

At a Term of the Supreme Court of the State of New York, in and for the County of Onondaga, at the Onondaga County Courthouse, Syracuse, New York, the \_\_\_ day of November, 2017

PRESENT: Hon.  
Justice of the Supreme Court

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF ONONDAGA

PEOPLE OF THE STATE OF NEW YORK by  
Eric T. Schneiderman, Attorney General  
of the State of New York,

Petitioner,

-against-

Joseph Funding Company, Inc., and R. Joseph Holman a/k/a  
Joseph Holman a/k/a Reginald Holman a/k/a Reggie  
Holman, individually and as Vice-President of Joseph Funding  
Company, Inc. and R. Rebecca Ausby a/k/a Rebecca Ausby  
a/k/a Rena Holman a/k/a Rebecca Holman, individually and as  
President of Joseph Funding Company, Inc.

Respondents.

**NOTICE OF PETITION**

Index No.  
RJI No.  
Hon.

PLEASE TAKE NOTICE that upon the Verified Petition, verified November 13, 2017,  
Petitioner, the People of the State of New York, by Attorney General Eric T. Schneiderman, will  
move this Court at the County Courthouse, 401 Montgomery Street, Syracuse, New York, on the  
\_\_\_ day of \_\_\_\_\_, 2017, at 10:00 a.m. for an Order and Judgment:

1. Permanently enjoining Respondents from violating Executive Law § 63(12) and  
GBL Article 22-A §§ 349 and 350, RPL § 265-b and from engaging in the fraudulent, deceptive  
and illegal practices alleged herein;
2. Permanently enjoining Respondents from owning and operating any real estate or

real estate investment business in the State of New York;

3. Permanently enjoining Respondents from advertising as and/or promoting themselves as real estate professionals and/or working as a real estate professional, unless and until each become licensed by the New York State Department of State – Division of Licensing, as a real estate salesperson or broker and are employed by a real estate company owned and operated by an independent person or entity;

4. Requiring Respondents to remove its website ([www.josephfunding.com](http://www.josephfunding.com)) and to terminate all social media accounts related to JFC;

5. Requiring Respondents to dissolve Joseph Funding Company, Inc. within 30 days;

6. Directing Respondents to pay restitution, including appropriate interest on the principal amount thereof at the rate of 9% per annum, to each and every consumer, known and unknown, defrauded or damaged by Respondents' deceptive, illegal, and fraudulent conduct as alleged in the Verified Petition;

7. Directing Respondents to pay a civil penalty in the sum of \$5,000 to the State of New York for each instance of a deceptive act or practice, pursuant to GBL § 350-d;

8. Directing Respondents to pay a civil penalty of up to \$10,000 to the State of New York for each violation of RPL § 265-b, pursuant to RPL § 265-b(4)(d);

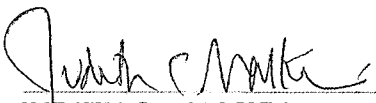
9. Directing Respondents to pay statutory costs in the amount of \$2,000 pursuant to New York Civil Practice Law and Rules § 8303(a)(6); and

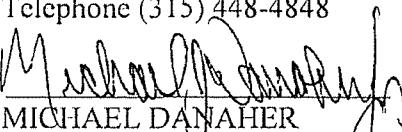
10. Granting Petitioner such other and further relief as this Court finds just and proper.

PLEASE TAKE FURTHER NOTICE, that answering affidavits, if any, shall be served on Petitioner at the address below seven days prior to the return date pursuant to CPLR § 403(b).

DATED: November 13, 2017  
Syracuse, New York

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SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF ONONDAGA

PEOPLE OF THE STATE OF NEW YORK by  
Eric T. Schneiderman, Attorney General  
of the State of New York,

Petitioner,

-against-

Joseph Funding Company, Inc., and R. Joseph Holman a/k/a  
Joseph Holman a/k/a Reginald Holman a/k/a Reggie  
Holman, individually and as Vice-President of Joseph Funding  
Company, Inc. and R. Rebecca Ausby a/k/a Rebecca Ausby  
a/k/a Rena Holman a/k/a Rebecca Holman, individually and as  
President of Joseph Funding Company, Inc.

Respondents.

**VERIFIED PETITION**

Index No.  
RJI No.  
Hon.

The People of the State of New York, by their attorney, Eric T. Schneiderman, Attorney  
General of the State of New York, respectfully allege upon information and belief:

**INTRODUCTION**

1. Petitioner brings this special proceeding pursuant to Executive Law § 63(12),  
General Business Law (“GBL”) Article 22-A and Real Property Law (“RPL”) § 265-b to enjoin  
Respondents’ deceptive, fraudulent and illegal business practices in connection with their real  
estate and distressed property consulting business, Joseph Funding Company, Inc. Petitioner also  
seeks to recover restitution and damages for individuals victimized by these unlawful practices  
and civil penalties and costs as authorized by statute, to be paid to the State of New York.

2. Executive Law § 63(12) authorizes the NYAG to bring a special proceeding for  
injunctive relief, restitution, damages and costs when any person or business entity has engaged  
in or otherwise demonstrated repeated fraudulent or illegal acts in the transaction of business.

GBL § 349(a) prohibits deceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service in New York. GBL § 350 prohibits false advertising in the conduct of any business, trade or commerce or in the furnishing of any service in New York. GBL § 350-d empowers the NYAG to seek civil penalties of up to \$5,000 for each violation when any person or entity has engaged in deceptive business practices or false advertising in violation of GBL §§ 349 and 350.

3. Real Property Law (“RPL”) § 265-b regulates the conduct of “distressed property consultants” when providing services relating to New York State properties, and provides, among other things, that distressed property consultants shall: 1) not perform consulting services without a written, fully executed consulting contract; 2) not charge or accept payments for consulting services before full completion of such service; 2) provide customers with certain notices of their rights; 3) not taking a power of attorney from a homeowner; 4) not retain any original loan document or other original document related to the distressed home loan; or 5) induce or attempt to induce a homeowner to enter a consulting contract that does not fully comply with the provisions of the article. RPL § 265-b empowers the NYAG to enjoin or restrain violations of its provisions, and permits the court to direct restitution and impose a civil penalty of up to ten thousand dollars per violation.

#### **PARTIES AND JURISDICTION**

4. Petitioner is the People of the State of New York, by their attorney Eric T. Schneiderman, Attorney General of the State of New York (hereinafter “Petitioner” or “NYAG”).

5. Respondent Joseph Funding Company, Inc. (hereinafter “JFC”) is a domestic corporation that was incorporated in the State of New York on October 27, 2003. Although the

address listed on the company's website, [www.josephfunding.com](http://www.josephfunding.com), is 444 South Saina (*sic*) St., #1055, that address (444 South Salina St., Syracuse, NY) is the location of a United States Post Office. On the website for the New York State Department of State Division of Corporations, Entity Division, the address listed for service of process for JFC is 108 Summit Avenue, Syracuse, NY 13207.

6. Respondent R. Rebecca Ausby a/k/a Rebecca Ausby a/k/a Rena Holman (hereinafter "Ausby") is a natural person who resides at 108 Summit Avenue, Syracuse, NY. Respondent Ausby is the President of JFC. Ausby participates with Respondent Holman and JFC in the real estate business and is intimately involved in the operation of JFC. Respondent Ausby has knowledge of or participated in the fraudulent, deceptive and illegal acts and practices alleged herein.

7. Respondent R. Joseph Holman a/k/a Joseph Holman a/k/a Reginald Holman a/k/a Reggie Holman (hereinafter "Holman") is a natural person who resides at 108 Summit Avenue, Syracuse, NY. Upon information and belief, Holman is the Vice-President of JFC. Respondent Holman identifies himself as the business development specialist for JFC. Holman is intimately involved in the operation, management and control of JFC and has knowledge of and/or participated in the fraudulent, deceptive and illegal acts and practices alleged herein.

8. Respondents Ausby and Holman are a married couple who reside together at 108 Summit Avenue, Syracuse, NY.

9. On their website, Respondents advertise and promote themselves and JFC as real estate professionals who have the experience to resolve any foreclosure or loan in default. Respondents also advertise and promote themselves as a secondary market investment firm.

10. The NYAG has complied with the statutory notice requirements of GBL § 349(c) and 350-c.

### FACTS

11. Since at least 2008, Respondents have operated a real estate business, purportedly assisting consumers with buying and selling real property, purchasing promissory notes and mortgages, managing properties, and aiding consumers in resolving loan defaults and foreclosures. Respondents maintain a website on which they advertise and promote themselves as “real estate professionals” who assist consumers to “buy homes,” and that they “sell homes quickly at a fair price” and/or “sell a note or mortgage.”

12. Respondents also advertise on their website that they can “resolve any foreclosure” and have assisted many others by “explaining the laws of foreclosure, helping them realize where they are in the process, giving them a view of what will occur in the future, and coming up with a solution to help them.” As such, Respondents also operate as a “distressed property consultant” within the meaning of RPL § 265-b.

13. Respondents also advertise and promote themselves as a secondary market investment firm that specializes in the acquisition of owner/seller held note and mortgages, deeds of trusts, land contracts, and institutional portfolios secured by real estate or real property nationwide.

14. Neither Respondent Holman nor Ausby are licensed by the State of New York in any capacity as real estate professionals, housing counselors or investment advisers.

15. Respondents have engaged in repeated illegal and deceptive acts and practices resulting in numerous consumers losing equity in, and title to, their homes. Respondents prey on consumers who owe more on their home mortgages than the properties are worth (“upside

down”), and/or are struggling to pay their mortgage payments, and/or are in default or facing default in making mortgage payments, and/or who simply want to divest themselves of hard-to-sell properties located in economically depressed neighborhoods.

16. Respondents advertise on neighborhood signs and on their website that they buy and sell properties fast. Their letterhead logo is “We buy and sell houses / buy notes and mortgages.”

17. The message on Respondents’ telephone answering machine states that they purchase hard to sell homes and will take over homeowners’ payments right away. Respondents also state that they can help consumers lease their homes and will manage the properties:

If you’re looking to sell your house fast, or even if you’re just looking to unload all the management hassles of owning a rental property, then this phone call just might just be the best thing you could have done.

I’m looking to buy more investment properties in your area. I specialize in hard to sell homes - no equity, no problem. This is your chance to get a quick and easy solution to your real estate troubles. You’ll get a fast closing - even within 48 hours, if needed. Instant debt relief. I can take over your payments right away. Freedom from maintenance hassle. A guarantee with offer within 48 hours. Just leave your name and number and I’ll call you right away. We’ll simply spend 2 minutes talking on the phone and you’ll learn exactly how I can help you by buying or leasing your home today.

18. When Respondents meet with consumers who contact them, Respondents apprise the consumers that they will be able to buy or sell their properties but will manage the properties in the interim, by finding tenants, collecting rent and paying the consumers’ monthly mortgage.

19. Respondents explain to the consumers that, in order for JFC to manage and sell the property, the consumer will have to place the property into a trust “for estate planning purposes” and provide Respondent Ausby with power of attorney.



20. Respondents may refer consumers to their website, [www.josephfunding.com](http://www.josephfunding.com), where they post numerous properties for sale and rent by JFC, many in economically depressed areas. On the website, Respondents list a number of properties that they claim to have recently rented or sold.

21. To finalize the arrangement, Respondents meet the consumers personally, usually in the lobby of the Onondaga County Courthouse, where they provide the consumers with a stack of paperwork to be immediately signed before a notary public. The consumers, who are not represented by counsel, have insufficient time to review the paperwork and rely solely on Respondents' oral representations as to the nature of the agreement and content of the documents being signed.

22. Included in the paperwork that Respondents present to the consumers for signing is a document designating Respondent Ausby to be their Trustee. Respondents lead unsuspecting consumers to believe that Ausby, as their Trustee, will manage the property in their best interests. However, unbeknownst to the consumers, the last page of the trust paperwork is a document in which the consumers assign their beneficial rights in the Trust to Respondent Holman.

23. Also included in the paperwork presented to the consumers for signing is an actual deed transferring their interest in the property to Respondents. The consumers are unaware they are signing the deed because the legal sized document is presented to them partially folded and face down. Respondents fail to explain to the consumers that they are transferring title to their property to JFC, including all of their rights and beneficial interest in the properties.

24. Respondents inform consumers that, in order for JFC to manage the properties, consumers must give Respondent Ausby Power of Attorney. Respondents require consumers to sign change of address forms so that all notifications from their banks and insurance companies are forwarded to Respondents' post-office box.

25. The paperwork Respondents present for signature effectively results in the consumers losing all rights of ownership of their properties, without absolving them of their responsibility to make payments due under the note and mortgage. Unbeknownst to the consumers, they still have complete responsibility for the mortgage and note but no longer own the property.

26. Respondents manage the property and pay the consumer's mortgage for a short period, usually a few months to a year, but thereafter cease making mortgage payments. Respondents do not notify the consumers when they stop making payments on the mortgage, even though the consumer, who is the original homeowner, is ultimately responsible for that payment. The consumer, who no longer holds the deed and does not receive any notifications from the Bank due to the address change, is thus unaware that their mortgage is in default until a problem surfaces with their credit or they are served with notice of a foreclosure proceeding.

27. On at least one occasion, the consumer who contacted Respondents was several months in default under the mortgage and the home loan was in danger of foreclosure. Respondents led this consumer to believe that he was selling the home to Respondents and that Respondents would pay the bank directly for the property.

28. A subpoena duces tecum ad testificandum dated February 7, 2017, was served on Respondents Holman, Ausby and Joseph Funding Company, Inc. After several adjournments, Respondents failed to produce the documents requested. At the subpoena hearing, Respondents

testified that their computer had been the target of a ransom-ware attack two years ago. Although Respondents testified that they had purchased new computers and Respondent Ausby maintained excel charts with records of rental property income, Respondents failed to produce these records.

**A. Respondents' False Advertising and Deceptive Acts and Business Practices**

29. Respondents repeatedly and persistently misrepresent to consumers, directly and by implication, that they are real estate professionals authorized and qualified to perform any and all real estate services in New York State. For example, on [www.josephfunding.com](http://www.josephfunding.com),

Respondents advertise as follows:

“Joseph Funding Company, Inc. Meeting Your Real Estate Needs ... Today!”

“We Buy / Sell / Lease Wholesale Houses Fast!!!!”

“We are real estate professionals who are dedicated to providing you the best possible service to meet your real estate needs today. Whether you are buying your first home, or need to sell your home quickly at a fair price, we can help your real estate dreams come true.”

“Whether you're buying or selling a home, need to sell a note and mortgage, have a few questions or need anything else that involves real estate ... our sole purpose is to be at your service.”

“We look forward to earning your trust and helping you realize your dreams.”

“We can resolve any foreclosure and any loan in default.”

30. Respondents are not licensed with the State of New York to perform *any* real estate services; neither Respondent Holman nor Respondent Ausby are licensed real estate salespersons, agents or brokers and Respondents are not certified by the US Department of Housing and Urban Development (“HUD”) as an approved housing and foreclosure agency.

31. Furthermore, on their website, Respondents falsely inflate their credentials by advertising that they are a secondary market investment firm that specializes in the acquisition of owner/seller held note and mortgages, deeds of trust, land contracts and institutional portfolios secured by real estate or real property nationwide, when Respondents do not engage in these types of transactions.

32. Respondents misrepresent their experience buying, selling and managing properties in order to suggest they are an established, experienced and successful real estate business.

33. Respondents falsely advertise their experience buying, selling and managing properties by identifying numerous properties as being offered for sale or rent by Respondents, or as having been recently sold or rented by Respondents, when Respondents have no connection to the listed properties. Such misrepresentations convince unwitting consumers to rely and trust them without basis.

34. For example, in February of 2017, Respondents advertised on their website that they had 29 properties that were being offering for sale, rent or that were recently sold or rented by JFC. Other than the five properties of known victimized consumers, whose property titles Respondents acquired by deceptive means, none of the advertised properties had been for sale or rent by Respondents and none had been recently sold or rented by Respondents.

35. Respondents misrepresent to consumers (via their voice mail message, telephone calls and/or in person conversations) that they are real estate professionals specializing in buying and selling hard-to-sell properties.

36. Respondents repeatedly represent to consumers that JFC will be able to buy and/or sell the property, generally within a year, but will find tenants, collect rent and pay the

consumer's monthly mortgage until the property is sold.

37. Respondents provide consumers with a stack of paperwork to be immediately signed, but do not accurately describe the documents that are included. Although Respondents explain to the consumers that Respondent Ausby must be made Trustee, they fail to explain that the consumers are assigning their own beneficial interest in the trust to Respondent Holman. All of the consumers were misled by Respondents' oral statements; none understood that they were giving away their property to Respondents, who would profit from the rental income and/or ultimate sale, but that they were still responsible for the mortgage and insurance payments.

38. Respondents typically make several mortgage payments, which leads the consumers to believe that all is going according to the plan that Respondents orally described. However, Respondents default on payments within months to a year of the completion of the real estate transaction. Thereafter, Respondents may take steps to cure the default by making some payments, which is then followed by other defaults and other payments. This cycle may continue for years, with Respondents collecting rent, often from Onondaga County Department of Social Services, the Syracuse Housing Authority, or the Salvation Army, on behalf of low-income tenants receiving section 8 or other rent subsidies.

39. Even though the consumers remain legally responsible for the mortgage payments, Respondents acknowledge it is not their "policy" to inform the consumers when they cease paying the mortgage on their behalf. Thus, the consumers are unaware that they are in default and/or facing foreclosure and are left with no option to cure the default themselves. Whereas Respondents maintain control of the property and receive the monthly rental income, the banks ultimately commence foreclosure proceedings against the unsuspecting consumer who is the original homeowner. By repeatedly defaulting and curing the default, the original

consumers are left in a long-term credit and foreclosure nightmare, with no ability to resolve the matter, as they no longer have title to the property.

40. By their fraudulent representations, Respondents induce unwitting consumers to give away their homes for no consideration although they are left legally responsible for the note and mortgage. Consequently, foreclosure actions are initiated against the consumer mortgagors resulting in destroyed credit histories, foreclosed properties and large judgments. At least one consumer was forced to file for bankruptcy protection due to Respondents' actions.

**C. Violation of RPL § 265(b)**

41. As set forth above, Respondents advertise on their website and orally represent to consumers that they are real estate professionals with extensive experience buying, selling and leasing houses quickly. In addition, Respondents promote themselves as capable of resolving any foreclosure and loan in default and advertise on their website that they have "assisted many others by explaining the laws of foreclosure, helping them realize where they are in the process, giving them a view of what will occur in the future and coming up with a solution to help them."

42. Respondents advertising fails to include the disclosure that is specifically required to be included on all distressed property consultant advertisements pursuant to RPL § 265-b(3-a).

43. On at least one occasion, Respondents acted as distressed property consultants without providing the consumer with a distressed property contract that contains the entire agreement of the parties, in violation of RPL § 265-b(2)(a) and without fully disclosing the exact nature of the distressed property consulting services to be provided, in violation of RPL §§ 265(b)(3)(a)(i) and 265(b)(3)(a)(iv).

44. Respondents failed to provide the required "Notice Required by New York State Law," in violation of RPL § 265-b(3)(a)(viii).

45. Respondents also took a power of attorney and retained the borrower's original loan documents or other original document related to the distressed home loan in violation of RPL §§ 265-b(2)(c) and 265-b(2)(d).

**FIRST CAUSE OF ACTION  
PURSUANT TO EXECUTIVE LAW § 63(12)  
REPEATED ILLEGALITY  
VIOLATIONS OF GBL § 349  
DECEPTIVE ACTS AND PRACTICES**

46. Petitioner repeats and realleges paragraphs 12 - 47 as if fully set forth herein.

47. GBL § 349 declares unlawful any deceptive acts or practices in the conduct of any business, trade or commerce in this state.

48. As alleged above, Respondents repeatedly engaged in deceptive acts and practices in the course of their business.

49. Respondents' acts and practices are deceptive in violation of GBL § 349.

50. Respondents' conduct constitutes repeated and persistent illegality in violation of Executive Law § 63(12).

**SECOND CAUSE OF ACTION  
PURSUANT TO EXECUTIVE LAW § 63(12)  
REPEATED ILLEGALITY  
VIOLATION OF GBL § 350  
FALSE ADVERTISING**

51. Petitioner repeats and realleges paragraphs 12 - 47 as if fully set forth herein.

52. GBL § 350 declares unlawful false advertising in the conduct of any business, trade or commerce or in the furnishing of any service in the State of New York.

53. As alleged above, Respondents' advertisements are false and misleading.

54. As set forth above, Respondents repeatedly and persistently engaged in false advertising, in violation of GBL § 350.

55. Respondents' conduct constitutes repeated and persistent illegality in violation of Executive Law § 63(12).

**THIRD CAUSE OF ACTION  
PURSUANT TO EXECUTIVE LAW § 63(12)  
REPEATED ILLEGALITY  
VIOLATION OF RPL § 265-b  
DISTRESSED PROPERTY CONSULTING CONTRACTS**

56. Petitioner repeats and realleges paragraphs 12 - 47 as if fully set forth herein.

57. RPL § 265-b, which became effective on September 1, 2008, regulates distressed property consultants and covers agreements between homeowners with distressed home loans and distressed property consultants.

58. Pursuant to RPL § 265-b(1)(e), a distressed property consultant means an “individual or a corporation [...] or other business entity that, directly or indirectly, solicits or undertakes employment to provide consulting services to a homeowner for compensation or promise of compensation with respect to a distressed home loan or a potential loss of the home for nonpayment of taxes.”

59. Pursuant to RPL § 265-b(1)(d), a distressed home loan means a home loan that is in “danger of being foreclosed because the homeowner has one or more defaults under the mortgage that entitle the lender to accelerate full payment of the mortgage and repossess the property, or a home loan where the lender has commenced a foreclosure action.”

60. RPL § 265-b(3-a) requires all advertisements disseminated by a distressed property consultant to prominently include specified disclosures, including the following statement:

“In New York State, Housing Counselors, who are approved by the US Department of Housing & Urban Development or the New York State Department of Financial Services, may provide the same or similar services as a distressed property consulting for



free. A list of approved Housing Counselors can be found on the NYS Department of financial Service website (enter web address) or by contacting the NYS Department of Financial Services toll-free (enter number). You should consider consulting an attorney or a government-approved housing counselor before signing any legal document concerning a distressed property consultant.”

61. RPL §265-b(2) prohibits distressed property consultants from performing consulting services without a contract, taking a power of attorney from a homeowner, retaining any original loan document or other original documents related to the distressed home and/or inducing or attempting to induce a homeowner to enter a consulting contract that does not fully comply with the provisions of the article.

62. As alleged above, Respondents advertised and promoted themselves as distressed property consultants, failed to provide the required disclosures and engaged in prohibited contact while providing distressed property consulting services.

63. Respondents’ acts and practices are illegal in violation of RPL §265-b.

64. Respondents’ conduct constitutes repeated and persistent illegality in violation of Executive Law § 63(12).

**FOURTH CAUSE OF ACTION  
VIOLATION OF RPL § 265-b  
DISTRESSED PROPERTY CONSULTING CONTRACTS**

65. Petitioner repeats and realleges paragraphs 12 - 47 as if fully set forth herein.

66. Respondents repeatedly and persistently advertised and promoted themselves as distressed property consultants who can help distressed borrowers “resolve any foreclosure and any loan in default,” but repeatedly and persistently failed to include the required disclosures in their advertisements, in violation of RPL § 265-b(3-a).

67. Respondents have also violated RPL § 265-b(2) by:
- a) performing distressed property consulting services without a written fully executed consulting contract with a homeowner;
  - b) taking a power of attorney from a homeowner;
  - c) retaining original loan documents or other original documents related to the distressed home loan, the property or the potential loss of the home for nonpayment of taxes; or
  - d) inducing or attempting to induce a homeowner to enter a consulting contract that does not fully comply with the provisions of this article.
68. Respondents conduct violates RPL § 265-b.

**FIFTH CAUSE OF ACTION  
PURSUANT TO EXECUTIVE LAW § 63(12)  
FRAUD**

69. Executive Law § 63(12) defines “fraud” or “fraudulent” to include a device, scheme or artifice to defraud and any deception, misrepresentation, concealment, suppression, false pretense, false promise, or unconscionable contractual provisions.

70. As set forth above, Respondents repeatedly and persistently engage in fraud in their real estate business. Respondents’ conduct constitutes repeated and persistent fraud in violation of Executive Law § 63(12).

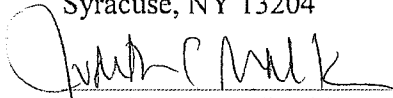
**WHEREFORE**, Petitioner requests an Order and Judgment pursuant to Executive Law § 63(12), GBL §§ 349 and 350 and RPL § 265-b:

- 1. Permanently enjoining Respondents from violating Executive Law § 63(12) and GBL Article 22-A §§ 349 and 350, RPL § 265-b and from engaging in the fraudulent, deceptive and illegal practices alleged herein;


2. Permanently enjoining Respondents from owning and operating any real estate or real estate investment business in the State of New York;
3. Permanently enjoining Respondents from advertising as and/or promoting themselves as real estate professionals and/or working as a real estate professional, unless and until each become licensed by the New York State Department of State – Division of Licensing, as a real estate salesperson or broker and are employed by a real estate company owned and operated by an independent person or entity;
4. Requiring Respondents to remove its website ([www.josephfunding.com](http://www.josephfunding.com)) and to terminate all social media accounts related to JFC;
5. Requiring Respondents to dissolve Joseph Funding Company, Inc. within 30 days;
6. Directing Respondents to pay restitution, including appropriate interest on the principal amount thereof at the rate of 9% per annum, to each and every consumer, known and unknown, defrauded or damaged by Respondents' deceptive, illegal, and fraudulent conduct as alleged in the Verified Petition;
7. Directing Respondents to pay a civil penalty in the sum of \$5,000 to the State of New York for each instance of a deceptive act or practice, pursuant to GBL § 350-d;
8. Directing Respondents to pay a civil penalty of up to \$10,000 to the State of New York for each violation of RPL § 265-b, pursuant to RPL § 265-b(4)(d);
9. Directing Respondents to pay statutory costs in the amount of \$2,000 pursuant to New York Civil Practice Law and Rules § 8303(a)(6); and

10. Granting Petitioner such other and further relief as this Court finds just and proper.

**ERIC T. SCHNEIDERMAN**  
Attorney General of the State of New York  
Attorney for Petitioner  
615 Erie Boulevard West, Suite 104  
Syracuse, NY 13204

  
by: JUDITH C. MALKIN  
Assistant Attorney General  
Syracuse Regional Office  
Telephone No.: (315) 448-4848

and

  
by: MICHAEL J. DANAHER, JR.  
Assistant Attorney General  
Binghamton Regional Office  
Telephone No.: (607) 251-2770

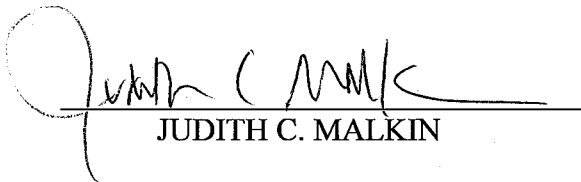
STATE OF NEW YORK )  
 )  
COUNTY OF ONONDAGA ) ss.:

JUDITH C. MALKIN, being duly sworn, deposes and says that:

I am an Assistant Attorney General in the Office of Eric T. Schneiderman, Attorney General of the State of New York, and am authorized to make this verification.

I have read the foregoing Verified Petition and know the contents thereof, which are to my knowledge true, except as to matters stated to be alleged on information and belief, and as to those matters, I believe them to be true. The grounds of my belief as to all matters stated upon information and belief are set forth in the attached affirmation and include investigatory materials and information contained in the files of the Syracuse Regional Office.

That the reason this verification is made by your deponent and not by the State of New York is that the State of New York is a body politic and sovereign acting through its officials and agents.

  
JUDITH C. MALKIN

Sworn to before me this  
13 day of November, 2016

  
NOTARY PUBLIC

ALEXANDRA J PRATT  
Notary Public in the State of New York  
County Qualified in: Madison  
Commission Expires 5/31/21


STATE OF NEW YORK )  
 )  
COUNTY OF BROOME ) ss.:

MICHAEL J. DANAHER, JR., being duly sworn, deposes and says that:

I am an Assistant Attorney General in the Office of Eric T. Schneiderman, Attorney General of the State of New York, and am authorized to make this verification.

I have read the foregoing Verified Petition and know the contents thereof, which are to my knowledge true, except as to matters stated to be alleged on information and belief, and as to those matters, I believe them to be true. The grounds of my belief as to all matters stated upon information and belief are set forth in the attached affirmation and include investigatory materials and information contained in the files of the Syracuse Regional Office.

That the reason this verification is made by your deponent and not by the State of New York is that the State of New York is a body politic and sovereign acting through its officials and agents.

  
MICHAEL J. DANAHER, JR.

Sworn to before me this  
10<sup>th</sup> day of November, 2017

  
NOTARY PUBLIC

MARLENE L. BOEDICKER  
Notary Public, State of New York  
No. 01BO6073037  
Qualified in Broome Co.  
My Commission Expires April 15, 2018

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF ONONDAGA

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PEOPLE OF THE STATE OF NEW YORK by  
Eric T. Schneiderman, Attorney General  
of the State of New York,

Petitioner,

-against-

Joseph Funding Company, Inc., and R. Joseph Holman a/k/a  
Joseph Holman a/k/a Reginald Holman a/k/a Reggie  
Holman, individually and as Vice-President of Joseph Funding  
Company, Inc. and R. Rebecca Ausby a/k/a Rebecca Ausby  
a/k/a Rena Holman a/k/a Rebecca Holman, individually and as  
President of Joseph Funding Company, Inc.

Respondents.

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**AFFIRMATION**

Index No.  
RJI No.  
Hon.

JUDITH C. MALKIN, an attorney duly admitted to practice in the courts of the State of New York, affirms the truth of the following statement made under penalty of perjury. I am an Assistant Attorney General in the office of Eric T. Schneiderman, Attorney General of the State of New York (hereinafter "NYAG"), assigned to the Syracuse Regional Office. I am familiar with the facts and circumstances of this proceeding.

1. The facts set forth in this Affirmation are based upon information contained in the files of the Syracuse Regional Office and are believed to be true and correct.
2. I am making this Affirmation in support of Petitioner's application for an Order and Judgment, *inter alia*, permanently enjoining Respondents from engaging in deceptive, fraudulent and illegal business practices, permanently enjoining Respondents from owning or operating any real estate or real estate investment business in New York State, permanently

enjoining Respondents from advertising or promoting themselves as real estate professionals unless they are licensed by New York State and are employed by a real estate company owned and operated by an independent party or person, and awarding restitution to injured consumers and penalties and costs to the State of New York, as authorized by statute.

### INTRODUCTION

3. Joseph Funding Company, Inc. (hereinafter “JFC”) is a domestic corporation that was incorporated in New York State on October 27, 2003, and is authorized to do business in New York State. See Exhibit A. Although Respondents’ letterhead and website identify JFC’s place of business as 444 South Salina Street, Syracuse, NY, that is the address of a United States Postal Service location. See Exhibit B. Respondents’ actual place of business is their residence, located at 108 Summit Avenue, in Syracuse, NY.

4. JFC advertises and promotes itself as a real estate business and real estate investment firm.

5. Respondent R. Joseph Holman (a/k/a Joseph Holman a/k/a Reginald Holman a/k/a Reggie Holman) (hereinafter “Holman”) is the Vice President of JFC. Respondent Holman identifies himself as the Business Development Specialist.

6. Respondent R. Rebecca Ausby (a/k/a Rebecca Ausby a/k/a Rena Holman) (hereinafter “Ausby”) is the President of JFC and is in charge of operations.

7. Respondents Holman and Ausby are natural people who reside together at 108 Summit Avenue, Syracuse, NY. Holman and Ausby are personally involved in the day-to-day operations and management of the business. Holman solicits clients and Ausby obtains client signatures and authorizations, Ausby obtains Power of Attorney from each consumer and serves



as Trustee for all of their clients' properties. Both Holman and Ausby control the financial affairs of the business. Thus, both Holman and Ausby personally participate in or have personal knowledge of the fraudulent and deceptive acts alleged herein.

8. Petitioner has timely served Respondents with pre-litigation notice pursuant to General Business Law ("GBL") §§ 349(c) and 350-c. See Exhibit C.

### FACTS

9. In New York State, real estate professionals, including *inter alia*, real estate salespeople, property managers and real estate brokers must be licensed by the New York State Department of State (Real Property Law ["RPL"] Article 12-a). Neither Respondent Ausby nor Respondent Holman are licensed real estate professionals.

10. Despite the fact that they are not licensed, Respondents promote themselves as real estate professionals.

11. Through their advertisements, the recorded message on the telephone answering machine for the business and in-person meetings with consumers, Respondents represent that they buy and sell houses quickly. Respondents target homeowners in economically distressed neighborhoods who are struggling to pay their mortgage, in default or facing default, or who simply want to divest themselves of their properties without any profit or loss. These properties may be worth less than the outstanding balance on the mortgages ("upside down"). Respondents represent that they will buy or sell the consumers' property within one year to eighteen months and that they will find tenants, collect rent, maintain the property and pay the consumer's monthly mortgage until the sale.

12. In fact, as set forth below, Respondents misrepresent the services they provide

and the nature of the transactions they induce homeowners to enter into.

13. Respondents present these homeowners, who are not represented by counsel, with various documents to sign, including an agreement and declaration of trust, assignment of beneficial interest in the trust, a power of attorney and the deed to their property. Consequently, Respondent Ausby becomes the trustee of the property and the consumer's beneficial interest in the trust is assigned to Respondent Holman. Respondent Ausby also obtains the consumer's full power of attorney. However, Respondents fail to inform consumers that they are giving away their property and still fully liable for the mortgage. Respondents thereafter rent the consumer's property and keep the proceeds without any obligation to the lending bank or the consumer. Once Respondents' profits are exhausted, they stop paying the monthly mortgage and ultimately the banks commence foreclosure proceedings against the consumer.

14. As a result of Respondents' actions, consumers lose title to their properties and any equity in their homes without receiving any consideration for the transaction. Consumers suffer damage to their credit histories and financial loss. See Exhibits D - H.

15. The NYAG commenced an investigation into Respondents' practices after receiving a complaint from a consumer who alleged Respondents had engaged in deed theft and other deceptive real estate practices. This investigation revealed that Respondents had deceptively obtained title to at least five homeowners' properties.

16. Attached to the Affirmation are the results of the NYAG's investigation, including: a) affidavits of five homeowners who were defrauded by Respondents (see Exhibits D - H); b) copies of Respondents' website representations (see Exhibit I); and c) the transcript of testimony taken of Respondents on May 9, 2017 pursuant to an investigatory subpoena (see

Exhibit J). Respondents testified that they had no business or financial records because their computer had been compromised by “ransom-ware” two years prior. (See Exhibit J, pp. 3-4 [Holman transcript, pp. 12-13]). Upon subsequent request, Respondents produced limited records for the two-year period following the claimed ransom-ware attack.

**FALSE ADVERTISING AND  
DECEPTIVE ACTS AND BUSINESS PRACTICES**

A. Respondents falsely advertise by misrepresenting their qualifications and experience to provide real estate services, as well as the nature of the services they provide

17. Respondents advertise by posting street signs and placards in certain neighborhoods, including some that are economically depressed. Respondents’ advertisements state “We Buy/Sell Houses” and provide a telephone number for consumers to call.

“I saw a sign on a telephone pole near my house in Cicero advertising something along the lines of “we buy houses fast” or “we save houses in foreclosure.” I called the number to inquire about what was being offered.” See Exhibit D, Affidavit of David B.

“[...] we were going through a divorce and were trying to sell our home at 328 Clairmonte Avenue, in Syracuse, NY. Jennifer saw a sign on a pole in the Strathmore neighborhood that stated something like “We buy and sell homes: and listed a telephone number. Since were having difficulty finding a buyer on our own, we decided to call. See Exhibit E, Affidavit of Jennifer B. and Carlos T.

“[...] I was considering renting out the house located at 201 Crippen Avenue. However, when I saw a sign that stated “We buy/sell houses,” I decided to call and find out about that option. The sign was on Onondaga Street (near Rite Aid) on the west side of Syracuse.” See Exhibit F, Affidavit of Donna B.

“I saw a sign on a telephone pole in my neighborhood that stated something like “Do you want to sell or rent your house?” Since I was interested in selling the house, I called the number on the sign.” See Exhibit G, Affidavit of Loretta W.

18. Respondents also advertise online at [www.josephfunding.com](http://www.josephfunding.com). Respondents’

website, however, is replete with false advertising and misinformation. For example, Respondents advertise that they are experienced and qualified real estate professionals capable of meeting all real estate needs. In the “About Us” link on their website, Respondents claim the following:

Joseph Funding Company, Inc.

We Buy / Sell / Lease Wholesale Houses Fast!!!!  
Call or email us today. We Can Help

Meeting Your Real Estate Needs ... Today!

Thanks for stopping by. We are real estate professionals who are dedicated to providing you the best possible service to meet your real estate needs today. Whether you are buying your first home, or need to sell your home quickly at a fair price, we can help your real estate dreams come true.

Our pride in this community and for helping people find homes shines through in the way we approach our clients. We understand that a home is much more than four walls and a roof. We are also very aware that every customer is unique, so we take the time to custom tailor our approach to each client's unique requirements. When you make your next move, put our experience, upbeat attitude and motivation to work for you.

Whether you're buying or selling a home, need to sell a note and mortgage, have a few questions or need anything else that involves real estate ... our sole purpose is to be at your service.

We look forward to earning your trust and helping you realize your dreams. (See Exhibit I, p.1)

However, Respondents are not licensed by the NYS Department of State - Division of Licensing Services (see Exhibit J, p. 6 [Holman transcript, pp. 21-22]). Respondents are thus ineligible to perform *any* real estate services in New York State.

19. Respondents also falsely inflate their credentials by advertising that they are a secondary market investment firm with institutional portfolios secured by real estate or real

property nationwide.

“Joseph Funding Company, Inc. is a secondary market investment firm that specializes in the acquisition of owner/seller held note and mortgages, deeds of trusts, land contracts, and institutional portfolios secured by real estate or real property nationwide.” See Exhibit I, pp. 2-4.

However, Respondents do not engage in this activity any longer. According to Respondent Holman, Respondents brokered deals acquiring notes and mortgages and deeds of trust in the past, but have not done so since 2008 because “everyone went out of business.” See Exhibit J, pp. 26-27.

20. Respondents also list and describe, in detail, numerous properties that they claim are currently available for rent or sale by JFC, or that were recently sold or rented by JFC. See Exhibit I, pp. 9-17. However, Respondents have no connection to most of the properties and the information that is listed is fake.

“We found out that our home is currently listed as available for sale on the website [www.josephfunding.com](http://www.josephfunding.com) when we received a letter from the New York State Attorney General’s Office inquiring about our experience working with Joseph Funding Company. This property is not for sale. Neither of us has ever heard of, nor been in contact with, anyone from Joseph Funding Company. The fact that this business is publicly listing our home for sale is very upsetting to us. Although we had noticed that we were receiving a lot of mail from real estate and insurance companies, we thought it was just junk mail and not specifically targeted for us. We also have noticed increased traffic on our street. Since we live on a cul-de-sac with few homes, it is unusual to have unfamiliar cars on the road. We now fear that this listing is drawing strangers to our neighborhood to check out our home. We did not authorize Joseph Funding Company to list our property for sale [...]” See Exhibit K, Affidavit of Cristy and James Q.

“I received a letter dated February 28, 2017, from the New York State Attorney General’s Office informing me that my property was identified on the website [www.josephfunding.com](http://www.josephfunding.com) as having been recently sold and inquiring about my experience with Joseph Funding Company. This made me very anxious because I had never heard of Joseph Funding Company. I was afraid that I had been the victim of a scam. I purchased my house in

2003. It has not been listed for sale by any person or company since, and was not recently sold by Joseph Funding Company. I am, however, familiar with Reginald Holman. Mr. Holman was my real estate agent when I purchased my home in 2003. At that time, I believe Mr. Holman was working with Coldwell Banker.” See Exhibit L, Affidavit of Susie F.

“I first learned that my home located at 290 Thompson Road, Oswego, NY is listed for sale on the website www.josephfunding.com when I received a letter from the New York State Attorney General’s office inquiring about my experience working with Joseph Funding Company. This property is not for sale and I have never been in contact with anyone from Joseph Funding Company. Another property that I own, which is located at 45 Church Street, Oswego, is also listed on the website www.josephfunding.com. This property is not for sale. I find it very disturbing that Joseph Funding Company has posted online that two of the properties own [sic] are available for sale. Furthermore, I was shocked to see interior photographs for the house located at 45 Church Street. I do not know how this company obtained these photographs, since I purchased the property in a private sale and it was not publicly listed. [...] I did not authorize Joseph Funding Company to list my properties for sale. See Exhibit M, Affidavit of Frederick K.

“I first learned that my home, located at 5828 Lake View Drive, Auburn, NY, was listed as available for sale on the website www.josephfunding.com when I received a letter from the New York State Attorney General’s office inquiring about my experience working with Joseph Funding Company. This property is not for sale and I have never been in contact with anyone from Joseph Funding Company. I visited the website and confirmed that my property was featured as for sale. I could tell that the pictures of the property were not recent because the house looks different now than how it appears in the photos. I did not authorize Joseph Funding Company to list my properties for sale and request that these listings be removed from their website.” See Exhibit N, Affidavit of Adam C.

21. The NYAG also contacted the owners of the following properties, which are listed as for sale or rent on www.josephfunding.com. Upon information and belief, and based on my telephone conversations with the property owners or managers, these properties are not for rent or sale, nor were they recently sold or rented by JFC:

107 Clayton Ave, Syracuse, NY (Daniel B.)  
1709 South Salina Street, Syracuse, NY (Daniel B.)

1428 South Geddes Street, Syracuse, NY (Brenda F.)  
1721-1723 Bellevue Avenue (Harold W.)  
322 Bruce Street, Syracuse, NY (Hanie E.)  
2320 East Genesee Street, Syracuse, NY (Bob F. obo Natalie Z.)  
127 White Street, Syracuse, NY (Albert H. for Myrna L.)

22. By advertising this false information, Respondents lead consumers to believe that they are an established, experienced and successful real estate business with expertise selling and managing real estate, including properties in economically depressed neighborhoods. Such misrepresentations convince unwitting consumers to rely on and trust them without basis.

“Reggie told us that he had a business managing depressed properties, and that he could manage our property and then sell it for us within a year. We understood that Reggie was a real estate broker, who sold houses but managed them in the interim. Reggie told us to check out his website, [www.josephfunding.com](http://www.josephfunding.com), which we did. We saw many depressed properties listed for sale and were convinced he ran a legitimate business.”  
See Exhibit D, Affidavit of Drake and Karen H.

23. Consumers who call Respondents’ business telephone number to inquire about quickly selling their home hear a voice recording that reiterates and reinforces the misrepresentations that appear online and on the street signs. The voice recording states that Respondents provide “instant debt relief” and an “easy solution to their real estate troubles.” The voice recording also informs consumers that Respondents can help by buying investment properties, selling their houses quickly, or taking over management of rental properties. The following is a transcript of Respondents’ recorded voicemail machine greeting:

Hello:  
If you are looking to rent a house or an apartment, press “1”  
If you are looking to sell your house, press “2”  
If you are interested in our upcoming wholesale auction in Cleveland, New York, press “3”  
If you are interested in our house staff opportunity, press “4”  
Thank you for calling Joseph Funding Company.

Hello and thanks for calling:

If you are looking to sell your house fast or even if you're just looking to unload all the management hassles of owning a rental property, then this phone call just might be the best thing you could have done.

I'm looking to buy more investment properties in your area. I specialize in hard to sell homes, no equity no problem. This is your chance to get a quick and easy solution to your real estate troubles. You'll get a fast closing, even within 48 hours if needed. Instant debt relief. I can take over your payments right away.

Freedom from maintenance hassle. A guaranteed written offer within 48 hours just leave your name and number and I'll call you right away. We'll simply spend 2 minutes talking on the phone and you'll learn exactly how I can help you by buying or leasing your home today. Thank you very much and have a great day.

24. Respondents' voicemail message falsely implies that Respondents will buy the consumer's property quickly ("fast closing, even within 48 hours") and take over the mortgage payments right away. Respondents promise "instant debt relief," but do not disclose to the consumers that they will still be obligated for payment of the mortgage after the closing. Respondents' voicemail also deceptively implies that they can take over management of the consumers' real property. Respondents, however, are not licensed to manage rental property for others New York.

C. Respondents orally misrepresent the nature of the real estate transaction

25. When Respondents meet with consumers, Respondents repeatedly misrepresent the true nature of the actual real estate transaction.

26. Respondents repeatedly represent that they will either sell the consumer's home, or buy it themselves, within one year to eighteen months, but will collect rent, manage the property and pay the consumer's monthly mortgage until the property is sold.



“In 2008, I was considering renting out the house located at 210 Crippen Avenue. However, when I saw a [sign] that stated “We buy/sell houses,” I decided to call and find out about that option. The sign was on Onondaga Street (near Rite Aid), on the west side of Syracuse. In response to my call, someone named “Mr. Joseph” came to my home. Mr. Joseph told me that he would buy the property from me after managing it for one year. During that year, Mr. Joseph said he would find tenants, collect the rent, maintain the property and pay the mortgage on my behalf. [...] At the time, the monthly mortgage payment [...] was approximately \$425 per month. I was up to date on the mortgage.” See Exhibit F, Affidavit of Donna B.

“Jennifer saw a sign on a pole in the Strathmore neighborhood that stated something like “We buy and sell homes” and listed a telephone number. Since we were having difficulty finding a buyer on our own, we decided to call. Jennifer left a voicemail message on a business answering machine. We told him that our plan was to sell the house; if rented, we specified that the tenants had to be cleared for “lease-to-own.” [...] Joseph Holman made it very clear to us that he would continue paying our mortgage and loan throughout the sale process.” See Exhibit E, Affidavit of Jennifer B. and Carlos T.

“[...] I saw a sign on a telephone pole in my neighborhood that stated something like “Do you want to sell or rent your house?” Since I was interested in selling the house, I called the number on the sign. [...] Mr. Holman came to my house on McDonald Avenue to discuss what his company could offer. My understanding from this meeting was that Joseph Funding would find tenants for the house, collect rent, remit the monthly mortgage and line of credit payments to the Banks on my behalf, and ultimately sell the property for me.” See Exhibit G, Affidavit of Loretta W.

“[...] Reggie told us that he had a business managing depressed properties, and that he could manage our property and then sell it for us within a year. We understood that Reggie was a real estate broker, who sold houses but managed them in the interim. [...] Reggie told us that he was usually able to sell the properties within one year to eighteen months, and that he would maintain it and keep it rented for us during the interim period.” See Exhibit H, Affidavit of Drake and Karen H.

27. These consumers have no expectation of profiting from the rent or sale of their properties. However, based on respondents’ representations, they do expect that their mortgages

will be kept current and foreclosure averted until the properties are sold and the notes are satisfied.

“They promised to take care of me and said that they would pay my mortgage in full so I would not be in a bind. My understanding was that they would pay the bank and would then own the home.” See Exhibit D, Affidavit of David B.

“We were not concerned about profiting from the sale; our priority was to avert foreclosure.” See Exhibit E, Affidavit of Jennifer B. and Carlos T.

“[...] Our initial mortgage was for \$36,150. [...] We understood that Joseph Funding Company would be acting as Trustees of the property, taking care to collect rents, pay the mortgage and make necessary repairs. For that service, we agreed that Joseph Funding Co and Mr. Holman would keep all monies and rental payments, less the mortgage and repair. We understood that upon selling the property we would receive \$1,800 of the proceeds, which amount Reggie told us he could guarantee because he planned on selling our property for more than the remaining mortgage balance. The purchase and sale agreement we signed states that the purchase price was \$34,030.48. [...] When we signed the paperwork, the balance on our mortgage was about \$27,000 - 28,000. We did not care that we were not going to receive full value for the house or that Reggie would be the one ultimately profited from owning the property. We just wanted to sell the house.” [...] See Exhibit H, Affidavit of Drake and Karen H.

“In 2011, I was going through a difficult time and wanted to sell the four bedroom house I owned [...] [T]he pay-off amount was approximately \$8,000. My ex-husband and I also shared an open line of credit on the property with M&T, for which we owed approximately \$20,000. We were up to date on the mortgage and line of credit payments. There had been no default. [...] My understanding from this meeting was that Joseph Funding would find tenants for the house, collect rent, remit the monthly mortgage and line of credit payments to the Banks on my behalf, and ultimately sell the property for me.” See Exhibit G, Webb Affidavit.

28. Once a consumer agrees to the arrangement described, Respondents request that the consumer meet them (usually in the lobby of the Onondaga County Courthouse) to sign paperwork. The consumers, who are not represented by counsel, are presented with a stack of

paperwork for signing. The consumers have insufficient time to read the paperwork, and rely on Respondents' prior oral representations concerning the agreement.

"I did not have an attorney review the documents and I did not carefully read or understand what I was signing. I relied on their promise to help me pay my mortgage." See Exhibit D, Affidavit of David B.

"They presented us with a lot of paperwork, which we signed in the hallway. We did not have sufficient time to review the documents and did not discuss the matter with an attorney. As such, we relied on Mr. Holman's explanations and promises." See Exhibit E, Affidavit of Jennifer B. and Carlos T.

"I did not have an attorney and did not have adequate time to review the content of all the documents, which I was seeing for the first time. As such, I relied on representations made to me by Mr. Holman. I understood that I was signing documents that would make Joseph Funding Company the trustee for the property and that Joseph Funding Company would find tenants, collect rent and pay the mortgage and loan payments on my behalf. They told me that the company had to be designated Trustee in order to have the authority to manage the property." See Exhibit G, Affidavit of Loretta W.

"We did not understand what we were signing, and relied on Reggie's oral explanations. When I (Karen) asked Reggie a few questions, Reggie's response was that I should not worry, and that if I had questions, he could just leave and call off the deal. Since we knew and trusted him and saw that he was giving us way out, we trusted that he was not misleading us." See Exhibit H, Affidavit of Drake and Karen H.

29. Respondents repeatedly fail to identify or accurately describe the documents they present to consumers for their signature. Respondents do not disclose to consumers that, by signing the documents, they are relinquishing ownership of their property to the Trust for no consideration, while retaining full responsibility for the mortgage.

At the time, I did not understand that I was transferring my property into a trust and signing over the deed. [...] Mr. Holman and Ms. Ausby took my property without me [sic] paying me for it. They even rented it for a while, but did not pay my mortgage. Although my sales contract reflects a sale price of \$79,702, I received nothing." See Exhibit D, David B. Aff

“As a result of Joseph Holman’s and Rebecca Ausby’s misleading representations and false promises, we lost title to 328 Clairmonte Avenue, [and] were defendants in a foreclosure action [...]. See Exhibit E, Affidavit of Jennifer B. and Carlos T.

“As a result of Mr. Joseph’s (a/k/a Joseph Holman) and Rebecca Ausby’s misleading representations and false promises, I lost title to my property, had a foreclosure proceeding brought against me, and had to file for bankruptcy protection.” See Exhibit F, Affidavit of Donna B.

“Joseph Holman misled me as to the nature of our agreement. I would never have agreed to simply give my home to strangers, receive no money and agree to retain responsibility for the mortgage and home equity loans.” See Exhibit G, Affidavit of Loretta W.

“We did not understand what we were signing, and relied on Reggie’s oral explanations. [...] “We did *not* realize that we were signing over our deed and never would have knowingly agreed to give away our property and retain responsibility for the mortgage.” See Exhibit H, Affidavit of Drake and Karen H.

30. Although Respondents inform consumers that they are signing paperwork designating Respondent Ausby Trustee for the property, they do not disclose to the consumers that they are also signing a document assigning their own beneficial interest in that Trust to Respondent Holman. Furthermore, consumers sign paperwork that gives Respondent Ausby a broad and full Power of Attorney for all financial matters, and authorizes re-direction of the consumers’ mail so that Ausby receives all financial information concerning the consumers’ mortgages, home equity loans and insurance. See Exhibit D - H. Consumers are thus unaware when Respondents fail to make a mortgage payment.

D. Respondents obtain consumers’ deeds by deceptive means.

31. Most egregiously, Respondents fail to inform and/or actually conceal from consumers that they are signing the actual deed to the property, transferring ownership of their

property to the Trust and Ausby, for no consideration.

“At the time, I did not understand that I was transferring my property into a trust and signing over the deed.” See Exhibit D, Affidavit of David B.

“We did not see a document titled “deed” and did not think we were signing over the deed. [...] However, looking through copies of the paperwork I received, I do see that we signed the deed over to R. Rebecca Ausby. It is a two-sided document on legal size paper and we signed the side that was untitled. I don’t believe we were shown the side titled Deed, which was partially folded over to be letter-sized.” See Exhibit E, Affidavit of Jennifer B. and Carlos T.

“I agreed to pay Joseph Funding, Inc. (R. Joseph Holman, Agent) \$100 a month to manage the property, which I did do for several months. [...] Mr. Joseph told me that I needed to sign the deed for them to switch the utilities to their name. He explained that it would also be a better situation for the deed to be in their name for when they bought the house. I did not realize that I was signing my property over to them at that time. Mr. Joseph took my original deed and never returned it to me.” See Exhibit F, Affidavit of Donna B.

“When I learned of the default, I checked my paperwork and discovered that I had actually signed the deed over to Rebecca Ausby. I was shocked because I had looked at each document before signing to make sure that none was the deed. I believe that I was tricked; the deed was presented to me for signature with the untitled back side face up and partially folded. I never saw the reverse side of the document which was titled “Deed” and folded over. I never had any discussions with Joseph Holman or Rebecca Ausby about transferring title and I did not intend to give away my property. I understood that Joseph Funding Company was just going to manage the property as my Trustee until they sold it.” See Exhibit G, Affidavit of Loretta W.

“We knew we were placing the property into a trust, and that we were giving R. Rebecca Ausby a limited power of attorney. We did *not* realize that we were signing over our deed and never would have knowingly agreed to give away our property and retain responsibility for the mortgage.” See Exhibit H, Affidavit of Drake and Karen H.

E. Respondents misrepresent the reason for setting up a Trust and lead consumers to believe that Ausby, as their Trustee, will act in their best interests.

32. Respondents inform consumers that the property must be placed in a trust in order

for them to manage it, and ultimately buy or sell it for them. Respondents also deceptively lead consumers to believe that the Trustee will act in their best interests, when such is not the case. Respondents fail to explain to the consumers that they will not be the beneficiary of the trust because the paperwork they sign includes an assignment of their beneficial interest in that trust to Respondent Holman.

“On April 26, 2010, we met Joseph Holman and Rebecca Ausby at the Onondaga County Courthouse. This was the first time we met Ms. Ausby. Mr. Holman explained that Ms. Ausby would be the “Trustee” because there were going to be two separate transactions: he would handle all the property management issues and she, as “trustee,” would handle the “technicalities” like screening potential tenants. [...] In October 2011, Nationstar sent another notice stating that our mortgage had not been paid since August 2011. Empower also sent Jennifer a late notice for the home equity loan. I (Jennifer) explained to Empower that there was a trustee for the property who was supposed to be making the payments. Empower told me to contact the trustee. I (Jennifer) called Rebecca Ausby to find out what was going on and she told me that they were “working it out” with the bank. Sometime thereafter Empower contacted me and told me that Ms. Ausby informed them that she would not be paying the loan.” See Exhibit E, Affidavit of Jennifer B. and Carlos T.

“Mr. Joseph told me that he would buy the property from me after managing it for one year. During that year, Mr. Joseph said he would find tenants, collect the rent, maintain the property and pay the mortgage on my behalf. He explained that in order for him to do this, they would have to set up a trust for the house. [...] On April 15, 2008, I met Mr. Joseph and Rebecca Ausby at Empower Bank [...] to sign the trust paperwork. I had never met Rebecca Ausby before. The paperwork I signed designated R. Rebecca Ausby as the Trustee for the property. [...] I also signed paperwork notifying the Bank that the property had been placed in trust and that all future information should be mailed to R. Rebecca Ausby, PO Box 1055, Syracuse, NY. [...] Ms. Ausby had told me that she would collect the rent and make the mortgage payments.” See Exhibit F, Affidavit of Donna B.

“I met Mr. Holman in the lobby of the Onondaga County Courthouse, in Syracuse, NY, to sign paperwork. He brought Rebecca Ausby with him, and this was the first time I met her. [...] I understood that I was signing documents that would make Joseph Funding Company the trustee for the

property and that Joseph Funding Company would find tenants, collect rent and pay the mortgage and loan payments on my behalf. They told me that the company had to be designated Trustee in order to have the authority to manage the property [...] I understood that Joseph Funding Company was just going to manage the property as my Trustee until they sold it." See Exhibit G, Affidavit of Loretta W.

"Reggie explained that in order for him to be able to do this, we would have to place the property in trust. We understood that Joseph Funding Company would be acting as Trustees of the property, taking care to collect rents, pay the mortgage and make necessary repairs. [...] On July 31, 2004, we wrote Reginald and Rena Holman expressing our concerns about how the trust was being handled. [...] Pursuant to the terms of our trust agreement, Ms. Ausby was supposed to provide receipts for rent and repairs made, disbursements, bills and tax information. We made many requests, but they failed to respond. Tenants were contacting us because the conditions were so bad and the Holmans were not returning tenants' calls. Because our trust agreement allowed us to terminate the agreement, we threatened to do so if they did not meet with us and respond to our questions." See Exhibit H, Affidavit of Drake and Karen H.

F. Respondents fail to abide by their promise to pay the consumers' mortgages.

33. Respondents profit by collecting rent from tenants living in the properties they have acquired, but fail to abide by their promise to pay the consumers' mortgages. Typically, Respondents pay the mortgage for several months after the real estate transaction is finalized. Even though Respondents continue to collect the rent for the properties, the mortgage payments then become erratic and eventually cease. Respondents' actions resulted in multiple defaults and foreclosure actions initiated against at least four consumers.

"Between July and October 2014, Ms. Ausby and Mr. Holman repeatedly reassured me that the mortgage was being paid off. They told me not to talk with my bank and to ignore anything I might receive in the mail from the bank. I did not hear from either of them after October 2014, so I assumed the mortgage was being paid. Ms. Ausby and Mr. Holman lied to me. They turned in the deed to my property and have not made a single mortgage payment - even though they rented my property and received rental income from the tenants. [...] Mr. Holman and Ms. Ausby took my property without me [sic] paying me for it. They even rented it for a while,

but did not pay my mortgage. [...] I did not know that JP Morgan Chase commenced foreclosure proceedings against me in later 2014. I first learned about the foreclosure in 2016, when I was denied a car loan due to poor credit. [...] See Exhibit D, Affidavit of David B.

“For a number of months, Ms. Ausby and Mr. Holman paid both the mortgage and the home equity loan. [...] We first learned that Joseph Holman and Rebecca Ausby were not paying the mortgage in May of 2011 when Nationstar contacted Jennifer and said that the mortgage had not been paid in 35 days. In October 2011, Nationstar sent another notice stating that our mortgage had not been paid since August 2011. Empower also sent Jennifer a late notice for the home equity loan. [...] Sometime thereafter Empower contacted me and told me that Ms. Ausby informed them that she would not be paying the loan. [...] Nationstar Mortgage initiated a foreclosure proceeding in 2014.” See Exhibit E, Affidavit of Jennifer B. and Carlos T.

“[...] By monitoring my credit report, I could tell Joseph Funding would make a sporadic lump sum payment to appease the bank, but would then default on the following payments. [...] During this whole time, from 2008 until the bank foreclosed, Mr. Joseph rented the property [...] Although Mr. Joseph was charging \$750 a month in rent, he did not pay my \$425 mortgage as he promised [...] As a result of Mr. Joseph’s (a/k/a Joseph Holman” and Rebecca Ausby’s misleading representations and false promises, I lost title to my property, had a foreclosure proceeding brought against me, and had to file for bankruptcy protection.” See Exhibit F, Affidavit of Donna B.

“Because Joseph Funding Company stopped paying the mortgage, I stopped by the house to see if it was rented and what was going on. I spoke with one of the tenants who told me that nothing was right with the house and that the landlord refused to fix anything. She told me that she and her family received section 8 rent to live there. I figure that, for a four-bedroom home, Joseph Funding Company was probably receiving between \$800-900 a month.” See Exhibit G, Affidavit of Loretta W.

“It started to become clear to us that they were renting the property and generating income for themselves, while we were responsible for the mortgage. [...] The process of Reggie and Rena Holman defaulting on the mortgage payments and the bank threatening to foreclose went on for a decade. Our understanding is that Rebecca Ausby would periodically make a payment to satisfy the bank and stall the foreclosure process [...] About six months ago, I (Karen) drove by the property to check it out and see what condition it was in. A woman came out of the house and I asked



her if one of the apartments was available. She told me that she had just moved in six weeks earlier and that she never sees the landlord. Given the condition of the property, I (Karen) doubt that the property would pass the inspections necessary to qualify for receipt of section 8 rent. This process has been extraordinarily stressful. Reggie Holman has been collecting rent from tenants for thirteen years and failed to pay the mortgage which was in our names. [...] The foreclosure proceeding, filed 4/22/15, was captioned “MidFirst Bank, Plaintiff, against Drake L. Harrison a/k/a Drake Harrison, Karen F. Harrison a/k/a Karen Harrison, R. Rebecca Ausby as Trustee.” See Exhibit H, Affidavit of Drake and Karen H.

34. Respondents do not inform consumers when they default on a payment, thereby depriving the consumers of the opportunity to protect their credit by making a payment themselves. In fact, Ausby testified that they absolutely do not inform the consumer of the default, even though the consumer is ultimately responsible for the mortgage payments. See Exhibit J, pp. 46, 47 [Ausby transcript, pp. 28, 30]. Some consumers learn of the default from their lender, whereas others discover a payment has been missed when they encounter trouble with their credit or receive notice that a foreclosure proceeding has been initiated.

“I did not receive any notification from the bank about the default in payments because the documents Ms. Ausby and Mr. Holman had me sign included a form that re-directed all mail from JP Morgan Chase to Ms. Ausby at P.O. Box 1055, Syracuse, NY, and changed my phone number. Consequently, I did not know that JP Morgan Chase commenced foreclosure proceedings against me in late 2014. I first learned about the foreclosure in 2016, when I was denied a car loan due to poor credit. When I called JP Morgan Chase to inquire about my credit, I learned that no payments had been made. [...]” See Exhibit D, Affidavit of David B.

“We first learned that Joseph Holman and Rebecca Ausby were not paying the mortgage in May of 2011 when Nationstar Mortgage contacted Jennifer and said that the mortgage had not been paid in 35 days. In October 2011, Nationstar sent another notice stating that our mortgage had not been paid since August 2011. Empower also sent Jennifer a late notice for the home equity loan. I (Jennifer) explained to Empower that there was a trustee for the property who was supposed to be making the payments. [...] Empower contacted me and told me that Ms. Ausby informed them that she would not be paying the loan.” See Exhibit E, Affidavit of

Jennifer B. and Carlos T.

“I first got a call from my bank, Midland Mortgage, informing me about payments being late in late 2008. By monitoring my credit report, I could tell Joseph Funding would make sporadic lump sum payment to appease the bank, but would then default on following payments. See Exhibit F, Affidavit of Donna B.

“Initially, everything seemed to go as planned. Joseph Funding found tenants, collected the rent and made payments on to Chase and M&T Banks. However, after about one year, I started having significant trouble with my credit. When I investigated why my credit score was bad, I learned that Joseph Funding had stopped making payments to Chase and M&T. I did not receive a notice from either bank because Mr. Holman had me sign letters to the Bank informing them that the property had been placed in trust for estate planning purposes, and directing that all mail be delivered to PO Box 1055, Joseph Funding Company’s post office box.” See Exhibit G, Affidavit of Loretta W.

“We first learned that Reggie was not paying the mortgage sometime in 2004, when we received a notice from the Bank informing us of non-payment. [...] In 2012, we were notified of the initiation of a foreclosure proceeding by MidFirst Bank. Rebecca Ausby filed papers claiming that she was acting on our behalf as power of attorney [...] In 2014, we were notified that the action was discontinued because the loan was reinstated, with the mortgage remaining a lien on the property.” See Exhibit H, Affidavit of Drake and Karen H.

35. Upon information and belief, and based on a review of bank account records for Joseph Funding Co., Inc. that were produced pursuant to a bank subpoena, one of Respondents’ main sources of income is rental monies, including but not limited to properties owned by the separate Trusts. However, Respondents do not hold the rental incomes in separate bank accounts; rather the funds are commingled in one account and appear to be used by Respondents for their own purposes rather than payment of the mortgages.

G. Respondents’ deceptive actions cause financial havoc for the consumer victims.

36. As a result of Respondents’ deceptive actions, consumers’ credit histories are

destroyed and at least one consumer had to file for bankruptcy protection.

“[...] JP Morgan commenced foreclosure proceedings against me in late 2014. I spoke to the representative from JP Morgan Chase to see if I could obtain assistance or a modification of the mortgage but was told they could not help me because the deed to the house is not in my name and the house is not owner occupied. To avoid foreclosure, I would have to pay the past due mortgage amounts for 30 months, which, at that time, totaled \$26,229.57. I cannot come up with that amount of money because I am a single father and have no one to co-sign a loan. [...] The Banks’s foreclosure has destroyed my credit. Mr. Holman and Ms. Ausby took my property without paying for it.” See Exhibit D, Affidavit of David B.

“Just before Christmas of 2011, Empower seized the funds in [Jennifer’s] account. [...] In 2012, Jennifer received a notice in the mail from Nationstar Mortgage, stating that a foreclosure action had been initiated. Jennifer called Joseph Holman, who told her that everything was in process and that he was working out the issues with the Bank. Jennifer contacted Nationstar Mortgage and the representative confirmed that Nationstar was working with Joseph Holman and Rebecca Ausby. [...] Nationstar Mortgage initiated a new foreclosure proceeding in 2014. Thereafter, [Jennifer] removed Rebecca Ausby as Power of Attorney for this loan and since then have been paying \$150 a month to keep the payments current.” See Exhibit E, Affidavit of Jennifer B. and Carlos T.

“The bank foreclosed on the property located at 210 Crippen Avenue in 2010. As a result of the foreclosure and resulting judgments, in 2014, I filed for Chapter 7 Bankruptcy protection. My credit history was severely damaged.” See Exhibit F, Affidavit of Donna B.

“This process has been extraordinarily stressful. Reggie Holman has been collecting rent from tenants for thirteen years and failed to pay the mortgage which was in our names. The foreclosure process ruined both of our credit histories” See Exhibit H, Affidavit of Drake and Karen H.

“As a result of my interaction with these people, I lost my property and my credit has been destroyed. I was extremely embarrassed that I had been scammed and did not know what to do. I tried to rebuild my credit by paying the M&T loan which was in both my and my ex-husband’s name. I do not know the whether any foreclosure proceedings have been initiated by Chase Bank. See Exhibit G, Affidavit of Loretta W.

**VIOLATION OF REAL PROPERTY LAW § 265-b  
DISTRESSED PROPERTY CONSULTANTS**

37. Real Property Law (“RPL”) § 265-b regulates the conduct of “distressed property consultants” when providing services relating to New York State properties. RPL § 265-b(1)(e) defines a distressed property consultant as an individual, partnership, limited liability company or other business entity that, directly or indirectly, solicits or undertakes employment to provide consulting services to a homeowner for compensation or promise of compensation with respect to a distressed home loan or a potential loss of the home for nonpayment of taxes.

38. Pursuant to RPL § 265-b, a distressed property consultant shall not: 1) perform consulting services without a written, fully executed consulting contract; 2) charge or accept payments for consulting services before full completion of such service; 3) take a power of attorney from a homeowner; 4) retain any original loan document or other original document related to the distressed home loan; or 4) induce or attempt to induce a homeowner to enter a consulting contract that does not fully comply with the provisions of the article. In addition, a distressed property consultant must provide its customers with certain notices of their rights.

39. RPL § 265-b(4)(d) empowers the NYAG to enjoin or restrain violations of its provisions, and permits the court to direct restitution and impose a civil penalty of up to ten thousand dollars per violation.

40. Respondents advertise on their website and orally represent to consumers that they are capable of resolving any foreclosure and loan in default. Specifically, Respondents state that they can “Stop Foreclosure” and assist consumers by “coming up with a solution to help them.” In the “Stop Foreclosure” Link on Respondents’ website, Respondents advertise as follows:

Stop Foreclosure!!!

Your [sic] doing your best and still can't pay all the bills. Have you been laid off from work, took on too much debt, or experienced any other life-altering circumstances that have lead you here? We are sensitive and understanding; We can help!!

We can resolve any foreclosure and any loan in default!!!

We have the experience it takes to help you through this difficult season. We have assisted many others by explaining the laws foreclosure, helping them realize where they are in the process, giving them a view of what will occur in the future and coming up with a solution to help them."

See Exhibit I, p. \_\_ ("Stop Foreclosure" link from [www.josephfunding.com](http://www.josephfunding.com))

As such, Respondents are distressed property consultants.

41. Respondents' online advertising violates RPL § 265-b(3-a)(a) in that it does not include the following required disclosure:

(a) All advertisements disseminated by a distressed property consultant must prominently include the following statement: "In New York State, Housing Counselors, who are approved by the U.S. Department of Housing & Urban Development or the New York State Department of Financial Services, may provide the same or similar services as a distressed property consultant for free. A list of approved Housing Counselors can be found on the New York State Department of Financial Services website at (enter web address) or by contacting the New York State Department of Financial Services toll-free at (enter number). You should consider consulting an attorney or a government-approved housing counselor before signing any legal document concerning a distressed property consultant." Such statement, if disseminated by print media or the internet, shall be clearly and legibly printed or displayed in not less than twelve-point bold type, or, if the advertisement is printed to be displayed in print that is smaller than twelve point, in bold type print that is no smaller than the print in which the text of the advertisement is printed or displayed.

42. Respondents acted as distressed property consultants when they agreed to assist David B., who was in default on his mortgage and seeking assistance to avoid foreclosure.

43. Respondents failed to provide David B. with a distressed property contract that a) contained the entire agreement of the parties, in violation of RPL § 265-b(2)(a) and b) disclosed the exact nature of the distressed property consulting services to be provided, in violation of RPL §§ 265(b)(3)(a)(i) and 265(b)(3)(a)(iv).

“[...] They promised to take care of me and said that they would pay my mortgage in full so I would not be in a bind. My understanding was that they would pay the bank and would then own the home. [...] Between July and October 2014, Ms. Ausby and Mr. Holman repeatedly reassured me that the mortgage was being paid off. They told me not to talk with my bank and to ignore anything I might receive in the mail from the bank. [...] I signed on July 9, 2014, including the Standard Purchase and Sales Agreement (reflecting a purchase price of \$79,702 which I never received) [...] Mr. Holman and Ms. Ausby knew I was in default on my mortgage and promised me that they were going to help me so that there would be no foreclosure. Mr. Holman and Ms. Ausby took my property without me [sic] paying me for it. They even rented it for a while, but did not pay my mortgage. Although my sales contract reflects a sale price of \$79,702, I received nothing.” See Exhibit D, Affidavit of David B.

44. Respondents failed to provide the required “Notice Required by New York State Law,” in violation of RPL § 265-b(3)(a)(viii).

#### NOTICE REQUIRED BY NEW YORK LAW

You may cancel this contract, without any penalty or obligation, at any time before midnight of \_\_\_\_\_ (fifth business day after execution)

\_\_\_\_\_ Name of Distressed Property Consultant)(the “Consultant”) or anyone working for the Consultant may not take any money from you or ask you for money until the Consultant has completely finished doing everything this Contract says the Consultant will do.

You should consider consulting an attorney or a government-approved housing counselor before signing any legal document concerning your home. It is advisable that you find your own attorney, and not consult with an attorney recommended or provided to you by the Consultant. A list of housing counselors may be found on the website of the New York State Department of Financial Services, (enter web address) or by calling the Department of Financial Services tollfree at (enter number). The law requires that this contract contain the entire agreement between you and

the Consultant. You should not rely upon any other written or oral agreement or promise.

The distressed property consultant shall accurately enter the date on which the right to cancel ends.

45. In addition, Respondents also took a power of attorney from David B. and retained the borrower's original deed related to the distressed home loan, in violation of RPL§§ 265-b(2)(c) and 265-b(2)(d).

At the time, I did not understand that I was transferring my property into a trust and signing over the deed. I now understand that the property I own was transferred to the "6966 State Route 31 Trust" and that R. Rebecca Ausby is the trustee. [...] I contacted Legal Services of CNY in 2016 and the attorney assigned to me informed me that Ms. Ausby initially tried to appear in the foreclosure action (JP Morgan Chase Bank NA v. Bradley, Index No. 1892/2014) on behalf of me as my power of attorney, but that the Judge (Honorable Deborah H. Karalunas) did not allow her to do that. I was informed that another attorney appeared on behalf of Ms. Ausby in a subsequent appearance. I do not know the outcome of the foreclosure proceeding. See Exhibit D, Affidavit of David B.

45. Upon information and belief, Respondent Ausby even tried to appear in the foreclosure action on behalf of David B., using David B.'s Power of Attorney, however, the Court did not allow it. See Exhibit D, Affidavit of David B.

46. David B. understood that Respondents were going to help him avert foreclosure by purchasing his property directly from the bank for \$79,702. Instead, David B. was deceived into signing over the deed to his home to Respondents for no consideration, while remaining fully responsible for the mortgage payments. Respondents made no payments to the bank and the bank foreclosed.

"In 2014, I underwent six months of intense chemotherapy treatment and had been unable to work. Due to limited resources from disability, I was unable to pay the mortgage of \$762/month. My last mortgage payment was in January 2014. Thereafter, Chase Bank sent me several default

notices [...] In early July 2014, I saw a sign on a telephone pole near my house in Cicero advertising something along the lines of “we buy houses fast” or “we save houses in foreclosure.” I called the number to inquire about what was being offered. On July 9, 2014, Rebecca Ausby and Joseph Holman came to my house at 6966 State Route 31, in Cicero, NY to see the house. We sat down together and I told them about my health issues. They promised to take care of me and said that they would pay my mortgage in full so I would not be in a bind. My understanding was that they would pay the bank and would then own the home. [...] Although my sales contract reflects a sale price of \$79,702, I received nothing. I believe I should be reimbursed so that I can pay the bank.” See Exhibit D, Affidavit of David B.

47. Indeed, the receipt issued by the Onondaga County Clerk’s Office for the deed transfer from David B. to the “State Route 31 Trust” supports David B.’s understanding as it reflects that consideration for the transaction was \$80,000, and that Respondent Ausby, as trustee, paid transfer tax of \$320. See Exhibit D. However, neither David B. nor the lender received any consideration in connection with this deed transfer.

### CONCLUSION

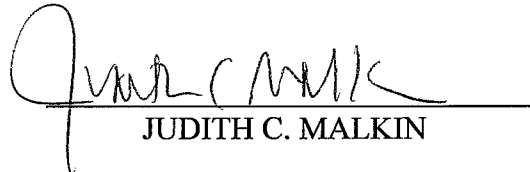
47. As the evidence submitted by the Attorney General overwhelmingly demonstrates, Respondents clearly engaged in repeated fraudulent, deceptive and illegal practices.

48. The relief sought in the Verified Petition is necessary to protect the public from these practices. Accordingly, it is respectfully requested that the relief sought in the Verified Petition be granted.

49. No previous application for the relief sought herein has been made.

WHEREFORE, it is respectfully requested that the Petition be granted in all respects.

Dated: November 13, 2017  
Syracuse, New York

  
JUDITH C. MALKIN