

VIRGINIA:

IN THE CIRCUIT COURT OF THE CITY OF ALEXANDRIA

COMMONWEALTH OF VIRGINIA,
EX REL. KENNETH T. CUCCINELLI, II,
ATTORNEY GENERAL,

Plaintiff,

v.

CIVIL ACTION NO. _____

MIDATLANTIC LOAN SOLUTIONS, INC.,
a Virginia corporation,

SERVE: Joel Steinberg, Registered Agent
903 E. Timber Branch Pkwy.
Alexandria, VA 22302
(City of Alexandria)

MIDATLANTIC FINANCIAL SOLUTIONS,
LLC,
a Virginia limited liability company,

SERVE: Joel Steinberg, Registered Agent
903 E. Timber Branch Pkwy.
Alexandria, VA 22302
(City of Alexandria)

and

JOEL L. STEINBERG,
an individual,

SERVE: Joel Steinberg
903 E. Timber Branch Pkwy.
Alexandria, VA 23322
(City of Alexandria)

Defendants.

COMPLAINT

The Plaintiff, Commonwealth of Virginia, by, through and at the relation of the Attorney General of Virginia, Kenneth T. Cuccinelli, II (the "Plaintiff" or the "Commonwealth"), petitions this Court to declare that the activities in which the Defendants, MidAtlantic Loan Solutions, Inc. ("MLS"), MidAtlantic Financial Solutions, LLC ("MFS") and Joel L. Steinberg ("Steinberg") (collectively, the "Defendants") have engaged constitute violations of the Virginia Consumer Protection Act ("VCPA"), Virginia Code §§ 59.1-196 to 59.1-207, including the Virginia Foreclosure Rescue Law, Virginia Code § 59.1-200.1. The Plaintiff prays that this Court grant the relief requested in this Complaint and states the following in support thereof:

JURISDICTION AND VENUE

1. The Commonwealth brings this Virginia Foreclosure Rescue law and VCPA action pursuant to the authority set forth in § 59.1-203 of the VCPA, which provides, *inter alia*, that the Attorney General may bring an action to enjoin any violation of the VCPA, which includes any violation of the Virginia Foreclosure Rescue law.

2. The Circuit Court of the City of Alexandria has authority to entertain this action and to grant the relief requested herein pursuant to Virginia Code §§ 8.01-620, 17.1-513, 59.1-203, 59.1-205 and 59.1-206.

3. Venue is proper in this Court with regard to this Virginia Foreclosure Rescue law and VCPA action, pursuant to Virginia Code § 8.01-262, because Defendants MLS and MFS maintained or maintain their principal office in the City of Alexandria, because Defendants MLS and MFS regularly conduct or conducted substantial business activity in the City of Alexandria, because Defendant Steinberg resides in the City of Alexandria and because portions of the causes of action arose in the City of Alexandria.

Venue is preferred in this Court pursuant to Virginia Code § 8.01-261(15)(c) because some or all of the acts to be enjoined are, or were, being done in the City of Alexandria.

4. In accordance with Virginia Code § 59.1-203(B), prior to the commencement of this action, the Plaintiff gave the Defendants written notice these proceedings were contemplated and a reasonable opportunity to appear before the Office of the Attorney General to demonstrate that no violations of the Virginia Foreclosure Rescue law or VCPA had occurred, or to execute an appropriate Assurance of Voluntary Compliance. The Defendants failed to demonstrate that no violations have occurred, and failed to execute an Assurance of Voluntary Compliance that was acceptable to the Commonwealth.

PARTIES

5. The Plaintiff is the Commonwealth of Virginia, by, through, and at the relation of Kenneth T. Cuccinelli, II, Attorney General of Virginia.

6. Defendant MLS is a Virginia corporation. Its principal office is or was located at 600 Cameron Street, Alexandria, Virginia 22314.

7. Defendant MFS is a Virginia limited liability company. Its principal office is or was located at 600 Cameron Street, Alexandria, Virginia 22314.

8. Defendant Steinberg is an individual residing at 903 E. Timber Branch Pkwy., Alexandria, Virginia 22302. During all relevant times, Steinberg has been the President, the sole officer, the sole director, and, upon information and belief, the sole owner of MLS, and the sole member, the sole manager, and, upon information and belief, the sole owner of MFS, and, as such, maintained exclusive control over the companies' operations at all relevant times.

FACTS

MLS's and MFS's Business Operations

9. Defendants MLS and MFS (the "Corporate Defendants") are Alexandria-based entities that assist homeowners in preventing the foreclosure of their primary residences. On MLS's form agreement, MLS suggests that it can help ". . . save[] [a consumer's] home in a time of turbulence." A copy of one of MLS's form agreements is attached as Exhibit A.

10. Upon information and belief, the Defendants represent to consumers that they can assist consumers in obtaining loan modifications or mortgage refinances on their mortgage loans. Upon information and belief, the Defendants represent that they can accomplish this goal by generating a forensic mortgage loan audit that will identify errors and other problems with the mortgage loan that can be used as leverage in negotiations with a consumer's mortgage lender or servicer to obtain a mortgage loan modification or other relief.

11. Consumers generally are required to pay up-front fees to the Defendants of \$1,500, and generally entered into contracts directly with Defendant MLS. Such fees are required to be paid to the Defendants before any work is completed by the Defendants. Consumer's generally were asked to make payment by delivery of a check made payable to "Joel Steinberg," which generally was deposited to a bank account in the name of Defendant Steinberg or Defendant MFS. According to Defendant MLS's form contract, the Defendants typically also would assess an additional \$1,500 fee upon the consumer's receipt of an acceptable mortgage loan modification from the consumer's lender/servicer. A copy of one of MLS's form contracts discussing these respective fees is attached as Exhibit B.

12. In many cases, the Defendants fail to return consumers' telephone calls or e-mail messages, and, in any event, do little or nothing to help consumers avoid or prevent foreclosure.

**Steinberg's Use and Control of MLS and MFS to Enrich Himself
While Causing Injury to Consumers**

13. On November 25, 2008, Defendant Steinberg incorporated MLS. Steinberg has been the President, the sole officer, sole director, and presumed sole owner of MLS, and thus retained exclusive control over the company's operations at all relevant times.

14. On December 2, 2010, Defendant Steinberg organized MFS. Steinberg has been the sole member, the sole manager, and presumed sole owner of MFS, and thus retained exclusive control over the company's operation at all relevant times.

15. During the period from at least November 25, 2008 to the present (the "Relevant Period"), it was never entirely clear with which entity, or individual, consumers were doing business. Although consumers contracted directly with Defendant MLS, all consumer payments, typically in the form of a check made payable to Defendant Steinberg, were deposited into a bank account in the name of Defendant MFS, or into Defendant Steinberg's personal bank account. All consumer payments deposited into Defendant Steinberg's personal bank account were thus commingled with his personal assets, and were never in the possession, custody or control of Defendants MLS or MFS.

16. Because Steinberg retained exclusive control over the Corporate Defendants' operations during the Relevant Period, Steinberg directed, controlled, approved or participated in all business operations and practices of MLS and MFS.

During the entire existence of MLS and MFS, Steinberg managed the daily affairs and operations of the Corporate Defendants.

CAUSES OF ACTION

**COUNT I – VIRGINIA CONSUMER PROTECTION ACT/VIRGINIA
FORECLOSURE RESCUE LAW**

17. The Plaintiff re-alleges and incorporates herein by reference the matters set forth in paragraphs 1 through 16 of this Complaint.

18. Defendants MLS and MFS are now, and were at all relevant times mentioned herein, “suppliers” of “goods” or “services” in connection with “consumer transactions,” as those terms are defined in § 59.1-198 of the VCPA.

19. By offering for sale, and advertising for sale, credit and loan modification assistance services to consumers, Defendants MLS and MFS have and do engage in “consumer transactions,” as defined in § 59.1-198 of the VCPA.

20. Defendants MLS and MFS are now, and were at all relevant times mentioned herein, suppliers of services to avoid or prevent foreclosure and take part in “consumer transaction[s] involving residential real property owned and occupied as the primary dwelling unit of the owner” Virginia Code § 59.1-200.1.

21. The VCPA’s Foreclosure Rescue law prohibits any supplier of a service to avoid or prevent foreclosure from “charg[ing] or receive[ing] a fee . . . prior to the full and complete performance of the services it has agreed to perform, if the transaction does not involve the sale or transfer of residential real property.” Virginia Code § 59.1-200.1(A)(1).

22. Accordingly, before charging or receiving any fees for services rendered, Defendants MLS and MFS are required to fully perform the contracted for services. Virginia Code § 59.1-200.1(A)(1).

23. During the Relevant Period, MLS and MFS continually collected a fee from their consumer clients in advance of performing contracted for services, which did not involve the sale or transfer of the consumer's residential real property. Any advance fees collected violated, and continue to violate, § 59.1-200.1(A)(1) of the VCPA.

24. Individual consumers have suffered losses as a result of the Corporate Defendants' violations of § 59.1-200.1 of the VCPA.

25. Defendants MLS and MFS willfully did the acts described herein in violation of § 59.1-200.1 of the VCPA.

COUNT II – VIRGINIA CONSUMER PROTECTION ACT

26. The Commonwealth re-alleges and incorporates by reference the matters set forth in paragraphs 1 through 25 of this Complaint.

27. In connection with consumer transactions, the VCPA prohibits suppliers from, among other things:

a. misrepresenting that goods or services have certain qualities, characteristics, ingredients, uses or benefits, pursuant to Virginia Code § 59.1-200(A)(5); and

b. using any other deception, fraud, false pretense, false promise, or misrepresentation in connection with a consumer transaction, pursuant to Virginia Code § 59.1-200(A)(14).

28. Defendants MLS and MFS violated the VCPA through the acts and practices described in this Complaint, including, but not limited to, by:

a. Misrepresenting the benefits of their services when they promised they could help consumers avoid or prevent foreclosure, when the companies in many cases did little or nothing to assist their homeowner customers avoid foreclosure; and

b. Using false promises in connection with consumer transactions, when they promised they could help consumers avoid or prevent foreclosure and when the companies in many cases did little or nothing to assist their homeowner customers avoid foreclosure.

29. Individual consumers have suffered losses as a result of the aforesaid violations of § 59.1-200 of the VCPA by Defendants MLS and MFS.

30. Defendants MLS and MFS willfully did the acts described herein in violation of § 59.1-200 of the VCPA.

COUNT III - INDIVIDUAL LIABILITY/ACTIVE PARTICIPATION

31. The Commonwealth re-alleges and incorporates by reference the matters set forth in paragraphs 1 through 30 of this Complaint.

32. A corporation or limited liability company can only act through its officers, directors, members, managers and other agents, and where the business itself involves a violation of the law, all who participate in it are liable.

33. During the Relevant Period, Steinberg individually directed, controlled, approved, or participated in the acts and practices of MLS and MFS, including those acts and practices that are the subject of this Complaint.

34. By virtue of his active participation in the wrongful acts of the Corporate Defendants, Steinberg should be held personally liable for all violations of the VCPA, including the Foreclosure Rescue law, that he committed through MLS and MFS.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff, Commonwealth of Virginia, prays that this Court:

A. Preliminarily and permanently enjoin the Defendants and their officers, directors, managers, members, employees, agents, successors, and assigns from violating §§

59.1-200.1(A)(1), 59.1-200(A)(5) or 59.1-200(A)(14) of the Code of Virginia, pursuant to Virginia Code § 59.1-203;

B. Grant judgment against the Defendants, jointly and severally, and award to the Commonwealth all sums necessary to restore to any consumers the money or property acquired from them by the Defendants in connection with their violations of §§ 59.1-200.1(A)(1), 59.1-200(A)(5) and 59.1-200(A)(14) of the VCPA, pursuant to Virginia Code § 59.1-205;

C. Grant judgment against the Defendants, jointly and severally, and award to the Commonwealth civil penalties of up to \$2,500 per willful violation of §§ 59.1-200.1(A)(1), 59.1-200(A)(5) and 59.1-200(A)(14) of the VCPA, pursuant to Virginia Code § 59.1-206(A), with the exact number of violations to be proven at trial;

D. Grant judgment against the Defendants, jointly and severally, and award to the Commonwealth its costs, reasonable expenses incurred in investigating and preparing the case up to \$1,000.00 per violation of § 59.1-200.1(A)(1), 59.1-200(A)(5) and 59.1-200(A)(14) of the VCPA, and its attorney's fees, pursuant to Virginia Code § 59.1-206(C); and

E. Order such other and further relief as may be deemed proper and just.

COMMONWEALTH OF VIRGINIA,
EX. REL. KENNETH T. CUCCINELLI, II,
ATTORNEY GENERAL

By: 
Mark S. Kubiak

Kenneth T. Cuccinelli, II
Attorney General

Patricia L. West
Chief Deputy Attorney General

Wesley G. Russell, Jr.
Deputy Attorney General

David B. Irvin (VSB No. 23927)
Senior Assistant Attorney General
Mark S. Kubiak (VSB No. 73119)
Assistant Attorney General

Consumer Protection Section
900 East Main Street
Richmond, Virginia 23219
Phone: (804) 786-7364
Fax: (804) 786-0122

Mid Atlantic Loan Solutions, Inc.

.....saving your home in a time of turbulence



This Agreement is made this 13 day of September 2011 between Joel Steinberg of MidAtlantic Loan Solutions, Inc. and MARK ELWELL and Linda ELWELL (Clients) of 2093 BIERCE DR, VIRGINIA Beach, Va 23454 Clients are need of services to modify the terms of their mortgages, and retains Joel Steinberg of MidAtlantic Loan Solutions ,Inc to arrange for said modification.

We hereby authorize our mortgage company/companies to discuss our request for a workout agreement with Joel Steinberg of MidAtlantic Loan Solutions, Inc, who is our designated agent. Further, our mortgage company/companies are hereby authorized to negotiate the terms of a workout agreement with our Designated Agent and to deliver documents to our Designated Agent which concerns our request for payment assistance. I understand that I will be fully responsible for reviewing any information that is sent by our mortgage company/companies to our Designated Agent.

X Mark Elwell

9-13-11
Date

X Linda Elwell

9-13-11
Date

+ [Redacted]
Social Security Number

X [Redacted]
Social Security Number

Joel Steinberg



MidAtlantic Loan Solutions, Inc

This Agreement is made this 8 day of Sept 2011 by Arthur Ritter - May Ritter (clients) and Joel Steinberg of MidAtlantic Loan Solutions, Inc. Clients are in need of services to modify the terms of their mortgage on their beachfront property known as 3700 Sandpiper Rd # 116, Va Beach VA 23456, and retains Joel Steinberg of MidAtlantic Loan Solutions, Inc to arrange for said modification.

We hereby authorize our mortgage company/companies to discuss our request for a workout agreement with Joel Steinberg of MidAtlantic Loan Solutions, Inc, who is our designated agent. Further, our mortgage company/companies are hereby authorized to negotiate the terms of a workout agreement with our Designated Agent and to deliver documents to our Designated Agent which concerns our request for payment assistance. I understand that I will be fully responsible for reviewing any information that is sent by our mortgage company/companies to our Designated Agent.

Payment Arrangement
\$1500 due 9/15/2011, 2011 paid

Upon execution of this Agreement, Client agrees to pay MidAtlantic \$1500 for MidAtlantic to provide a thorough, detailed forensic loan analysis detailing specific conditions at closing that did and did not comply with Federal Law, which, based on experience will help in securing the loan modification. It is expected that this service will be completed by

2. Document Production & Submission:

Document preparation and assembly for loan modification analysis ("Modification Request Documents");

Assemble information to provide to Lender regarding clients current income, expenses, assets and liabilities, in accordance with HAMP Guidelines or PNC guidelines.

600 Cameron St
Alexandria, Va, 22314

PHONE (866) 994-6160
FAX (866) 201-2011
E-MAIL: midatlanticloansolutions@gmail.com

Document Production & Submission:

Document preparation and assembly for loan modification analysis ("Modification Request Documents");

Assemble information to provide to Lender regarding Principal's current income, expenses, assets and liabilities, in accordance with HAMP Guidelines.

3. Fees: \$1500 due upon receipt of an acceptable loan modification, and \$1500 due at the conclusion of the loan modification process

Carol Fitts

Mary Ritts

9/8/2011

Date

9/8/11

Date

Joel Steinberg
Joel Steinberg

9/8/2011
Date

VIRGINIA:

IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF ALEXANDRIA
ABSTRACT OF JUDGMENT

DOCKETED IN JUDGMENT LIEN DOCKET CL13002288/111047

NAME OF JUDGMENT CREDITOR Commonwealth of VA
CREDITOR'S ATTORNEY Mark S Kubiak
NAME OF DEBTOR MidAtlantic Loan Solutions Inc

I.D NUMBER
DEBTOR'S ATTORNEY
NAME OF DEBTOR MidAtlantic Financial Solutions LLC

I.D NUMBER
DEBTOR'S ATTORNEY
NAME OF DEBTOR Joel L Steinberg
903 E Timber Branch Parkway
Alexandria, VA 22302

I.D NUMBER
DEBTOR'S ATTORNEY Pro se
DATE OF JUDGMENT 08/29/2014
COURT WHERE RENDERED Alexandria Circuit Court
DATE AND TIME DOCKETED 08/29/2014 16:02
AMOUNT OF JUDGMENT
INTEREST AND DATE FROM
WHICH IT BEARS INTEREST
COSTS
ATTORNEY'S FEE
AMOUNT OF COST RECOVERED
ADDITIONAL COSTS
NOTE
SEE ATTACHED DOCUMENT(S) FOR ADDITIONAL JUDGMENT DETAILS

TESTE:
EDWARD SEMONIAN, CLERK

BY: 
Deputy Clerk