. In response, Mr. Boyle sent Mr. Schneider an email on November 17, 2009 stating that he had recently assumed the leadership role for recovery operations, and had not yet been brought up to speed on the information Mr.

Schneider provided, but wanted to get "a full understanding of the efforts . . . underway prior to [Mr. Guerrero's] passing, and move forward as appropriate."

50. On December 9, 2009, Mr. Schneider sent Mr. Boyle an email confirming a verbal conversation that they had regarding Chase's exposure to potential liability as a result of its mishandling of certain defaulted loans. In particular, Mr. Schneider explained that most of the third party collection agencies used by Chase were licensed to collect debt in general but were not specifically licensed to service mortgage loans on a lender's behalf. Mr. Schneider offered to take most or all of the first lien walks off of Chase's hands through an existing master mortgage loan sales agreement between the parties and that Chase would only need to "identify the queues relating to these accounts and have a spreadsheet generated with the name, address, loan number and loan amount." Despite receiving this information, and despite other communications between Mr. Schneider and Mr. Boyle over the next several months, Mr. Boyle did not take Mr. Schneider up on his offer.

51. Upon information and belief, Mr. Boyle did not do so in part because Chase did not want Mr. Schneider to learn of the RCV1 queue or Chase's real motive for entering into the MLPA.

52. In addition to recalling high-value loans, Chase has also attempted to include additional problematic loans among the loans sold under the MLPA after the agreement was already executed. This is reflected on a list (the "Post-MLPA List") that Chase sent to MRS in December 2009, purporting to include an additional 850 loans "sold" to MRS. The Post-MLPA List, to the extent it includes loans that were not on the November 2008 Data Tape, is an improper attempt by Chase to saddle MRS with liability for Chase's violations of laws relating to

the 850 loans set forth on the Post-MLPA List. The Post-MLPA List's transmission is also consistent with Chase's improper conduct in delivering the legally deficient Corrupted List following execution of the MLPA. Despite numerous inquiries to upper management at Chase regarding these issues, Mr. Schneider still has not received any response.

53. On November 18, 2010, Mr. Schneider received an email from Launi Solomon, Loss Recovery Support Supervisor at Chase Home Finance, forwarding a message from Omar Kassem, the new Recovery Portfolio Manager, informing all note sale investors that Chase was suspending all note sales through the Recovery Department. The Chase representatives with whom Mr. Schneider regularly interacted were also instructed to cease providing support on prior note sales or otherwise communicate with Mr. Schneider. As a result, Mr. Schneider has been unable to obtain any resolution of issues relating to loans the Schneider Entities purchased from Chase, despite his continuing efforts.

54. Other breaches of representations and warranties of the MLPA may exist of which the Schneider Entities are unaware may exist and the Schneider Entities reserve the right to develop proof of same through discovery.

D. Defendants' Additional Post-Sale Misconduct Resulting in Harm to the Schneider Entities

55. In addition to the breaches of the MLPA and its representations and warranties described above, subsequent to the execution of the MLPA, Defendants engaged in a series of additional misconduct relating to the loans sold to the Schneider Entities, resulting in significant loss to the Schneider Entities.

56. Chase has continued to collect payments (on its own or through collection agencies) on many of the loans it sold through the MLPA, without remitting such payments to MRS. Chase has also continued to receive payments from borrowers and insurance carriers and refusing to remit such payments to the Schneider Entities. These payments include payments on insurance claims against loans owned by Schneider Entities.

57. Chase has continued to approve short sales on properties subject to loans that Chase had previously sold to the Schneider Entities.

58. On multiple occasions, Chase has directed enforcement agencies seeking to investigate complaints by homeowners regarding Chase's violations to the Schneider Entities as the responsible party.

59. After the Schneider Entities had acquired certain loans from Chase, the borrowers of those loans began to receive written correspondence from Chase as well as collection agencies working for Chase, including Real Time Resolutions ("Real Time"), representing that Chase or the collection agency owned the loan at issue and/or was the authorized servicer for the loans at issue.

60. In some of these instances, Chase contacted borrowers directly and told them that Chase reacquired ownership of the loan and that the borrowers should make payments to Chase. This information conveyed to the borrowers was false.

61. Chase has also falsely represented to certain borrowers that their loans had been transferred to one of the Schneider Entities when, in fact, the Schneider Entities never acquired the loans at issue. Such false statements by Chase have led to significant damages to and liability for Mr. Schneider and the Schneider Entities. For example, Chase's false

representations have prompted complaints to be filed with various state and federal agencies. These filings are impeding the ability of the Schneider Entities to generate new business.

62. The deficient records maintained by Chase impede the Schneider Entities' ability to respond to borrower inquiries about loan balances, payment histories and other information relating to their loans.

63. Because Chase representatives have been prohibited from communicating in any manner with Mr. Schneider or any other representatives of the Schneider Entities, despite repeated efforts, Mr. Schneider has found it impossible for any of the Schneider Entities to resolve this matter.

E. Chase Sends Thousands of Improper Debt Forgiveness Letters

64. On September 13, 2012, Chase mailed debt forgiveness letters (the "Forgiveness Letters") to thousands of defaulted borrowers whose loans were in the RCV1 queue. The recipients of the September 2012 mailing included borrowers for whom Chase neither owned nor serviced their mortgages, and included borrowers whose loans Chase had previously sold to one or more of the Schneider Entities.

65. A sample Forgiveness Letter, one that Chase sent to a Robert W. Warwick, contained language typical of Forgiveness Letters. It stated in bold all capitals lettering on the upper right hand side of the page: "WE ARE CANCELLING THE REMAINING AMOUNT YOU OWE CHASE!" This forgiveness letter proceeded to state in the main body of its text: "We are writing to let you know that we are cancelling the amount you owe Chase on the loan referenced below, totalling $167,003.51, as a result of a recent mortgage servicing settlement reached with the states and federal government." The letter proceeded to

state in the following paragraph, in bold type: "**This means you owe nothing more on the loan and your debt will be cancelled. You don't need to sign or return anything for this to happen."**

66. Mr. Schneider, through his contacts at Chase, has been made aware that on September 13, 2012, Chase sent approximately 33,456 Forgiveness Letters to borrowers (including, as described above, to borrowers on loans that Chase had previously sold to the Schneider Entities and other investors). On December 13, 2012 another 10,000 Forgiveness Letters were sent, and on January 31, 2013 another 8,000 Forgiveness Letters were sent. In total, Chase sent over 50,000 Forgiveness Letters between September 2012 and January 2013.

67. As it turns out, a number of borrowers to whom Chase sent Forgiveness Letters were borrowers whose loans Chase had previously sold to one or more of the Schneider Entities. Chase had no right to send a Forgiveness Letter to any of those borrowers whose loans one of the Schneider Entities owned.

68. In fact, Chase in June 2012 sent Mr. Schneider a data tape (the "June 2012 Data Tape") containing 19,655 loans for his review. Omar Kassem, Vice President and Portfolio Manager for Mortgage Banking of JPMorgan Chase & Co., led Mr. Schneider to believe that Chase had sent him the June 2012 Data Tape for the purpose of exploring further potential loan sale transactions between Chase and the Schneider Entities. In his review, Mr. Schneider discovered that the data tape included many of the loans that Chase had already sold to the Schneider Entities. Mr. Schneider warned Chase personnel in writing about this problem and requested that the loans should be removed from consideration for the Second Lien

Extinguishment Program. Nonetheless, Chase failed to comply with Mr. Schneider's warning and request.

69. As a result, starting in September 2012, after receiving Chase's baseless Forgiveness Letters, a number of borrowers informed the Schneider Entities that they would no longer be making payments on their mortgages.

70. In response to the wrongful and unlawful Forgiveness Letters that Chase sent to the Schneider Entities' borrowers, Mr. Schneider emailed Mr. Kassem and explained that borrowers whose mortgage notes the Schneider Entities owned had received loan forgiveness letters, all signed by Patrick Boyle as Vice President of Chase, even though Chase did not hold the note.

71. Significantly, Chase did not dispute that it had forgiven loans it did not own. However, rather than correcting the error and Chase's misrepresentations to borrowers, however, Chase offered to buy back the mortgages at issue that it had sold to S&A and 1st Fidelity.

72. On December 5, 2012 Chase sent Mr. Schneider two letters offering to buy back over 20 mortgages that had been improperly forgiven. These letters stated in relevant part:

> As part of the recent mortgage servicing settlement reached with the states and federal government, JPMorgan Chase Bank, N.A. (Chase) elected to participate in a second lien extinguishing program. Because of this, we sent letters to certain customers notifying them that we were extinguishing their debt with Chase and releasing the associated lien. However, ***we subsequently found that several of your customers received this letter in error because of an incorrect coding entry***. These customers and their respective loans were identified and are appended to this letter and referenced as "Exhibit A." We apologize for any inconvenience this may have caused you.

(Emphasis added.)

73. The letter regarding the loans sold to S&A acknowledged that Chase had inaccurately and without authorization sent the S&A borrowers Forgiveness Letters. Similarly, the letter regarding the loans sold to 1st Fidelity acknowledged that Chase had inaccurately and without authorization sent the 1st Fidelity borrowers Forgiveness Letters.

74. Though Chase claimed that the erroneous letters were caused by a "coding error," the problem actually resulted from the complete corruption of the data within the RCV1 population, discussed further below, from which Chase obtained the names and loans for the mailings.

75. Between September and November 2012, Mr. Schneider made repeated demand upon Chase for a list of borrowers to whom Chase had sent Forgiveness Letters where those borrowers' loans had previously been sold by Chase to one or more of the Schneider Entities. Chase did not provide this list. Further, Chase could not provide this list. This is because Chase did not know which borrowers' loans had previously been sold by Chase to one or more of the Schneider Entities and had received Forgiveness Letters. This is because many of the borrowers sent Forgiveness Letters were borrowers whose loans were maintained in the RCV1 queue, preventing proper servicing or identification of the borrowers receiving Forgiveness Letters despite Chase no longer owning their loans.

76. After months of negotiation between Chase and Mr. Schneider, the Schneider Entities sold back some of the loans for which borrowers were erroneously sent loan forgiveness letters. However, the Schneider Entities initially declined to sell back several of the

loans, including the following loans: Lawwill Loan; Rossatto Loan; Di Minno Loan; Harrity Loan; Warwick Loan; Hancock Loan; Spence Loan; Derosa Loan; Cornish Loan; and the Ahmed Loan.

77. In an attempt to conceal Chase's fraudulent scheme, and only after Mr. Schneider refused to sell back and after borrowers had filed complaints with various enforcement agencies, Chase agreed to repurchase the Warwick Loan, Cornish Loan and Harrity Loan at the full balance owed on each mortgage, totaling $428,053.61.

78. With respect to the Ahmed Loan, owned by 1st Fidelity, Chase stated that it was not a "big enough problem." This same loan remains embroiled in litigation regarding the validity of the 2nd Lien Extinguishment Program and the litigation names Chase as an additional party.

F. Chase Wrongfully Released Liens on Property Associated with Loans Sold to the Schneider Entities

79. In addition to wrongfully forgiving debt on loans that Chase had previously sold to the Schneider Entities, Chase also engaged in a practice of wrongfully releasing and discharging liens on properties that served as collateral for loans sold to the Schneider Entities. As explained by Chase employee Kimberly Cowman, Chase had received notices regarding certain properties from municipal authorities. Ms. Cowman feared that "the city could fine Chase daily or charge [Chase] with all cost of repairs/demolition if the city did the work." Accordingly, Ms. Cowman urged that Chase release liens "[i]n order to not have a judgment filed on Chase…[and] so Chase would not have any legal responsibility/liability."

80. Chase's efforts to evade its responsibility to maintain properties and avoid blight, however, resulted in the release of liens on numerous properties securing loans that Chase had previously sold to the Schneider Entities, including the following examples:

- Loan number 167446, held by borrower Ray Robert Brazelle, was acquired by MRS as part of the pool of loans purchased through the MLPA. On February 8, 2011, MRS assigned its interests in the loan to 1st Fidelity, and the assignment of mortgage was recorded on March 1, 2011. On October 30, 2013, Chase executed a release of lien on the property despite having already sold the loan at issue. The release was recorded on December 5, 2013.

- On November 10, 2009, Chase assigned to 1st Fidelity its interests in loan number 20040177974, held by borrowers Barbaros Ayaz and Fatma M. Ayaz. The assignment of mortgage was recorded on December 9, 2009. On November 6, 2013, Chase executed a release of lien on the property despite having previously sold the loan to 1st Fidelity. The release was recorded on November 14, 2013.

- On October 12, 2010, Chase assigned to 1st Fidelity its interest in loan number 200426760, held by borrower Keylla S. Farrell. The assignment was recorded on November 12, 2010. Through a public records search, Mr. Schneider learned that Chase had recorded a release of the lien on November 21, 2013.

- On April 30, 2009, Chase assigned to MRS its interest in a loan held by borrowers Bruce R. Grimm and Rebecca A. Grimm, recorded as Document No. 50088, Book 4659, page 605. The assignment was recorded on June 22, 2009. MRS then assigned its interests in the loan to 1st Fidelity. On November 25, 2013, Chase recorded a Mortgage Satisfaction Piece on the property.

- On March 11, 2010, Chase assigned to S&A its interest in a loan held by borrower Cruz Anita Serrano, recorded as Instrument No. 20070481411. The assignment was recorded on April 1, 2010. S&A then assigned its interests in the loan to 1st Fidelity. On November 6, 2013, Chase executed a Deed of Release and Full Reconveyance on the property securing the loan.

- On November 10, 2009, Chase assigned to 1st Fidelity its interest in a loan held by borrowers Jeffery J. Smith Sr. and Lois Ann Smith, recorded as Document No. 2007248011, in Book 15905, page 777-796. The assignment was recorded on December 9, 2009. On October 23, 2013, Chase executed a Release of Lien on the property and recorded the release on November 13, 2013.

- On September 16, 2010, Chase assigned to 1st Fidelity its interest in a loan held by borrower Danette M. Frizalone, recorded as Receipt No. 956290, in Book 6774, page 762. The assignment was recorded on October 12, 2010. On October 23, 2013, Chase executed a Release of Lien on the property and recorded the release on November 21, 2013.

- On November 2, 2010, Chase assigned to 1st Fidelity its interest in a loan held by borrowers Walter Rodriguez and Madelyn Machin, recorded as Instrument No. 3469392, in Book 3637, page 0402. The assignment was recorded on November 23, 2010. On November 6, 2013, Chase executed a Release of Lien on the property and recorded the release on November 27, 2013. On May 12, 2014, Chase executed a Vacation and Rescission of Modification of Mortgage, which "cancels and rescind the Modification" and specifically references the lien release recorded on November 27, 2013. This Vacation and Rescission of Modification of Mortgage was recorded on May 23, 2014.

- On February 16, 2010, Chase assigned to 1st Fidelity its interest in a loan held by borrower Patricia King, recorded as Document No. 2007-246690. The assignment was recorded on March 15, 2010. On November 6, 2013, Chase executed a Release of Lien on the property and recorded the release on November 19, 2013. On May 12, 2014, Chase executed a Vacation and Rescission of Modification of Mortgage, which "cancels and rescind the Modification" and specifically references the lien release recorded on November 19, 2013.

- On or before April 27, 2010, Chase assigned to S & A its interest in a loan held by borrower Norma-Jean Anderson, which mortgage was originally recorded on July 6, 2000 to Ameriquest at book 13114 page 79. The assignment to S & A was recorded in Book 24511, page 308. The assignment was recorded on April 27, 2010. S & A then assigned its interest in that loan to 1st Fidelity by instrument recorded in Book 24511, page 310. That assignment also was recorded on April 27, 2010. On October 3, 2014, Chase executed a Discharge of Mortgage on the property and recorded the discharge on October 10, 2014.

81. Chase's attempt to "rescind" certain lien releases as described above has, upon information and belief, been done without the knowledge of the corresponding borrowers. This exposes the Schneider Entities to the risk that those borrowers will assert that one or more of the Schneider Entities that hold the liens whose releases Chase has attempted to "rescind" are slandering those borrowers' titles, exposing the Schneider Entities to further potential liabilities.

82. The lien releases and various documents purportedly vacating the improper lien releases appear to be "robo-signed" in that they appear to have been mass produced and signed by persons without knowledge of the facts to which their signature attests.

83. As a result of Chase's repeated misconduct relating to loans sold to the Schneider Entities and Chase's failure to correct its many mistakes, the Schneider Entities have suffered significant losses and remain mired in legal issues that have resulted from Chase's conduct.

84. In addition to the specific harm to the Schneider Entities described above, Defendants' post-sale misconduct also caused grave injury to the Schneider Entities' business relationships and reputation. The Schneider Entities' business model relied on good will between borrowers and the Schneider Entities. Chase's misconduct, including its wrongful mailing of forgiveness letters to borrowers and wrongful release of liens owned by the Schneider Entities, has entangled the Schneider Entities in ongoing disputes with borrowers and governmental agencies with whom the Schneider Entities previously enjoyed positive working relationships. Chase's misconduct harmed the Schneider Entities' reputation by effectively portraying the Schneider Entities as predatory businesses attempting to collect payments on loans that had been forgiven or released, when, to the contrary, the Schneider Entities only took action to which they were legally entitled as the rightful owners of the loans at issue.

G. Defendants' Broader Scheme and Conspiracy to Evade Obligations and Liabilities Under Various Laws and Settlement Agreements

85. Defendants' misconduct directed at the Schneider Entities inflicted harm not only on the Schneider Entities, but rather formed part of a larger scheme and conspiracy by

Defendants to evade their legal obligations and liabilities with respect to the proper servicing of federally related mortgage loans and their legal obligations and liabilities as parties to the Lender Settlements, including Chase's agreement with the Federal Deposit Insurance Corporation ("FDIC") in connection with Chase's acquisition of Washington Mutual, Henderson, Nevada ("WAMU-Henderson"). While the damages that Defendants have inflicted on the Schneider Entities are immense and continue to amass, as described below, the Schneider Entities are in fact just several of many more victims of Defendants' broader conspiracy.

i. *Chase's Systematic Violation of Servicing Laws*

86. Chase has faced and continues to face enormous potential liability for its violations of laws and agreements relating to the servicing of mortgage loans. Chase's violations of basic servicing standards stem from the process by which Chase improperly handled (and failed to service) defaulted mortgage loans that it deems to be not profitable enough to foreclose. Since 2000, Chase has removed these loans from its active servicing queue and conceals them within Chase's unregulated RCV1 queue that was established to administer (without servicing) defaulted mortgage loans. The loans that Chase dumped on MRS through the MLPA were pulled directly from the RCV1 queue.

87. The RCV1 queue is a hidden secondary system of records that Chase maintained outside of its primary system of records. The RCV1 is essentially a "back room" operation, the existence of which is still only known internally to a select few within Chase. The RCV1 queue includes various levels of defaulted, charged off loans, in both first and second lien

positions. It also includes bankruptcies, and foreclosure deficiencies. These loans were removed from Chase's primary system of records upon a determination that the loans were valueless based on General Acceptable Accounting Principles (GAAP) and other internal methods of bookkeeping.

88. Chase's practice of porting loans out of its primary system of records and into the RCV1 queue is several years old. The loans within the RCV1 queue contain charge-off dates that go back to the beginnings of the merger between JPMorgan and Chase and the subsequent merger of Bank One.

89. The loans contained in the RCV1 population are not maintained or serviced according to any servicing standards and fail to meet basic servicing requirements under federal, state and local laws. The practices implemented by Chase on the RCV1 population were focused on debt collection, as opposed to servicing. Chase seeks to maximize the revenue from charged off loans by converting loans that are secured by primary residences into collection cases that are akin to bad credit card debt. By doing so, Chase ignores most, if not all, servicing of the loans -- and the servicing obligations attendant thereto. Chase's policy of porting charged off home loans into the RCV1, unsurprisingly, also damaged its ability to properly document the servicing of those loans, which in turn led to a complete corruption of the records for these mortgage loans. In short, the RCV1 queue is a loose collection of once-compliant loans that Chase has relegated to the "No Man's Land" of the bank where these mortgage loans and the associated borrowers are mishandled to the point where compliance with any regulatory requirements became impossible.

90. Rather than properly service the loans, Chase utilized the services of serial

collection agencies to collect on the loans in the RCV1 queue. Indeed, by the time the parties signed the MLPA, some of the loans included in the MLPA had, upon information and belief, been subjected to the use of quinary (i.e., fifth in a series of) collection agencies that do not provide mortgage servicing functions. This set of actions, coupled with Chase's own institutional unwillingness to service loans properly, further ensures that Chase violates its servicing obligations for hundreds of thousands of mortgage loans.

91. Thus, in an effort to evade liability for these legal violations, Chase sought to conceal its systemic misconduct by passing on the loans at issue to the Schneider Entities. This process has impacted and will continue to impact thousands of homeowners. By intentionally entangling (and at times specifically targeting) the Schneider Entities through Chase's scheme, Chase has ensured that the resulting liabilities for the Schneider Entities will only continue to grow.

ii. *Developments Further Incentivizing Chase's Scheme to Conceal Violations and Unload Problem Loans − EMC Mortgage*

92. Though, upon information and belief, the RCV1 queue was in existence prior to 2008, a number of developments in connection with the 2008 mortgage crisis hastened Chase's realization of its potential liability for those violations and served as strong impetuses for Chase to develop a scheme for quickly unloading the problem loans. Some background puts this in perspective.

a. EMC Mortgage

93. The first development involved EMC Mortgage Corporation and The Bear Stearns Companies LLC (collectively, "EMC"). On or about September 9, 2008, the Federal

Trade Commission ("FTC") filed a complaint for permanent injunctive and other equitable relief against EMC in the United States District Court for the Eastern District of Texas. In the complaint, the FTC asserted that EMC had engaged in a series of improper practices in connection with its residential mortgage lending and loan servicing business. This included, among other misconduct, inaccurate representations by EMC representatives to borrowers about the amounts due under residential mortgage loans, failure to obtain accurate and complete information about the borrower's loan account before making such representation, failure to investigate and resolve disputes in a timely manner, failure to report borrower loan accounts as disputed to consumer reporting agencies, violations of the Fair Debt Collections Practices Act ("FDCPA"), failure to send proper written notice of the debt and the creditor's name, improper collection calls, improper advances and addition of those advances to the debts, improper charging of fees and improper aiding of modification fees to principal amounts, together with unauthorized assertions of fees in connection with reinstatement or payoff letters.

94. The same day that the FTC filed the complaint against EMC, EMC agreed to pay $28 million to settle the charges set forth in that complaint. In addition, the settlement barred EMC from misrepresenting amounts due and other loan terms, required EMC to possess and rely upon competent evidence to support statements to consumers about their loans, barred charging unauthorized fees and limited property inspection fees even if authorized by contract, barred initiating foreclosure prior to reviewing all available records, and required the establishment and maintenance of a comprehensive data integrity program to ensure the accuracy and completeness of data and other information about their consumers' loan accounts in order to service them.

95. Chase had acquired EMC in March 2008 and acquired Bear Sterns in May 2008, months before the FTC complaint and settlement. Thus, though the FTC's complaint expressly stated that the misconduct described therein took place prior to Chase's acquisition of EMC, the parties' settlement impacted Chase directly.

96. Upon the making of the settlement of the FTC complaint, Chase realized that it owned thousands of loans against which the FTC could make allegations similar to those in the complaint against EMC. Thus, upon settlement of the FTC complaint, upon information and belief, Chase began to formulate a plan and a scheme to transfer thousands of its loans that give rise to violations similar to those underlying the FTC complaint against EMC.

b. WAMU Agreement

97. Later in September 2008, JPMorgan Chase Bank pursued purchase of WAMU-Henderson. At the time, the FDIC was the receiver for WAMU-Henderson. In connection with JPMorgan Chase Bank's potential purchase of WAMU-Henderson, a form of Purchase Assumption Agreement was prepared, negotiated and ultimately signed between the FDIC as receiver for WAMU-Henderson and JPMorgan. That agreement was executed and delivered on or about September 25, 2008 (the "WAMU Agreement").

98. Article XI of the WAMU Agreement contained certain representations from JPMorgan Chase Bank. Among the most significant were found in Article XI, paragraph (d)(i), which provided:

> (d) Compliance with Law.
>
> (i) Neither the Assuming Bank nor any of its Subsidiaries is in violation of any statute, regulation, order, decision, judgment or decree of, or any restriction imposed by, the United States of America, and State,

> municipality or other political subdivision or any agency of any of the foregoing, or any court or other tribunal having jurisdiction over the Assuming Bank or any of its Subsidiaries or any assets of any such Person, or any foreign government or agency thereof having such jurisdiction, with respect to the conduct of the business of the Assuming Bank or of any of its Subsidiaries, or the ownership of the properties of the Assuming Bank or any of its Subsidiaries, which, either individually or in the aggregate with all other such violations, would materially and adversely affect the business, operations or condition (financial or otherwise) of the Assuming Bank or the ability of the Assuming Bank to perform, satisfy or observe any obligation or condition under this Agreement.

Further, Article XI (e) of the WAMU Agreement provided:

> (e) Representations Remain True. The Assuming Bank represents and warrants that it has executed and delivered to the Corporation a Purchaser Eligibility Certification and Confidentiality Agreement and that all information provided and representations made by or on behalf of the Assuming Bank in connection with this Agreement and the transactions contemplated hereby, including, but not limited to, the Purchase Eligibility Certification and Confidentiality Agreement (which are affirmed and ratified hereby) are and remain true and correct in all material respects and do not fail to state any fact required to make the information contained therein not misleading.

99. Those representations made by JPMorgan Chase Bank in the WAMU Agreement were false. At the time of execution and delivery of the WAMU Agreement, Chase owned thousands of loans with respect to which, through its improper servicing and other misconduct, Chase was in violation of many federal and state laws, including without limitation, many similar to the violations alleged in the complaint against EMC.

100. Further, by reason of EMC's settlement with the FTC, on or about September 8, 2008, JPMorgan Chase Bank knew that it owned thousands of loans with violations similar to those acknowledged in the FTC settlement of the EMC complaint.

101. Further, in executing and delivering the WAMU Agreement with this set of false representations, JPMorgan Chase Bank knew that, from the outset, it was in breach of its obligations to the FDIC under the WAMU Agreement and was making a knowing misrepresentation to the FDIC, an arm of the United States government.

102. For these reasons, Chase had even more incentive to quickly develop a scheme to "dump" thousands of loans that gave rise to liability for Chase's illegal conduct.

103. To that end, Chase acted to target individual investors dependent on Chase for their business relationship. These investors were to be the sacrificial lamb, to be compelled to acquire thousands of loans with respect to which Chase was in violation of many laws and its obligations to the FDIC under the WAMU Agreement. Thus, as it turns out, instead of the reasons that Chase gave to Mr. Schneider for entering into the MLPA, Chase in fact targeted Mr. Schneider as a scapegoat onto whom Chase sought to offload loans that posed serious problems for Chase.

104. Specifically, being aware of the Schneider Entities' dependence on a continued positive relationship with Chase for the success of their business model, Chase targeted the Schneider Entities to be the "dumping ground" for thousands of loans that violated Chase's legal obligations under myriad federal and state laws, violations rendering Chase in breach of the WAMU Agreement. Because of the dependence of the Schneider Entities on their relationship with Chase, MRS had no practical choice but to enter into the MLPA.

c. Legislative and Regulatory Enactments in 2008 and 2009

105. While the realizations attendant to the EMC and WAMU acquisitions provided sufficient incentive for Chase to seek a scheme to "dump" thousands of loans that gave

rise to liability for Chase's illegal conduct, a series of legislative and regulatory enactments in 2008 and 2009 further compelled Chase to implement the scheme as quickly and quietly as possible.

106. Congress enacted the Emergency Economic Stabilization Act of 2008 (EESA) in response to the economic crisis gripping the country. The EESA included the Troubled Asset Relief Program (TARP), which charged the Secretary of the Treasury with developing a program to provide relief to struggling homeowners while offering incentives to the loan servicers of homeowner mortgages.

107. In early 2009, pursuant to sections 101 and 109 of the EESA, as amended by the American Recovery and Reinvestment Act of 2009 (ARRA), the U.S. Department of the Treasury ("Treasury") launched the Making Home Affordable Program ("MHA") as part of the Government's broader strategy to help homeowners avoid foreclosure, stabilize the housing market, and improve the nation's economy by setting uniform and industry-wide default servicing protocols, policies, and procedures for the distribution of federal and proprietary loan modification programs.

108. The cornerstone of the MHA Program is the Home Affordable Modification Program ("HAMP"). Under HAMP, mortgage servicers, including Chase, must comply with certain guidelines to modify homeowners' mortgage loans in a particular and uniform fashion. Further, in March 2009, Treasury issued uniform guidance for loan modifications across the mortgage industry, and subsequently updated and expanded that guidance in a series of policy announcements and Treasury Directives. In exchange for

compliance with the programs' strict guidelines, the servicers receive significant incentive payments for loan modifications executed.

109. Chase sought to benefit from the incentive payments available to it through the MHA and HAMP programs. However, as described in this Complaint, the loans contained in the RCV1 population are not maintained, or serviced, according to any servicing standards. Thus, in addition to failing to meet any requirements set forth in the past standards under prior laws and regulations, the loans failed to meet the requirements established for them to qualify for incentive payments through the MHA and HAMP programs.

110. Thus, passage of the ESSA in 2008 and the ARRA in 2009, along with the Government's launch of the MHA and HAMP programs pursuant to these pieces of legislation, added further urgency to Chase's need to "dump" its problem loans in the RCV1 queue. Further, upon information and belief, Chase became aware, between enactment of EESA and ARRA but prior to March 2009, that the Treasury Department was in the process of adopting regulations (the "Implementation Regulations") to implement these statutes. Because of that awareness, upon information and belief, Chase knew that its loans in the RCV1 Queue would, upon Treasury's adoption in March 2009 of the Implementation Regulations, potentially prevent Chase from qualifying for incentive payments through the MHA and HAMP programs. This shows a further motive for Chase's insistence that MRS close the deal on the MLPA as soon as possible in late 2008 and in February 2009 (prior to issuance of the Implementing Regulations), even though Chase could not yet provide a final data tape.

d. The Alternative Foreclosure Program and Retaliation

111. The Lender Settlements imposed various servicing and reporting obligations on Chase with which Chase could not comply because of its maintenance of the RCV1 queue. In an effort to conceal or avoid these obligations, Chase instituted what it has described internally as the "Alternative Foreclosure Program."

112. The Alternative Foreclosure Program is an effort by Chase to circumvent its obligations under Lender Settlements to deter community blight. The heart of the Alternative Foreclosure Program is that Chase simply files satisfactions of mortgages on subject properties, without notice to any interested parties (including the current holders of the mortgages!) and with callous disregard for the multitude of damages those acts cause. Chase then walks away from its responsibilities under the Consent Judgment - and saddles actual holders of mortgages, such as the Schneider Entities, with the consequences of Chase's actions.

113. Chase aimed its Alternative Foreclosure Program at the valueless RCV1 first mortgage loans, which it had previously failed to service in accordance with law, thereby fostering community blight. This Alternative Foreclosure Program is Chase's ongoing effort to conceal these violations by trying to make them disappear. The implications of leaving blighted properties for the impacted municipalities to deal with are immense. The Schneider Entities' loans were caught in this web of deceit because Chase's records were so poorly maintained that they could have mistaken loans that they had sold, and on which they ceased receiving income, for loans that had defaulted.

114. By using the Alternative Foreclosure Program on Schneider Entities loans, as described above, not only does Chase interfere with the Schneider Entities' relationships with

borrowers whose loans the Schneider Entities own, Chase also runs afoul of its obligation under the Consent Judgment to deter community blight. Chase, having failed in many cases to have made assignments of record to MRS (thereby impeding MRS' ability to engage in its business of restructuring borrower loans), discharges the lien of record, to the detriment of the Schneider Entity holding the mortgage loan, while Chase walks away from its obligations for avoiding community blight and leaves the Schneider Entities to face the ire of governmental entities seeking to enforce property maintenance obligations against mortgage holders.

115. Compounding the egregiousness of Chase's conduct under the Alternative Foreclosure Program, Chase internally in or about October 2013 established the "Pre DOJ Lien Release Project" as described on internal Chase records. Upon information and belief, the Pre DOJ Lien Release Project was established by Chase as a project within the Alternative Foreclosure Program.

116. A portion of Chase's activities under the Pre DOJ Lien Release Project were directed purposefully at retaliating against Mr. Schneider for having filed a federal False Claims Act complaint (the "FCA Complaint") as relator against Chase alleging the filing of false claims in derogation of certain Lender Settlements. The FCA Complaint was partially unsealed on or about November 1, 2013[1] and its filing became known to Chase on or about (and perhaps before) that date.

117. Indeed, through its use of the RCV1 system of records, Chase has

[1] That complaint was filed on May 6, 2013 and entitled *United State of America et al. ex rel. Laurence Schneider v. J.P. Morgan Chase Bank, National Association et al.*, C/A: 3:13-1223-JFA. The partial unsealing was made with consent of Mr. Schneider's acting counsel in the District of South Carolina at the time but Mr. Schneider himself did not authorize or consent to that partial unsealing.

corrupted the data on its loan population to such a degree that Chase continues to release mortgages securing loans that the various Schneider Entities own.

118. The scores of lien releases are ongoing, and targeted at the Schneider Entities, despite the Schneider Entities' repeated written notices to Chase that those releases are improper.

119. Indeed, in connection with the Schneider Entities' business activities, Mr. Schneider discovered that liens sold by Chase to one or more of the Schneider Entities have been released by Chase under the Pre DOJ Lien Release Project.

120. Compounding the burgeoning litany of liabilities, the act of releasing these liens is triggering additional violations of law. Borrowers and enforcement agencies are seeking to hold the Schneider Entities liable for the consequences of Chase' actions. This swells the damages faced by the Schneider Entities by a seemingly incalculable order of magnitude.

121. As such, many of the post-MLPA harms that Chase inflicted on the Schneider Entities were committed in furtherance of Defendants' broader scheme and enterprise to evade their obligations and liabilities under various Lender Settlements, including its obligations to deter community blight.

122. Upon realization of their systematic violations of law, of the WAMU Agreement, their exposure to liability under 2008 and 2009 legislation and of their breaches of other Lender Settlements, JPMorgan Chase Bank, JPMorgan Chase & Co., and Chase Home Finance formed an enterprise that engaged in a pattern of fraudulent and unlawful conduct, which, as described above, included use of mail and wire communication. It was JPMorgan Chase Bank's realization of its exposure under the WAMU Agreement that let it to organize

Chase Home Finance's dumping of problem loans on MRS. It was JPMorgan Chase Bank's realization of the imminence of liability under 2008 and 2009 legislative changes that influenced its rush to complete the MLPA before March 1, 2009. Further, JPMorgan Chase Bank and JPMorgan Chase & Co. facilitated the release of liens and mailing of unlawful Forgiveness Letters to borrowers on loans that Chase Home Finance had previously sold to the Schneider Entities. The unlawful conduct of Defendants' enterprise resulted in and continues to result in immense injury to the Schneider Entities.

FIRST CLAIM FOR RELIEF
(Breach of Contract)

123. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

124. The MLPA is a valid and binding contract between the Plaintiff MRS and Defendants.

125. Plaintiff MRS has at all times fully and faithfully performed all of its obligations under the MLPA.

126. The MLPA contains warranties and obligations that bind Defendants, including a warranty that the loans Defendants sold to Plaintiff MRS are in compliance with all federal, state, and local laws. The MLPA also defines the mortgage loans being sold under the MLPA as first lien mortgage loans.

127. Defendants have breached their warranties and obligations to Plaintiff MRS under the MLPA, and caused damage to Plaintiffs, by among other things, (1) selling non-conforming deficiency claims in place of first lien mortgage loans; (2) purposefully withholding

servicing information and documents for the loans it sold to Plaintiffs; (3) attempting to change the list of loans sold post-sale, including by pulling valuable loans back and attempting to add loans that violate loan servicing and consumer protection laws; (4) directing enforcement agencies to Plaintiffs based on Defendants' violations; (5) releasing and discharging liens on loans that Defendants sold to Plaintiffs; (6) short-selling properties subject to loans sold to Plaintiffs and (7) receiving payments from borrowers and insurance carriers after the sale of the loans and refusing to remit such payments to Plaintiffs.

128. By reason of Defendants' breaches of the MLPA, Plaintiffs have incurred, and will continue to incur, damages in an amount to be determined at trial.

SECOND CLAIM FOR RELIEF
(Breach of Good Faith and Fair Dealing)

129. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

130. Defendants were under a duty of good faith and fair dealing with respect to Plaintiffs.

131. As more fully stated above, Defendants have breached the implied covenant of good faith and fair dealing that exists in every contract, including the MLPA.

132. Defendants' actions have had the effect of destroying and injuring Plaintiffs' rights under the MLPA and denying Plaintiffs the benefit of their bargain.

133. As a direct and proximate result of Defendants' breach, Plaintiffs have incurred, and will continue to incur, damages in an amount to be determined at trial.

THIRD CLAIM FOR RELIEF
(Conversion)

134. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

135. Plaintiffs have valid and enforceable rights and interests in the loans they purchased from Defendants.

136. Defendants were aware of Plaintiffs' rights and interests in the loans. Nevertheless, Defendants have exercised dominion over, and interfered in, Plaintiffs' rights and interests by presenting themselves as lienholders for loans previously sold to Plaintiffs, collecting payments on previously sold loans, and releasing hundreds of liens on loans previously sold to Plaintiffs, all in derogation of Plaintiffs' rights.

137. As a result of these actions, Defendants have converted and continue to convert Plaintiffs' property to their own use and benefit without authority to do so.

138. As a direct and proximate result of Defendants' actions, Plaintiffs have incurred, and will continue to incur, damages in an amount to be determined at trial.

139. Plaintiffs are also entitled to special damages as a result of the injury to Plaintiffs' business and reputation caused by Defendants' actions.

140. Plaintiffs are further entitled to punitive damages because Defendants' actions were malicious, reckless, wanton, and in willful disregard of Plaintiffs' rights.

FOURTH CLAIM FOR RELIEF
(Conspiracy)

141. Plaintiffs repeat and reallege each of the allegations set forth in the

preceding paragraphs of the Complaint as if set forth here in full.

142. As set forth above, Defendants, by and through their respective employees and officers, maliciously and intentionally conspired and agreed to injure Plaintiffs unlawfully by violating established loan servicing and consumer protection laws and breaching the Lender Settlements, and then selling the violating loans to Plaintiffs, thus saddling Plaintiffs with liability for those violations and breaches

143. Defendants acted in furtherance of their conspiracy by, among other things, attempting to modify the list of loans sold to Plaintiffs to include loans that violate loan servicing and consumer protection laws; directing enforcement agencies to Plaintiffs based on Defendants' violations; and releasing liens for loans owned by Plaintiffs.

144. As a direct and proximate result of Defendants' actions, Plaintiffs have incurred, and will continue to incur, damages in an amount to be determined at trial.

FIFTH CLAIM FOR RELIEF
(Unfair Competition)

145. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

146. By sending and recording lien releases for loans sold to Plaintiffs, Defendants have unfairly misappropriated Plaintiffs' property, and Defendants have represented to borrowers and the public that Defendants are the valid lienholders and are entitled to release

liens that actually belong to Plaintiffs.

147. By representing itself as the holder of the loans sold to Plaintiffs, Defendants' activities have caused confusion with, or have been mistaken for Plaintiff's activities in the mind of the public, or are likely to cause such confusion and mistake.

148. Further, as set forth above, Defendants have acted unfairly and have misappropriated Plaintiffs' property rights for Defendants' commercial advantage by forgiving loans sold to Plaintiffs and claiming credits for the releases under the Lender Settlements.

149. In so doing, Defendants have sought to impair unfairly Plaintiffs' ability to compete for business, and have acted maliciously and for the sole purpose of inflicting harm on Plaintiffs or to benefit themselves at Plaintiffs' expense.

150. As a direct and proximate result of Defendants' acts, Plaintiffs have incurred, and will continue to incur, damages in an amount to be determined at trial.

151. Presently, Plaintiffs' damages are not readily calculable with reasonable certainty. Plaintiffs have no adequate remedy at law to protect its business and property rights and are suffering, and will suffer, irreparable injury unless Defendants are enjoined from engaging in the conduct described above.

SIXTH CLAIM FOR RELIEF
(Unjust Enrichment)

152. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

153. Defendants have continued to receive post-sale loan payments and insurance benefits for loans sold to Plaintiffs. Defendants have also received credits under the

Lender Settlements for releasing liens that pertain to loans sold to Plaintiffs.

154. Through these wrongful acts, Defendants received and retained monies, properties, or benefits to which it is not entitled.

155. Defendants also unlawfully, and to Plaintiffs' detriment, failed to satisfy liabilities for which Defendants are responsible, including, but not limited to, legal liabilities for breach of servicing obligations, which liabilities Defendants unlawfully saddled upon Plaintiffs.

156. As a result of Defendants' actions, Defendants have been enriched unjustly and without adequate compensation to Plaintiffs.

157. As a direct and proximate result of Defendants' acts, Plaintiffs have incurred, and will continue to incur, damages in an amount to be determined at trial.

SEVENTH CLAIM FOR RELIEF
(Tortious Interference with Contractual Relations)

158. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

159. Valid and enforceable contracts exist between Plaintiffs and borrowers whose loans Defendants sold to Plaintiffs.

160. Defendants were aware of these contractual relationships as Defendants sold the very loans at issue to Plaintiffs. Further, Defendants and their representatives regularly acknowledged Plaintiffs' successes in creating payment arrangements with borrowers that enabled them to keep their homes and rebuild their credit.

161. Despite their knowledge of the contractual relationships between Plaintiffs and borrowers, Defendants intentionally, and in violation of Plaintiffs' rights under the loans,

wrongfully released hundreds of liens on loans they previously sold to Plaintiffs and recorded those lien releases. Further, Defendants intentionally, and in violation of Plaintiffs' rights under the loans, wrongfully notified certain borrowers that their loans had been discharged or forgiven. Through these acts, Defendants have induced, and continue to induce, borrowers to discontinue payment on their loans and otherwise breach their contracts with Plaintiffs

162. Defendants' wrongful release of liens on, and/or discharges of, loans sold to Plaintiffs has also interfered with Plaintiffs' contractual relationships with third-party servicers whose services Plaintiffs utilize. The wrongful forgiveness letters and lien releases have become known to at least one third-party servicer, and the servicers have concern that the lien releases may give rise to liability to them and to Plaintiffs. As a result, Defendants' conduct has induced these servicers to fail to perform on their servicing contracts with Plaintiffs [confirm] and has otherwise harmed Plaintiffs' relationships with these servicers.

163. As a direct and proximate result of Defendants' conduct, Plaintiffs have incurred, and continue to incur, damages in an amount to be determined at trial.

164. As Defendants' interference with Plaintiffs' contractual relationships with borrowers was intentional, willful, wanton, and malicious, Plaintiffs are also entitled to punitive damages.

EIGHTH CLAIM FOR RELIEF
(Tortious Interference with Prospective Economic Advantage)

165. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

166. Plaintiffs were involved in valid and existing business relationships with borrowers whose loans Defendants sold to Plaintiffs. Those business relationships were likely to provide future economic benefits to the Plaintiffs.

167. Defendants were aware of these business relationships as Defendants sold the very loans at issue to Plaintiffs.

168. Despite their knowledge of the business relationships between Plaintiffs and borrowers, Defendants, without justification, intentionally, and in violation of Plaintiffs' rights under the loans, disrupted Plaintiffs' relationships with borrowers by releasing hundreds of liens on loans they previously sold to Plaintiffs and recording those lien releases.

169. Despite their knowledge of the business relationships between Plaintiffs and borrowers, Defendants intentionally, and in violation of Plaintiffs' rights under the loans, disrupted Plaintiffs' relationships with certain borrowers by notifying those borrowers that Defendants had released or discharged the underlying loans, despite the fact that Defendants did not own those loans and lacked any legal right to release or discharge those loans.

170. Defendants' conduct was motivated by malice and a desire to inflict injury on Plaintiffs by unlawful and wrongful means.

171. As a result of Defendants' intentional and malicious acts, the business relationships between Plaintiffs and the borrowers have been disrupted, in that the borrowers are

unwilling to cooperate with Plaintiffs in creating and entering payment arrangements on the loans at issue.

172. As a direct and proximate result of Defendants' conduct, Plaintiffs have incurred, and continue to incur, damages in an amount to be determined at trial.

173. As Defendants' interference with Plaintiffs' prospective economic advantage was intentional, willful, wanton, and malicious, Plaintiffs are also entitled to punitive damages.

NINTH CLAIM FOR RELIEF
(Fraud and Fraudulent Omission)

174. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

175. Defendants, by their statements, acts, omissions, and conduct have knowingly made false representations to Plaintiffs, including false statements and omissions regarding the nature and quality of the loans sold to Plaintiff MRS under the MLPA and Defendants' pervasive violations of federal, state and local consumer protection and loan servicing laws in relation to those loans. Defendants also deceptively exploited their long-term business relationship with Plaintiffs.

176. Through these statements, acts, omissions, and conduct, Defendants fraudulently induced Plaintiff MRS to enter the MLPA.

177. Defendants did so with the knowledge that (i) such statements, representations, and/or omissions were false, misleading, and material, and (ii) Plaintiff MRS would rely thereon in agreeing to enter the MLPA.

178. Plaintiff MRS reasonably and justifiably relied on Defendants' misrepresentations and omissions. Those misrepresentations and omissions were material in that they significantly affect the value and serviceability of the loans that Plaintiff MRS purchased through the MLPA.

179. As a direct and proximate result of Defendants' fraudulent conduct, Plaintiff MRS has incurred, and continues to incur, damages in an amount to be determined at trial.

180. As Defendants' fraud and deceit was intentional, willful, wanton, and malicious, Plaintiff MRS is also entitled to punitive damages.

TENTH CLAIM FOR RELIEF
(Negligent Misrepresentation)

181. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

182. Defendants, by their statements, acts, omissions, and conduct have, at the very least, made negligent representations to Plaintiffs, including misrepresentations and omissions regarding the nature and quality of the loans sold to Plaintiff MRS under the MLPA and Defendants' pervasive violations of federal, state and local consumer protection and loan servicing laws with respect in relation to those loans.

183. Through these statements, acts, omissions, and conduct, Defendants wrongfully induced Plaintiff MRS to enter the MLPA.

184. Defendants did so with, at the very least, negligence as to whether such statements, representations, and/or omissions were false, misleading, and material, and with the

expectation that Plaintiff MRS would rely thereon in agreeing to enter the MLPA.

185. Plaintiff MRS reasonably and justifiably relied on Defendants' misrepresentations and omissions. Those misrepresentations and omissions were material in that they significantly affect the value and serviceability of the loans that Plaintiff MRS purchased through the MLPA.

186. As a direct and proximate result of Defendants' at least negligent conduct, Plaintiff MRS has incurred, and continues to incur, damages in an amount to be determined at trial.

ELEVENTH CLAIM FOR RELIEF
(Negligent Servicing)

187. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

188. Defendants owed Plaintiffs a duty of care in its handling and servicing of mortgage loans sold to Plaintiffs.

189. Defendants breached their duty of care by removing loans they deemed not profitable enough to foreclose from their active servicing queue and concealing them within their unregulated "RCV1" queue, which was established to administer (without servicing) defaulted mortgage loans. By so doing, Defendants violate their servicing obligations for hundreds of thousands of mortgage loans.

190. Defendants were aware of their servicing obligations and, among other things, negligently failed to comply with those obligations.

191. Defendants' scheme and enterprise has impacted and will continue to

impact thousands of homeowners. By passing on the loans at issue to Plaintiffs, Defendants specifically targeted and entangled Plaintiffs in their scheme, resulting in liabilities for Plaintiffs that will only continue to grow. These liabilities for Plaintiffs were a foreseeable result of Defendants scheme and their subsequent unloading of the loans at issue on Plaintiffs.

192. As a direct and proximate result of Defendants' conduct, Plaintiffs have incurred, and continue to incur, damages in an amount to be determined at trial.

TWELFTH CLAIM FOR RELIEF
(Defamation)

193. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

194. Despite having sold certain loans to Plaintiffs, Defendants sent communications to borrowers of those loans informing the borrowers that their debt had been cancelled. Defendants also recorded lien releases on hundreds of loans that Defendants previously sold to Plaintiffs.

195. Further, Defendants have falsely informed borrowers in writing that Defendants owned certain loans, even though Defendants had already sold those loans to Plaintiffs, and that the collection agencies working for Defendants were the authorized agents for service of those loans.

196. These statements are false as Defendants had previously sold the loans at issue to Plaintiffs and do not have authority to release the associated liens.

197. In making such statements, Defendants acted maliciously, recklessly, or in bad faith.

198. As a result of Defendants' false statements, Plaintiffs' reputation has been damaged as Plaintiffs are wrongfully portrayed as untrustworthy and predatory. Plaintiffs have suffered great loss and damage in their business as a result of Defendants' false statements.

199. As a direct and proximate result of Defendants' conduct, Plaintiffs have incurred, and continue to incur, damages in an amount to be determined at trial.

THIRTEENTH CLAIM FOR RELIEF
(Injurious Falsehood)

200. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

201. Despite having sold certain loans to Plaintiffs, Defendants sent communications to borrowers of those loans informing the borrowers that their debt had been cancelled. Defendants also recorded lien releases on hundreds of loans that Defendants previously sold to Plaintiffs.

202. Defendants have falsely informed, and continue to falsely inform, borrowers in writing that Defendants own certain loans, even though Defendants had already sold those loans to Plaintiffs. Defendants have also falsely informed, and continue to falsely inform, borrowers that the collection agencies working for Defendants were the authorized agents for service of those loans.

203. Defendants have also falsely informed certain borrowers that their loans had been transferred to one or more of Plaintiffs when, in fact, none of Plaintiffs ever acquired those loans.

204. Defendants made these statements maliciously and with the intent to harm

Plaintiffs, or at the very least, Defendants made these statements recklessly and without regard to the consequences of the statements.

205. A reasonably prudent person would or should anticipate that damage to Plaintiffs, the true owner of the loans at issue, will naturally flow from Defendants' false statements.

206. As a result of Defendants' false statements regarding loans Defendants had sold to Plaintiffs, borrowers have ceased payment to Plaintiffs on the loans at issue, demanded that payments made be returned, and threatened and/or taken legal action against Plaintiffs. Further, as a result of Defendants' false statements that certain loans had been transferred to Plaintiffs, when in fact Plaintiffs never acquired those loans, complaints were filed against Plaintiffs with state agencies, resulting in significant damages to and liability for Plaintiffs.

207. As a direct and proximate result of Defendants' conduct, Plaintiffs have incurred, and continue to incur, damages in an amount to be determined at trial.

FOURTEENTH CLAIM FOR RELIEF
(Slander of Title)

208. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

209. Defendants have disparaged title held by Plaintiffs to the loans that Plaintiffs purchased from Defendants by, among other things, (1) sending communications to borrowers of those loans informing the borrowers that their debt had been cancelled, (2)

recording lien releases on hundreds of loans that Defendants previously sold to Plaintiffs, and (3) falsely informing borrowers that Defendants own certain loans, even though Defendants had already sold those loans to Plaintiffs.

210. Defendants made these statements maliciously and with the intent to harm Plaintiffs, or at the very least, Defendants made these statements recklessly and without regard to the consequences of the statements.

211. Defendants' false statements were reasonably calculated to cause harm to Plaintiffs.

212. As a result of Defendants' false statements, borrowers have ceased payment to Plaintiffs on the loans at issue, demanded that payments made be returned, and threatened and/or taken legal action against Plaintiffs as a result of Plaintiffs' efforts to service the loans at issue.

213. As a direct and proximate result of Defendants' conduct, Plaintiffs have incurred, and continue to incur, damages in an amount to be determined at trial.

FIFTEENTH CLAIM FOR RELIEF
(Prima Facie Tort)

214. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

215. Defendants intentionally inflicted harm on Plaintiffs by passing thousands of liability-ridden loans to Plaintifs through the MLPA, and by releasing hundreds of liens on loans they previously sold to Plaintiffs and subsequently recording those lien releases.

216. Defendants committed these acts specifically to injure Plaintiffs and Defendants have no excuse or justification for their conduct.

217. As a result of Defendants' conduct, Plaintiffs are exposed to significant and increasing liability, and borrowers have ceased payment to Plaintiffs on the loans at issue and demanded that payments made be returned.

218. As a direct and proximate result of Defendants' conduct, Plaintiffs have incurred, and continue to incur, damages in an amount to be determined at trial,.

SIXTEENTH CLAIM FOR RELIEF
(Civil RICO: 18 U.S.C. § 1962(c))

219. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

220. At all relevant times, Plaintiffs were "persons" within the meaning of RICO, 18 U.S.C. § 1961(3) and Plaintiffs were each a "person injured in his or her business or property by reason of a violation of" RICO within the meaning of 18 U.S.C. § 1964(c).

221. At all relevant times, Defendants were "persons" within the meaning of RICO, 18 U.S.C. §§ 1961(3) and 1962(c) and were employed by or associated with an "enterprise" within the meaning of RICO, 18 U.S.C. §§ 1961(4).

222. At all relevant times, this enterprise was engaged in, and its activities affected, interstate and foreign commerce, within the meaning of RICO, 18 U.S.C. § 1962(c).

223. At all relevant times, Defendants conducted or participated, directly or indirectly, in the conduct of the enterprise's affairs through a "pattern of racketeering activity" within the meaning of RICO, 18 U.S.C. § 1961(5), in violation of RICO, 18 U.S.C. § 1962(c).

224. Specifically, at all relevant times, Defendants engaged in "racketeering activity" within the meaning of 18 U.S.C. § 1961(1) by engaging in the acts set forth above, which comprise Defendants' scheme to evade their obligations under the Lender Settlements, conceal the violations, and pass on liability to Plaintiffs. The acts set forth above constitute a violation of one or more of the following statutes: 18 U.S.C. § 1341 (mail fraud); and 18 U.S.C. § 1343 (wire fraud). Defendants each committed and/or aided and abetted the commission of two or more of these acts of racketeering activity.

225. The acts of racketeering activity referred to in the previous paragraph constituted a "pattern of racketeering activity" within the meaning of 18 U.S.C. § 1961(5). The acts alleged were related to each other by virtue of common participants, common victims, a common method of commission, and the common purpose and common result of evading Defendants' obligations under the Lender Settlements while concealing Defendants' non-compliance and passing on Defendants' liabilities to Plaintiffs.

226. As a result of Defendants' violation of 18 U.S.C. § 1962(c), Plaintiffs have incurred, and continue to incur, damages in an amount to be determined at trial.

227. Pursuant to RICO, 18 U.S.C. § 1964(c), Plaintiffs are entitled to recover threefold their damages plus costs and attorneys' fees from Defendants.

SEVENTEENTH CLAIM FOR RELIEF
(Consumer Fraud Act: N.J.S.A. § 56:8-1 et seq.)

228. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

229. At all times stated, Plaintiffs and Defendants were persons within the

meaning of N.J.S.A. § 56:8-1(d).

230. At all times stated, Defendants were engaged in "the sale or advertisement of any merchandise or real estate" within the meaning of N.J.S.A. § 56:8-1 *et seq.* by offering and selling mortgage loans to the Plaintiffs.

231. At all times stated, Defendants acted unlawfully and used unconscionable commercial practices, deception, fraud, false pretenses, false promises and misrepresentations, and knowingly concealed, suppressed and omitted material facts with the intent that Plaintiffs rely on such facts in purchasing mortgage loans in violation of N.J.S.A. § 56:8-2.

232. As a result of Defendants' violations of N.J.S.A. § 56:8-1 *et seq*. regarding loans Defendants had sold to Plaintiffs, Plaintiffs have expended sums of money and suffered ascertainable losses, including that borrowers have ceased payment to Plaintiffs on the loans at issue, demanded that payments made be returned, and threatened and/or taken legal action against Plaintiffs Further, Plaintiffs have also suffered significant reputational harm and increased liability based on Defendants' violations.

233. As a direct and proximate result of Defendants' violations of N.J.S.A. § 56:8-1 *et seq*., Plaintiffs have incurred, and continue to incur, damages in an amount to be determined at trial.

234. Pursuant to N.J.S.A. § 56:8-19, Plaintiffs are entitled to recover threefold their damages plus filling fees, costs, and attorneys' fees from Defendants.

EIGHTEENTH CLAIM FOR RELIEF
(Successor Liability of JPMorgan Chase Bank, N.A. for Acts of Chase Home Finance, LLC)

235. Plaintiffs repeat and reallege each of the allegations set forth in the preceding paragraphs of the Complaint as if set forth here in full.

236. Effective May 1, 2011, Chase Home Finance merged into JPMorgan Chase Bank, and JPMorgan Chase Bank is now the owner and servicer of the residential mortgage loans previously held by Chase Home Finance.

237. By reason of Chase Home Finance's merger into JPMorgan Chase Bank, JPMorgan Chase Bank is liable for the acts of Chase Home Finance, LLC that caused injury to Plaintiffs.

238. Accordingly, JPMorgan Chase Bank is liable to Plaintiffs for all the damages incurred by Plaintiffs as a result of the conduct of Chase Home Finance, as described in the preceding claims for relief.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request judgment in their favor and against Defendants, as follows:

(a) On the First Cause of Action, awarding to Plaintiffs compensatory and consequential damages in an amount to be determined at trial;

(b) On the Second Cause of Action, awarding to Plaintiffs compensatory and consequential damages in an amount to be determined at trial;

(c) On the Third Cause of Action, awarding to Plaintiffs injunctive relief and compensatory, consequential, special and punitive damages in an amount to be determined at

trial;

(d) On the Fourth Cause of Action, awarding to Plaintiffs compensatory and consequential damages in an amount to be determined at trial;

(e) On the Fifth Cause of Action, awarding to Plaintiffs compensatory and consequential damages in an amount to be determined at trial;

(f) On the Sixth Cause of Action, awarding to Plaintiffs compensatory and consequential damages in an amount to be determined at trial;

(g) On the Seventh Cause of Action, awarding to Plaintiffs injunctive relief and compensatory, consequential, and punitive damages in an amount to be determined at trial;

(h) On the Eighth Cause of Action, awarding to Plaintiffs injunctive relief and compensatory, consequential, and punitive damages in an amount to be determined at trial;

(i) On the Ninth Cause of Action, awarding to Plaintiffs injunctive relief and compensatory, consequential, and punitive damages in an amount to be determined at trial;

(j) On the Tenth Cause of Action, awarding to Plaintiffs compensatory and consequential damages in an amount to be determined at trial;

(k) On the Eleventh Cause of Action, awarding to Plaintiffs injunctive relief and compensatory and consequential damages in an amount to be determined at trial;

(l) On the Twelfth Cause of Action, awarding to Plaintiffs compensatory and consequential damages in an amount to be determined at trial;

(m) On the Thirteenth Cause of Action, awarding to Plaintiffs compensatory and consequential damages in an amount to be determined at trial;

(n) On the Fourteenth Cause of Action, awarding to Plaintiffs compensatory

and consequential damages in an amount to be determined at trial;

(o) On the Fifteenth Cause of Action, awarding to Plaintiffs compensatory and consequential damages in an amount to be determined at trial;

(p) On the Sixteenth Cause of Action, awarding to Plaintiffs threefold their compensatory and consequential damages in an amount to be determined at trial;

(q) On the Seventeenth Cause of Action, awarding to Plaintiffs threefold their compensatory and consequential damages in an amount to be determined at trial and injunctive relief;

(r) On the Eighteenth Cause of Action, declaring JPMorgan Chase Bank, N.A. liable to Plaintiffs for the damages incurred by Plaintiffs as a result of the conduct of Chase Home Finance, LLC;

(s) Restraining and enjoining each Defendant and its respective officers, directors, employees, agents, successors, and assigns, from (1) releasing or discharging liens on properties that serve as collateral for loans Defendants have sold to the Schneider Entities and which Plaintiffs rightfully own, (2) recording any release or discharge of such liens or (3) discharging or otherwise declaring to be satisfied any such loans;

(t) Restraining and enjoining each Defendant and its respective officers, directors, employees, agents, successors, and assigns, from releasing any liens, discharging any debts or otherwise taking any action in furtherance of what any Defendant identifies as the "Alternative Foreclosure Program" that any Defendant or any affiliate of them has implemented or otherwise effectuated;

(u) Restraining and enjoining each Defendant and its respective officers,

directors, employees, agents, successors, and assigns, from interfering with or in any way impeding Plaintiffs' exercise of their rights and remedies pursuant to Defendants' sale of the mortgage loans at issue to Plaintiffs (including, without limitation, pursuant to the Mortgage Loan Purchase Agreement between Defendants and MRS, the Master Mortgage Loan Sale Agreement between Defendants and S&A, and the individual note sale agreements between Defendants and 1st Fidelity), including without limitation Plaintiff's rights to collect payments on the loans at issue, obtain access to and to take immediate possession of the properties that serve as collateral for the loans Defendants have sold to Plaintiffs, and sell the collateral properties in any legally permissible manner;

(v) Ordering Defendants to execute and deliver to Plaintiffs all records evidencing the assignment of, or otherwise relating to the servicing or administration of, the mortgage loans at issue to Plaintiffs (including, without limitation, the Mortgage Loan Purchase Agreement between Defendants and MRS, the Master Mortgage Loan Sale Agreement between Defendants and S&A, and the individual note sale agreements between Defendants and 1st Fidelity), including without limitation all such records as might reasonably be expected to permit MRS to identify the name, address and other pertinent contact information for each borrower and other obligor with respect to each mortgage loan sold pursuant to the MLPA;

(w) Awarding to Plaintiffs all attorneys' fees, costs, and disbursements incurred by them in connection with this action; and

(x) Awarding to Plaintiffs such other or further relief, as the Court may deem just and proper.

Dated: New York, New York
December 26, 2014

PERKINS COIE LLP

By: */s/ Gary F. Eisenberg*
Gary F. Eisenberg, Esq.
30 Rockefeller Plaza
22nd Floor
New York, NY 10112-0085
212.262.6900
Attorneys for Plaintiffs