

1 DENNIS M. COTA, Bar No. 127992
2 SCOTT E. HUBER, Bar No. 227196
3 COTA DUNCAN & COLE
2261 Lava Ridge Court
Roseville, California 95661
Telephone: (916) 780-9009
4 Facsimile: (916) 780-9050

5 Attorneys for Plaintiff
Loan Center of California, Inc.
6
7
8

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF SOLANO
11 FAIRFIELD BRANCH
12

13 LOAN CENTER OF CALIFORNIA, INC.,

14 Plaintiff,

15 v.

16 AARON KROWNE, an individual d/b/a
ML-IMplode.COM and d/b/a
17 MORTGAGEIMplode.COM;
and DOES 1-50,
18

19 Defendants.

Case No. FCS029554

AMENDMENT TO VERIFIED COMPLAINT
TO SUBSTITUTE TRUE NAME FOR DOE
DEFENDANT

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28 {SEH/00000936.}

AMENDMENT TO VERIFIED COMPLAINT TO SUBSTITUTE TRUE NAME FOR DOE DEFENDANT

1 TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

2 Plaintiff Loan Center of California, Inc., being unaware of the true name of the defendant
3 and having designated the defendant in the Verified Complaint by the fictitious name of DOE 2
4 and having discovered the true name of the defendant to be KROWNE CONCEPTS, INC., a
5 Nevada Corporation, hereby amends the Verified Complaint filed in this action by substituting
6 the true name for the fictitious name wherever it appears in the Verified Complaint.

7
8 Dated: June 20, 2007

COTA DUNCAN & COLE

9 By: 

Dennis M. Cota
Scott E. Huber
Attorneys for Plaintiff
Loan Center of California, Inc.

COTA DUNCAN & COLE
2261 LAVA RIDGE COURT
ROSEVILLE, CALIFORNIA 95661

COTA DUNCAN & COLE
2261 LAVA RIDGE COURT
ROSEVILLE, CALIFORNIA 95661

PROOF OF SERVICE BY OVERNIGHT MAIL

I, Rena Wade, declare:

I am a citizen of the United States and employed in Placer County, California. I am over the age of eighteen years and not a party to the within-entitled action. My business address is Cota Duncan & Cole, 2261 Lava Ridge Court, Roseville, California 95661. I am readily familiar with this firm's practice for collection and processing of correspondence for mailing with California Overnight. On June 20, 2007, I placed for deposit in a California Overnight drop box a true and correct copy of the within document:

AMENDMENT TO VERIFIED COMPLAINT TO SUBSTITUTE TRUE NAME FOR DOE DEFENDANT

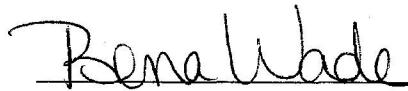
Julie S. Turner, Esq.
Turner Law Firm
344 Tennessee Lane
Palo Alto, CA 94306

Attorneys for Defendants
Aaron Krowne, an individual d/b/a ml-implode.com
and d/b/a mortgageimplode.com and Krowne
Concepts, Inc.

Following ordinary business practices, the envelope was sealed and placed for collection and mailing on this date and was deposited in a California Overnight drop box.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on June 20, 2007, at Roseville, California.


Rena Wade

SUMMONS
(CITACION JUDICIAL)

SUM-100

NOTICE TO DEFENDANT:

(AVISO AL DEMANDADO):

AARON KROWNE, an individual d/b/a ML-IMPLODE.COM and d/b/a MORTGAGEIMPLODE.COM; and DOES 1-50

YOU ARE BEING SUED BY PLAINTIFF:

(LO ESTÁ DEMANDANDO EL DEMANDANTE):

LOAN CENTER OF CALIFORNIA, INC.

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

ENDORSED FILED

MAY -8 AM 8:26

K. G. ASHCRAFT

DEPUTY CLERK

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.courtinfo.ca.gov/selfhelp/espanol/), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.courtinfo.ca.gov/selfhelp/espanol/) o poniéndose en contacto con la corte o el colegio de abogados locales.

The name and address of the court is:

(El nombre y dirección de la corte es):

Solano County Superior Court
600 Union Avenue, Hall of Justice
P.O. Box Caller 5000
Fairfield, CA 94533

CASE NUMBER:
(Número del Caso)

FCS029554

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

Dennis M. Cota, SBN 127992; Scott E. Huber, SBN 227196 (916) 780-9009 (916) 780-9050

COTA DUNCAN & COLE

2241 Douglas Boulevard, Suite 250

Roseville, CA 95661

DATE:

(Fecha) MAY - 8 2007

LINDA G. ASHCRAFT Clerk, by
(Secretario)

K. Carr

Deputy
(Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

[SEAL]

NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.

2. ☐ as the person sued under the fictitious name of (specify)

3. ☐ on behalf of (specify):

under: ☐ CCP 416.10 (corporation)

☐ CCP 416.20 (defunct corporation)

☐ CCP 416.40 (association or partnership)

☐ other (specify):

4. ☐ by personal delivery on (date):

ASSIGNED TO
JUDGE R. MICHAEL SMITH
FOR ALL PURPOSES

DENNIS M. COTA, Bar No. 127992
SCOTT E. HUBER, Bar No. 227196
COTA DUNCAN & COLE
2241 Douglas Boulevard, Suite 250
Roseville, California 95661
Telephone: (916) 780-9009
Facsimile: (916) 780-9050

Attorneys for Plaintiff
Loan Center of California, Inc.

ENDORSED FILED
SOLANO COUNTY CLERK

17 MAY -8 AM 8:25

INDY G. ASHCRAFT
~~K. Cox~~
DEPUTY CLERK

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SOLANO
FAIRFIELD BRANCH

LOAN CENTER OF CALIFORNIA, INC.,

Plaintiff,

v.

AARON KROWNE, an individual d/b/a
ML-IMPLode.COM and d/b/a
MORTGAGEIMPLode.COM;
and DOES 1-50,

Defendants.

Case No.

FCS 029554

VERIFIED COMPLAINT FOR:

1. LIBEL;
2. UNFAIR BUSINESS PRACTICES;
3. INTENTIONAL INTERFERENCE WITH CONTRACT; AND
4. NEGLIGENT INTERFERENCE WITH CONTRACT.

BY FAX

ASSIGNED TO
JUDGE ~~R. MICHAEL SMITH~~
FOR ALL PURPOSES

{SEH/00000669.}

VERIFIED COMPLAINT

1 Plaintiff, Loan Center of California, Inc., (hereinafter "Plaintiff") alleges as follows:

2
3 GENERAL ALLEGATIONS

4 1. Plaintiff is a California corporation organized pursuant to the laws of the State of
5 California with its principal place of business in the City of Suisun City, in Solano County,
6 California.

7 2. Defendant Aaron Krowne is an individual who resides in Atlanta, Georgia.
8 Plaintiff is informed and believes and herein alleges that Aaron Krowne is doing business as ml-
9 implode.com and is also doing business as mortgageimplode.com (collectively, "Defendant").

10 3. Defendants Does 1 through 50, inclusive, are sued herein under fictitious names,
11 their true names being unknown to Plaintiff. When the true names are ascertained, Plaintiff will
12 seek leave of court to amend this Complaint by inserting the true names.

13 4. Plaintiff is informed and believes and herein alleges that each of the defendants is,
14 and at all times mentioned herein was, the agent, servant, representative, employee, or assign of
15 the defendants named herein, and in doing the things hereinafter mentioned, was acting within the
16 scope of his or her authority as such agent, servant, representative, employee, or assign, with the
17 knowledge, permission, consent, and authorization of such co-defendants.

18 5. Plaintiff is a wholesale mortgage company which provides mortgage loans through
19 independent mortgage brokers to consumers pursuant to its various government-issued lending
20 licenses in the states in which it operates. The financing for the mortgage loans comes from other
21 mortgage lenders or investors by contract with Plaintiff, such as Washington Mutual and Credit
22 Suisse.

23 6. Defendant owns, operates, and publishes Internet websites related to mortgage
24 lenders which document, according to Defendant, "the housing finance breakdown: a saga of
25 corruption, stupidity, and government complicity." The Internet addresses of Defendant's
26 websites are <http://ml-implode.com> and <http://mortgageimplode.com> (collectively, "Websites").
27 Defendant uses the terms "imploded," "kaput," "croaked," and other terms to indicate that the
28 referenced companies have stopped providing mortgage loans or are no longer operating as

{SEH/00000669.}

1 businesses. The Websites have received national media attention by various media outlets,
2 including but not limited to, *The Wall Street Journal*.

3 7. Defendant profits from the Websites through advertising, donations, and the
4 collection of information which Defendant sells to third parties. Plaintiff is informed and believes
5 and herein alleges that Defendant also indirectly profits from the Websites by holding "short"
6 positions in the stock market in the publicly traded companies about which he publishes negative
7 information.

8 8. On or about April 18, 2007, Defendant received an e-mail from Doe 1, which
9 stated the following:

10 Effective immediately Loan Center of California a Solano County;
11 California based Wholesale lender is closed. After two surges of
12 sweeping layoffs only a skeleton crew remains to sweep up the
13 mess. I was a credit officer whom was just laid off. The company
14 defrauded thousands of borrowers and committed mortgage fraud
15 on several layers for years prior to my employment. Dept of
16 Corporations has a pending audit and the owner Edwardo Blanch is
17 seeking bankruptcy protection due to nearly \$60 million in no
18 income loans still on the books. No one is willing to buy the
19 company and several investors have pulled there [sic] funding. The
20 company specialized in Alt-A 100% loans including 100% Non-
owner occupied; 100% Zero Fico; 100% Negative Amortization.
They even did 100% financing for documented illegal aliens with
no credit history. The companies [sic] credit policy was so skewed
it took me nearly a year to re-adjust their logic only to find the
owner was secretly booking fraudulent loans that have now
jeopardized the company. There [sic] website requires a login and
there are no current programs available and no pricing. There have
been no new loan submissions or fundings for April. The website is
www.rateprice.com 1-800-300-5662 the companies [sic] ten year
history is now over with nearly 150 employees at one time; gone.

21 9. On or about April 18, 2007, Defendant published the e-mail from Doe 1 on the
22 Websites and as a blog posting, as well as other Internet locations. In his publications, Defendant
23 added the statement "Loan Center of California – GONE." Defendant also published on the
24 Websites that Plaintiff had imploded, which is an indication that Plaintiff was no longer in
25 business or operating. Defendant published the information without making any attempt to verify
26 the accuracy of the information with Plaintiff. In fact, the e-mail from Doe 1 and published by
27 Defendant was totally and completely false.

28 10. Defendant's publication regarding Plaintiff remained on the Websites for at least
{SEH/00000669.}

1 one day and received in excess of 20,000 site visits with the false information published. In
2 addition, Defendant's publication of the false information as a blog posting remains on the
3 Internet at the time of filing of this Complaint. A link to the blog posting with the above
4 publication from Doe 1 is contained on the Websites at the time of filing of this Complaint.

5 11. Representatives of Washington Mutual and Credit Suisse, two warehouse lenders
6 who provide funding for some of Plaintiff's mortgage loans, saw the false information published
7 by Defendant regarding Plaintiff and withdrew approximately \$3,800,000 from Plaintiff's bank
8 accounts on that same day, which equates to approximately 75 percent of Plaintiff's cash on hand
9 at the time. In addition, many mortgage registrations regarding ownership and servicing rights to
10 Plaintiff's loans were changed from Plaintiff to Washington Mutual through the Mortgage
11 Electronic Registration Service ("MERS"). Washington Mutual also temporarily withdrew its
12 approval of Plaintiff as an approved lender. Further, other lenders have required Plaintiff to
13 repurchase loans based upon the information obtained from the Websites. These actions occurred
14 as a direct result of the false information published on the Websites.

15
16 FIRST CAUSE OF ACTION

17 (Libel – Against all Defendants)

18 12. Plaintiff incorporates by reference herein the allegations set forth in paragraphs 1
19 through 11 above.

20 13. Defendant and Doe 1 published, via e-mails and the Websites, false information
21 regarding Plaintiff, claiming that Plaintiff was no longer operating as a mortgage lender, was
22 seeking bankruptcy protection, and that Plaintiff committed mortgage fraud. The publications
23 referred to Plaintiff by name throughout, were made of and concerning Plaintiff, and were so
24 understood by those who read the publications.

25 14. The entire statements were false as they pertain to Plaintiff.

26 15. The publications are libelous on their faces. They expose Plaintiff to discredit,
27 disgrace, bad repute, and contempt because they accuse Plaintiff of actions which were and are
28 untrue.

17. As a direct and proximate result of the above-described publications, Plaintiff has suffered loss of reputation, loss of business, and severe economic damages in an amount to be established according to proof at trial, but in no event less than \$50,000.00.

18. The above-described publications were not privileged because they were published by the Defendant with malice and ill will toward Plaintiff and the desire to injure Plaintiff. Because of the Defendant's malice in publishing, Plaintiff seeks exemplary and punitive damages in an amount to be established according to proof at trial.

SECOND CAUSE OF ACTION

(Unfair Business Practices – Against all Defendants)

13 19. Plaintiff incorporates by reference herein the allegations set forth in paragraphs 1
14 through 18 above.

20. Defendants engaged in an unfair, deceptive, and fraudulent business act by publishing false information regarding Plaintiff to increase income generated from the Websites.

21. Such unfair, deceptive, and fraudulent acts constitute unfair business practices pursuant to California Business and Professions Code section 17200, et seq.

22. As a direct and proximate result of the conduct of Defendants, Plaintiff has incurred, and will continue to incur, economic detriment, including but not limited to, loss of earnings, loss of investor relations, and loss of reputation, incurring significant attorneys' fees, continued costs of litigation, and other special and consequential damages in an amount not yet determined. These damages were entirely foreseeable, predictable, and the intended results of Defendants' conduct.

23. Plaintiff is informed and believes and herein alleges that the Defendants acted with intentional oppression, fraud and/or malice in taking the actions complained of herein, and in conscious disregard of Plaintiff's rights, so as to justify an award of exemplary and punitive damages.

THIRD CAUSE OF ACTION

(Intentional Interference with Contract – Against all Defendants)

24. Plaintiff incorporates by reference herein the allegations set forth in paragraphs 1 through 23 above.

25. Defendants knew of Plaintiff's contractual relationship with its mortgage lenders and/or investors related to the funding of mortgage loans. By publishing the above-described false statements, Defendants intended to interfere with each of Plaintiff's contractual relationships with its mortgage lenders and/or investors.

26. Defendants' publications caused actual interference with Plaintiff's contractual relationships with Credit Suisse and Washington Mutual.

27. As a direct and proximate result of the conduct of defendants, Plaintiff has incurred and will continue to incur economic detriment, including but not limited to, loss of earnings, loss of investor relations, and loss of reputation in an amount to be proven at trial, but in no event less than \$50,000.00.

FOURTH CAUSE OF ACTION

(Negligent Interference with Contract – Against all Defendants)

28. Plaintiff incorporates by reference herein the allegations set forth in paragraphs 1 through 27 above.

29. Defendants knew of Plaintiff's contractual relationship with its mortgage lenders and/or investors related to the funding of mortgage loans. By publishing the above-described false statements, Defendants negligently interfered with each of Plaintiff's contractual relationships with its mortgage lenders and/or investors.

30. Defendants' publications caused actual interference with Plaintiff's contractual relationships with Credit Suisse and Washington Mutual.

31. As a direct and proximate result of the conduct of Defendants, Plaintiff has incurred and will continue to incur economic detriment, including but not limited to, loss of earnings, loss of investor relations, and loss of reputation in an amount to be proven at trial, but in

{SEH/00000669.}

no event less than \$50,000.00.

WHEREFORE, Plaintiff prays judgment against Defendants as follows:

1. For compensatory damages according to proof at trial, but in no event less than \$50,000.00;
2. For consequential and incidental damages;
3. For exemplary and punitive damages;
4. For attorneys' fees and costs; and
5. For such other and further relief that the Court may deem just and proper.

Dated: May 7, 2007

COTA DUNCAN & COLE

By: 

Dennis M. Cota
Scott E. Huber
Attorneys for Plaintiff
Loan Center of California, Inc.

COTA DUNCAN & COLE
2241 DOUGLAS BOULEVARD, SUITE 250
ROSEVILLE, CALIFORNIA 95661

VERIFICATION

STATE OF CALIFORNIA)
) ss.:
COUNTY OF SOLANO)

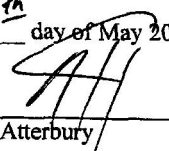
I, Brad Atterbury, declare:

1. I am the Vice-President of Loan Center of California, Inc., a party to this action, and I am authorized to make this Verification for and on its behalf, and I make this Verification for that reason.

2. I have read the foregoing Verified Complaint and know its contents. I am informed and believe, and on that ground allege, that the matters stated in the foregoing document are true and correct.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed at Suisun, California, on this 7th day of May 2007.



Brad Atterbury

{SEH/00000669.}

- 8 -

VERIFIED COMPLAINT

NOTICE

The summons and other documents identified below are being served pursuant to section 415.30 of the California Code of Civil Procedure. Your failure to complete this form and return it within 20 days from the date of mailing shown below may subject you (or the party on whose behalf you are being served) to liability for the payment of any expenses incurred in serving a summons on you in any other manner permitted by law.

If you are being served on behalf of a corporation, an unincorporated association (including a partnership), or other entity, this form must be signed by you in the name of such entity or by a person authorized to receive service of process on behalf of such entity. In all other cases, this form must be signed by you personally or by a person authorized by you to acknowledge receipt of summons. If you return this form to the sender, service of a summons is deemed complete on the day you sign the acknowledgment of receipt below.

(SIGNATURE OF SENDER—MUST NOT BE A PARTY IN THIS CASE)

Code of Civil Procedure,
§§ 415.30, 417.10