

**COPY**

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SOLANO SUPERIOR COURT

07 JUL 16 PM 3:26

LINDA G. ASHCRAFT  
**L. Kwan**

BY \_\_\_\_\_  
DEPUTY CLERK

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6  
7  
8

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

13 LOAN CENTER OF CALIFORNIA,  
14 INC.,

15 Plaintiff,

16 v.

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

19 Defendants.  
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Case No. FCS029554

PLAINTIFF LOAN CENTER OF  
CALIFORNIA, INC.'S OPPOSITION TO  
DEFENDANTS' SPECIAL MOTION TO  
STRIKE

[Filed concurrently with Declaration of Brad  
Atterbury.]

**RAPID LEGAL, INC.**  
740 W. TEXAS ST. #201  
FAIRFIELD, CA 94533

**File by Fax**

{SEH/00001053.}

PLAINTIFF'S OPPOSITION TO SPECIAL MOTION TO STRIKE  
Case No. FCS029554

OPPOSITION TO SPECIAL MOTION TO STRIKE

1. INTRODUCTION

Plaintiff Loan Center of California, Inc.'s ("LCC") claims are not barred in this action. Defendants Aaron Krowne and Krowne Concepts, Inc. (collectively, "Defendants") fail to establish that they are entitled to a Special Motion to Strike in this matter. Defendants fail to establish that the publications relate to an issue of public concern. Further, LCC has made a prima facie showing that it will prevail on the merits on the causes of action in the Complaint. Accordingly, Defendants Special Motion to Strike should be denied in its entirety.

2. STATEMENT OF FACTS

Defendant Aaron Krowne ("Krowne") started several Internet websites (collectively, "Websites") related to mortgage lenders which document, according to the websites, "the housing finance breakdown: a saga of corruption, stupidity, and government complicity." (Declaration of Aaron Krowne ["Krowne Decl.," ¶¶ 9-10; Declaration of Brad Atterbury ["Atterbury Decl.," ¶ 3.) Krowne identifies himself as a political anarchist who is "staunchly anti-authority and anti-elitist." (Atterbury Decl., ¶ 4.) Defendants fund the production of the Websites by requesting donations on the Websites to, among other things, "stick it to the man" and from advertising sources that place ads on the Websites. (Atterbury Decl., ¶ 4.) At some point unknown to LCC, it appears that Krowne transferred ownership of the Websites to Krowne Concepts, Inc., a corporation formed in Nevada.<sup>1</sup> (Atterbury Decl., ¶ 5.)

On the Websites, Defendants used<sup>2</sup> the terms "imploded," "kaput," "croaked," and other

<sup>1</sup> Further discovery is required on this issue to determine when the transfer occurred and the respective liability of the parties. Following service of the Complaint on Krowne, he posted the statement on the Websites that they are owned by Krowne Concepts, Inc. Since this is an open question of fact, Plaintiff attributes the actions which occurred on the Websites to both Krowne and Krowne Concepts, Inc., even though ultimate liability may rest with only one party.

<sup>2</sup> Shortly after service of the Complaint, Defendants stopped using the terms "kaput" and "croaked".  
{SEH/00001053.}

1 terms to indicate that the referenced companies have stopped providing mortgage loans or are no  
2 longer operating as businesses. (Atterbury Decl., ¶¶ 6, 8.)

3 On or about April 18, 2007, Defendant received an e-mail from a source, which stated the  
4 following:

5 Effective immediately Loan Center of California a Solano County;  
6 California based Wholesale lender is closed. After two surges of  
7 sweeping layoffs only a skeleton crew remains to sweep up the  
8 mess. I was a credit officer whom was just laid off. The company  
9 defrauded thousands of borrowers and committed mortgage fraud  
10 on several layers for years prior to my employment. Dept of  
11 Corporations has a pending audit and the owner Edwardo Blanch is  
12 seeking bankruptcy protection due to nearly \$60 million in no  
13 income loans still on the books. No one is willing to buy the  
14 company and several investors have pulled there [sic] funding. The  
15 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.

16 (Krowne Decl., ¶ 28.)

17 Defendants published the e-mail on the Websites and Krowne published it as a blog  
18 posting at Autodogmatic.com. (Krowne Decl., ¶ 30; Atterbury Decl., ¶¶ 7-8.) In his blog  
19 publication, Krowne added the statement “Loan Center of California – GONE.” (Atterbury Decl.,  
20 ¶ 7.) Defendants published on the Websites that Plaintiff had imploded, which is an indication  
21 that Plaintiff was no longer in business or operating. (Atterbury Decl., ¶ 8.) Defendants also  
22 published the statement “Latest count of major US [sic] mortgage lenders that have croaked since  
23 late 2006: 59 lenders have now gone kaput.” (Atterbury Decl., ¶ 8.) Krowne increased the  
24 number of lenders that had imploded to account for LCC being listed as a defunct lender.  
25 (Atterbury Decl., ¶ 8.) Defendant published the information without making any attempt to  
26 verify the accuracy of the information with Plaintiff. (Atterbury Decl., ¶ 8.)

27 LCC was significantly damaged as a result of the publications made by Defendants.  
28 (Atterbury Decl., ¶ 9.) Representatives of Washington Mutual and Credit Suisse, two warehouse  
(SEH/00001053.)

lenders who, by contract, provide funding for some of LCC's mortgage loans, saw the false information published by Defendants on the Websites and withdrew approximately \$3,800,000 from LCC's bank accounts on that same day, which equates to approximately 75 percent of LCC's cash on hand at the time. (Atterbury Decl., ¶ 9.) In addition, many mortgage registrations regarding ownership and servicing rights to LCC's loans were changed from LCC to Washington Mutual through the Mortgage Electronic Registration Service. (Atterbury Decl., ¶ 9.) Washington Mutual also temporarily withdrew its approval of LCC as an approved lender. (Atterbury Decl., ¶ 9.) Further, other lenders have required LCC to repurchase loans based upon the information obtained from the Websites. (Atterbury Decl., ¶ 9.) These actions occurred as a direct result of the false information published on the Websites. (Atterbury Decl., ¶ 9.)

Following Defendants' removal of LCC from the Websites, Defendants reduced the number of mortgage companies that had imploded, gone kaput or croaked to account for its removal. (Atterbury Decl., ¶ 10.)

LCC is a private, closely held corporation which has never employed more than 115 people. (Atterbury Decl., ¶ 11.)

### 3. ARGUMENT

#### A. THE STANDARD FOR DETERMINING WHETHER A CLAIM SHOULD BE BARRED AS AN ANTI-SLAPP SUIT IS A TWO-STEP PROCESS

California's anti-SLAPP statute was enacted to prevent plaintiffs from suing others for speaking publicly on matters of public significance, unless there is a probability that the plaintiff will prevail on the claims. (Code Civ. Proc. § 425.16(b)(1).) Pursuant to Code of Civil Procedure<sup>3</sup> section 425.16, a civil defendant, at the infant stages of the litigation, may move to strike a plaintiff's SLAPP complaint, which is defined as a non-meritorious action brought against

<sup>3</sup> All subsequent statutory references shall be to the Code of Civil Procedure, unless otherwise noted.  
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1 a person arising "from any act of that person in furtherance of the person's right of petition or free  
2 speech under the United States or California Constitution in connection with a public issue."  
3 (Section 425.16(b)(1).)

4 A court considering an anti-SLAPP motion must engage in a two-part inquiry. First, the  
5 moving party must make an initial prima facie showing that the claimant's suit arises from an act  
6 in furtherance of its rights of petition or free speech in connection with a public issue. *Wilkerson*  
7 *v. Sullivan* (2002) 99 Cal.App.4th 443, 446; *Vess v. Ciba-Geigy Corp. USA*, (9th Cir.2003) 317  
8 F.3d 1097, 1109. "An act in furtherance" includes, but is not limited to, "any written or oral  
9 statement or writing made in a place open to the public or a public forum in connection with an  
10 issue of public interest, or any other conduct in furtherance of the exercise of ... the constitutional  
11 right of free speech in connection with a public issue or an issue of public concern." (Section  
12 425.16(e)(3), emphasis added.)

13 If the defendant has made a prima facie showing that the statement was made in  
14 connection with a public issue, the burden under the second inquiry then shifts to the plaintiff to  
15 demonstrate a probability of prevailing on the challenged claims. *Vess, supra*, 317 F.3d at 1109.  
16 To do this, the plaintiff must demonstrate that "the complaint is legally sufficient and supported  
17 by a prima facie showing of facts to sustain a favorable judgment if the evidence submitted by the  
18 plaintiff is credited." *Wilcox v. Superior Court* (1994) 27 Cal.App.4th 809, 823 (overruled on  
19 other grounds).

20 This factual burden is "much like that used in determining a motion for nonsuit, directed  
21 verdict, or summary judgment." *Wilcox, supra*, 27 Cal.App.4th, at 827-828. Recently, in  
22 *Navellier v. Sletten* (2003) 29 Cal.4th 82, the California Supreme Court addressed the threshold  
23 showing that a litigant must make to overcome an anti-SLAPP motion as follows:

24 [T]he statute does not bar a plaintiff from litigating an action that arises  
25 out of the defendant's free speech or petitioning [citation]; it subjects to  
26 potential dismissal only those actions in which the plaintiff cannot "state  
27 and substantiate a legally sufficient claim" [citation]....**As our emerging**  
28 **anti-SLAPP jurisprudence makes plain, the statute poses no obstacle**  
**to suits that possess minimal merit.** [citation]

(*Id.* at p. 93, emphasis added.)

Thus, a defendant's anti-SLAPP motion should be denied when a plaintiff presents a sufficient legal basis for the claims or when evidence of sufficient substantiality exists to support a judgment for the plaintiff. (*Ibid.*) In making this determination, the court is to consider the pleadings, and affidavits stating the facts upon which liability is premised. (Section 425.16(b)(2).)

B. DEFENDANTS HAVE FAILED TO ESTABLISH THAT THEIR  
INACCURATE AND UNTRUE STATEMENTS WERE CONNECTED TO A  
MATTER OF PUBLIC CONCERN

Defendants make great effort to establish that the Website is focused on an issue of public concern which, according to Krowne, tracks “the housing finance breakdown: a saga of corruption, stupidity, and government complicity.” However, this claim gives Defendants no relief. The fact that the overall Website may be focused on an issue of public concern does not mean that all postings, including the specific posting that is the subject of the Complaint, which claimed that LCC had imploded, is related to a matter of public concern pursuant to Section 425.16. In California, “it is now well settled that to constitute a public issue, [the] type of conduct must either impact a broad segment of society or affect a community in a manner similar to that of a governmental entity.” *Damon v. Ocean Hills* (2000) 85 Cal.App.4th 468, 479.

The specific posting on the Website placed LCC on the list of defunct lenders. In addition, Krowne posted at the top of the Website the original statement, “Latest count of major US [sic] mortgage lenders that have croaked since late 2006: 59 lenders have now gone kaput.” Krowne increased the number of lenders that had “imploded” to account for LCC being listed as a defunct lender. (Atterbury Decl., ¶¶ 7-8.)

This posting does not satisfy the threshold statutory criteria of being “an issue of public concern.” LCC is a private, closely held corporation which has never employed more than 115 people. (Atterbury Decl., ¶ 11.) Neither Congress nor the State of California has ever held any

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1 hearings related to LCC and its specific lending practices. (*Ibid.*) The actions taken by LCC as a  
2 corporation do not affect a broad segment of society or even the community where it is located to  
3 a significant extent. In addition, the fact that some of the website chronicles the “corruption,  
4 stupidity, and government complicity” in the lending market does not necessarily mean that all  
5 statements made on the Website are therefore related to an issue of public concern, pursuant to  
6 Section 425.16. Thus, Defendants have not met their initial burden of establishing that the  
7 postings at issue are a matter of public interest or concern.

8  
9 C. ASSUMING THAT THIS COURT REACHES THE SECOND STEP IN THE  
10 ANALYSIS, PLAINTIFF LOAN CENTER OF CALIFORNIA HAS  
11 PRESENTED SUFFICIENT EVIDENCE TO DEMONSTRATE A  
12 PROBABILITY OF PREVAILING ON THE CLAIMS IN THE COMPLAINT

13  
14 (1) Defendants Created Original Defamatory Text And, As Such,  
15 LCC’s Claims Are Not Barred By The Communications Decency  
16 Act

17  
18 Defendants misstate the facts in an attempt to gain relief pursuant to the Communications  
19 Decency Act (“CDA”), 42 U.S.C. section 230(c)(1). The CDA confers “broad immunity against  
20 defamation liability for those who use the Internet to publish information that originated from  
21 another source.” *Barrett v. Rosenthal* (2006) 40 Cal.4th 33, 39 (emphasis added).

22 The plaintiffs in *Barrett* brought the action against the defendants for the mere reposting  
23 of an article that was libelous. The defendants did not add any text to the article which was  
24 posted. (*Id.*, at 60, fn. 19.) The Supreme Court notes in *Barrett* that “active involvement in the  
25 creation of a defamatory Internet posting would expose a defendant to liability as an original  
26 source.” (*Ibid.*) Only modifications to text which go no further than the traditional editorial  
27 functions of a publisher would qualify for the protection offered by the CDA. (*Ibid.*, emphasis  
28 added; See e.g. *Gentry v. eBay, Inc.* (2002) 99 Cal.App.4th 816, 833.)

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As previously discussed, Defendants have admitted that additional words were added in more than one location to the Website regarding LCC, in addition to the posted, anonymous email. Defendants described LCC as croaked, kaput, and imploded. Loan Center of California's name was also added to the Website's "List of Defunct Lenders". None of these terms were found in the original, anonymous email. Further, when Krowne posted the email on the autdogmatic.com forum, he also added "Loan Center of California – GONE." These original statements by Defendants gave all Website and blog readers the specific belief that LCC was no longer operating as a mortgage lender, that it was out of business and that it had terminated all or most of its employees. (Atterbury Decl., ¶¶ 7-8.) Because Defendants provided specific, original content regarding LCC on the Websites and blog, the protections of the CDA are wholly inapplicable to them.

(2) LCC Has More Than Met The Minimal Standards Required For  
Their Defamation Claims To Proceed

LCC has established sufficient facts to prove the validity of the claims it made in the Complaint. To establish a claim of defamation, a plaintiff must show the statements involve "a false and unprivileged publication... which exposes [it] to hatred, contempt, ridicule, or obloquy, or which causes [it] to be shunned or avoided, or which has a tendency to injure [it] in [its] occupation." (Civil Code § 45.) As discussed above, the published statements made by Defendants that LCC had "croaked", "imploded" or "gone kaput" are completely inaccurate. (Atterbury Decl., ¶ 8.) A simple phone call from Defendants to LCC could have resolved that question.

Defendants' statements caused LCC to be shunned and avoided by numerous brokers, institutional lenders, and other borrowers who were afraid to enter into any new loan arrangements with LCC. In addition, it is without question that the false statements injured LCC business dealings with its institutional investors. Proof of that harm can be found in their removal of a majority of LCC's working capital from its accounts and in the other actions taken in relation

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1 to LCC. (Atterbury Decl., ¶ 9.) Accordingly, LCC has established a prima facie showing that it  
2 will prevail on its claims for defamation and the Court should deny Defendants' Special Motion  
3 to Strike.

4  
5 (3) Because All Other Claims Are Based Upon The Defamation, LCC  
6 Is Entitled To Proceed With Those Claims  
7

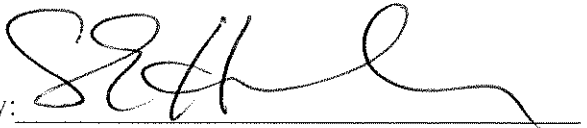
8 Defendants do not independently challenge LCC's causes of action for unfair business  
9 practices, intentional interference with contract and negligent interference with contract, except  
10 that the underlying basis for the claims is the publication of Defendants' original statements on  
11 the Websites and blog, as well as the reposting of the anonymous email. Because Defendants fail  
12 to establish that the claims should be barred pursuant to the anti-SLAPP statute or the  
13 Communications Decency Act, LCC is entitled to proceed with the additional claims as well.

14  
15 4. CONCLUSION  
16

17 Defendants fail to establish that the publications regarding Loan Center of California  
18 relate to an issue of public concern. Further, LCC has made a prima facie showing that it will  
19 prevail on the merits on all causes of action in the Complaint. Accordingly, Defendants' Special  
20 Motion to Strike should be denied.

21 Dated: July 16, 2007  
22

COTA DUNCAN & COLE

23  
24 By:   
25 Dennis M. Cota  
26 Scott E. Huber  
27 Attorneys for Plaintiff  
28 Loan Center of California, Inc.

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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. FCS029554

DECLARATION OF BRAD ATTERBURY

[Filed concurrently with Opposition to Special  
Motion to Strike.]

RAPID LEGAL, INC.  
740 W. TEXAS ST. #201  
FAIRFIELD, CA 94503

File by Fax

(SEH/00001080.)

DECLARATION OF BRAD ATTERBURY  
Case No. FCS029554

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1 other terms to indicate that the referenced companies have stopped providing mortgage loans or  
2 are no longer operating as businesses. (See page 1 of Exhibit "A" attached to this Declaration.)

3 7. On or about April 18, 2007, Defendant received an anonymous e-mail from a  
4 source. Krowne posted the email on the Websites (see Exh. "A") and on a blog posting at  
5 autodogmatic.com. In the blog publication, Krowne added the statement "Loan Center of  
6 California – GONE." A true and correct copy of the blog posting is attached to this Declaration  
7 as Exhibit "F" and incorporated by reference.

8 8. Defendants published false statements on the Websites that Plaintiff had imploded.  
9 Defendants also published the original statement "Latest count of major US [sic] mortgage  
10 lenders that have croaked since late 2006: 59 lenders have now gone kaput." Krowne increased  
11 the number of lenders that had imploded to account for LCC being listed as a defunct lender. I  
12 and others who read the Websites understood Defendants' statements to mean that Plaintiff was  
13 no longer in business or operating, which was and is untrue. I asked key LCC employees at the  
14 time of the posting if anyone has received any communications from Defendants. No one  
15 employed by LCC had been contacted by them at that time.

16 9. LCC was significantly damaged as a result of the publications made by  
17 Defendants. Executives of LCC were told by representatives of Washington Mutual and Credit  
18 Suisse, two warehouse lenders who, by contract, provide funding for some of LCC's mortgage  
19 loans, that they saw the false information published by Defendants on the Websites and, because  
20 of that information, they withdrew approximately \$3,800,000 from LCC's bank accounts on that  
21 same day. That amount equates to approximately 75 percent of LCC's cash on hand at the time.  
22 In addition, many mortgage registrations regarding ownership and servicing rights to LCC's loans  
23 were changed from LCC to Washington Mutual through the Mortgage Electronic Registration  
24 Service. Washington Mutual also temporarily withdrew its approval of LCC as an approved  
25 lender. Other lenders have required LCC to repurchase loans based upon the information  
26 obtained from the Websites. I was told that these actions occurred as a direct result of the false  
27 information published on the Websites.

28 10. Following Defendants' removal of LCC from the Websites, Defendants reduced  
{SEH/00001080.}

1 the number of mortgage companies that had imploded, gone kaput or croaked to account for its  
2 removal. Krowne, whose blog identity is "Aaron", verified that Defendants reduced the number  
3 of imploded companies to account for LCC. Under the blog posting inquiring "I thought we were  
4 at 59", an individual with the blog identity "bdc63" responded that "Aaron [Krowne] must have  
5 gotten another threatening phone call from some scumbag lender's legal team." Krowne  
6 responded by saying, "Yup. But it's ok; more implosions to the rescue. I'm sure the removed  
7 company will be back..." A true and correct copy of the blog posting is attached to this  
8 Declaration as Exhibit "G" and incorporated by reference.

9 11. LCC is a private, closely held corporation which has never employed more than  
10 115 people. To my knowledge, neither Congress nor the State of California has ever held any  
11 hearings related to LCC and its specific lending practices.

12  
13 I declare under penalty of perjury under the laws of the State of California that the  
14 foregoing is true and correct.

15  
16 Executed this 16<sup>th</sup> day of July 2007, at Suisun, California.

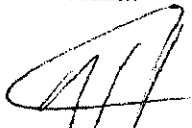
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EXHIBIT “A”

**Refinance Today 3.9%**  
\$200,000 Refinance for  
\$633/month. Get 4 Free Quotes.  
Bad Credit OK!  
Refinance.RefinanceSave.com

**Wholesale Lender Search**  
Precise Underwriting Pre-approvals  
Instantly from Many Top Lenders  
www.loansifter.com

**Brokers Secret Weapon**  
Permanently Remove Late  
Payments Boost Scores by 20, 50,  
100 points  
www.fixmyreport.com

**Antioch Stop Paying Rent**  
Find out how to buy a home with  
no money down. Free report.  
www.FreeInfoHomeLoans.com

Ads by Google

# THE MORTGAGE LENDER Implode-Meter

Tracking the housing finance breakdown: a saga of corruption, stupidity, and government complicity.  
**Imploded - Ailing - News - Forum - About**

**Mortgage Refinance**  
\$200,000 for \$667/Month. Get 4 Loan  
Offers Within Minutes!

**Refinance Apartment Loans**  
Up to 90% LTV and fast closings. One  
application, multiple offers

Ads by Google

## Latest count of major US mortgage lenders that have croaked since late 2006:



# 59

(why?)

## lenders have now gone kaput

**New:** Defrauded? Check out our legal help sign-up.

*Last addition: April 18, 2007. Latest imploded: Loan  
Center of California, Home Capital, Inc., Home 123  
Mortgage, Homefield Financial, First Horizon Wholesale ...*

### Quote Of The Week

"... the Fed's efforts to stabilize system profits are a profoundly riskier proposition in today's environment where profits are largely dictated by financial sector expansion (as opposed to capital investment). With corporate profits, household income, asset prices and economic growth now all dependent on ongoing leveraged speculation and rampant financial sector ballooning, sophisticated market players aggressively seek their outsized share of profits with comfort knowing the Fed has no alternative than to sustain the boom." — Doug Noland, "More Minsky", in his April 13th, 2007 Credit Bubble Bulletin.



## **WANTED:** Foreclosure Prevention Consultants

### Top 25 Subprime Lender list

(as of Q2 2006; from the Mortgage Banker's Assoc. **Red** are

### Resources

MortgageMinister  
Mortgage Misfit  
Defrauded? Get Help.  
Servicer scam alert

### Founder's Pages

autoDogmatic (blog)  
Wall Street Examiner (blog)  
Aaron Krowne's Furl archive  
The Fed "gallery of shame"  
Chavez Watch  
PlanetMath  
Home page

### Blogroll

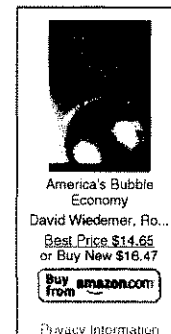
Housing Doom  
Housing Boom  
Housing Panic  
The Housing Bubble Blog  
iTulip  
Immobilienblasen  
Mish's Global Economic Trend  
Analysis  
The Mess That Greenspan Made  
Paper Money Blog  
Housing Wire  
House Bubble Blog  
Roubini Global Economic  
Monitor  
Bubble Meter Blog  
Prudent Bear  
Calculated Risk  
The Big Picture  
Bubbletracking Blog  
Russ Winter  
Charles Hugh Smith  
Peak Economy  
Max Gardner's Bankruptcy Blog  
Sacramento Real Estate Stats  
Bakersfield Bubble  
The Kingsland Report  
David Lereah Watch

shutdown and/or bankrupt, **blue** are no longer operating independently) -

- |   |   |   |
|---|---|---|
| 1. Wells Fargo [not doing much subprime anymore; also not #1 due to reclassifying servicing business] | 11. <b>First Franklin</b> [acquired by Merrill Lynch from National City for \$1.3bln]                                   | 21. <b>ResMAE</b> , 2007-02-13 [acquired by Citadel (still operating)]            |
| 2. HSBC Household Finance [HSBC's subprime loan erased at least half of '06 earnings]                 | 12. GMAC [Major layoffs in ResCap; Looming writedowns subprime loan portfolio and residual]                             | 22. FirstNLC [almost totally shut down]   |
| 3. <b>New Century</b> [funding pulled; lending halted, lawsuits, criminal probes, impairments]        | 13. Accredited Home [in a serious cash crunch]  | 23. Decision One [owned by HSBC; rumored to be up for sale]                       |
| 4. Countrywide [subprime to hurt results; layoffs]  | 14. BNC [Lehman bros. subsidiary]   | 24. <b>EEG/Encore</b> [fire-sale bought out by Bear-Stearns]                      |
| 5. <b>Fremont General</b> [2007-03-02; residential subprime activities ceased]                        | 15. ChaseHome Finance   | 25. <b>Fieldstone</b> [2007-02-16, bought by C-Bass]                              |
| 6. Option One [H&R Block; mounting losses; up for sale]   | 16. Novastar [announced impairments; likely no dividends in 2007, no taxable income through 2011; shareholder lawsuits] |   |
| 7. <b>Ameriquest</b> [ACC's formerly-major retail subsidiary]   | 17. <b>Ownit</b> , 2006-12-07 [partially-owned by Merrill and BofA]   | (Partly based on information from here. See a list of major Alt-A lenders here.). |
| 8. WMC [subsidiary of GE Money; layoffs, subprime causes \$373mln hit to Q1'07 profits]               | 18. Aegis [not doing subprime anymore]  |   |
| 9. Washington Mutual [some branch closures starting late 2006]  | 19. <b>MLN</b> , 2006-12-29 [Much of the sales force has gone to Lehman]  |   |
| 10. CitiMortgage [tightening standards]   | 20. EMC   |   |

The Mortgage Fraud Blog  
The Credit Shrink  
Dr. Housing Bubble  
Global House Price Crash  
The Great Depression of 2006  
Housing Derivatives

**Syndication**



## Top Mortgage Banking Bust News and



## Commentary:

- 2007-04-18: Foreclosures reported up 47% in past year (RealtyTrac) - *I suspect this explains the healthy-looking "sales" in the Midwest...*
- 2007-04-18: WaMu Offers \$2B to Help Subprime Loans - *They damn well better.*
- 2007-04-18: Calculated Risk: Downey Reports - *The only "bright spot" is somehow a \$10 mln reduction in loan-loss set-asides, even though non-performing assets are now up to almost 1%.*
- 2007-04-18: Blogger: Washington Mutual Dead Fish Float To The Surface - *Among the shockers, \$300 mil in negative-amortization "earnings", which is nearly half of reported real earnings. This is a must-read; the shenanigans are becoming impossible to hide.*
- 2007-04-17: Housing Slump Takes a Toll on Illegal Immigrants - *Hidden job loss; nonetheless, very real.*
- 2007-04-17: New-home Builders Use Auctions as a Way to Spur Sales - *"We auctioned 23 condos and sold 23 condos at an average discount of 15.3 percent off the original asking prices."*
- 2007-04-17: Homeowner default notices jump 123% - *California carnage that would make Ah-nold blush...*
- 2007-04-17: Limited options for subprime woes, lawmakers hear
- 2007-04-17: Fears over Treasury losing control of gold left in its vaults - *The hi-jinx of supporting paper currency and assets by dumping gold is being exposed in Britain. The prudent might want to have more than 0% of their wealth in the mainstay yellow metal.*
- 2007-04-17: GMAC Shuffles ResCap Leadership; Former Aegis CEO Jumps In - *"GMAC Financial Services said today that it will restructure its real estate finance operations at Residential Capital, LLC (ResCap). The company's announcement comes as the lender faces what industry insiders say is a 'big hit' from the downturn in subprime lending."*
- 2007-04-17: Foreclosure pace nears decade high - *"So far, the effect on home values has been muted. But as the number of move-outs, evictions and forced sales continue to increase, some economists say they will soon start to push prices down."*
- 2007-04-17: Wells Fargo 1Q Profit Grows 11 Percent - *"Still, like other banks, Wells Fargo saw some signs of worsening consumer credit and reported that net charge-offs and nonperforming assets rose in the January-March period from a year earlier."*
- 2007-04-17: Foreigners ease off some buying - *"Net international buying of U.S. long-term securities slowed in February from the previous month, as investors purchased fewer American stocks and agency bonds."*
- 2007-04-17: M&T Bank first-quarter profit falls 13 percent - *The official word...*
- 2007-04-17: Credit Suisse to Acquire LIME Financial - *I can just hear the umpire saying "safe!!!"*
- 2007-04-17: Residents miss more mortgage payments
- 2007-04-16: Citi Business Stronger - *I hope for their sake delinquencies are done rising!*
- 2007-04-16: Subprime Mess Produces Unqualified Victims: Michael Lewis - *Lewis has some good points; though I think we'll find all parties were just as susceptible to a common delusion and deception.*
- 2007-04-16: WMC Fundings Free Fall - *"Quarterly production was off more than 60*

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*percent from the previous period..."*

- 2007-04-16: U.S. Homebuilders Face Bankruptcy Risk in '08, Lawyers Say - *We here at the Implode-O-Meter are shocked—**shocked** to hear this!*

(older news)

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## List of the Defunct Lenders:

This is our list of lending operations that have "imploded" (see also ailing lenders). "Imploded" is somewhat subjective and does not necessarily mean operations are ceased permanently: it can mean bankruptcy filing, possibly-temporary halting of major operations, or a last-ditch acquisition. **Important:** If you are planning on doing business with any of these companies you should inquire with them on whether they can still meet your needs. Many are still operating in some capacity.

The Companies include all types (prime, subprime, or a mix of both; retail or wholesale; subsidiaries and entire companies). The list, with links to stories and whatever details we have available (most recent first) follows:

- 2007-04-18: **Loan Center of California** - Wholesale Non-Prime Lender (no MSM story yet)

A source from the company who asked to remain anonymous sent in the following this morning:

Effective immediately Loan Center of California a Solano County; California based Wholesale lender is closed. After two surges of sweeping layoffs only a skeleton crew remains to sweep up the mess. I was a credit officer whom was just laid off. The company defrauded thousands of borrowers and committed mortgage fraud on several layers for years prior to my employment. Dept of Corporations has a pending audit and the owner Edwardo Blanch is seeking bankruptcy protection due to nearly \$60million in no income loans still on the books. No one is willing to buy the company and several investors have pulled there funding. The 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 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 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](http://www.rateprice.com) 1-800-300-5662 the companies ten year history is now over with nearly 150 employees at one time; gone.

That pretty much says it all. Stay tuned for more.

- 2007-04-16: **Home Capital, Inc.** - Online Retail Lender (no MSM story yet)  
Many have written in today to report that this Atlanta-based online retail lender is defunct. Word is that they've filed Chapter 11, and have let go of all the sales staff.

Their emphasis seemed to be non-prime 1st and 2nd originations; I'm not sure how much prime they did, if any.

Their web site is still up. More details forthcoming as we receive them.

**Update, April 17:** One of our regular correspondents writes in with this transcription of the phone message left on Home Capital's system:

Today is April 17. Home Capital has ceased its operations. If you are a customer in process, it is our intention that you will be contacted by a Home Capital representative within the next 3 to 5 business days via phone or email regarding the status of your application. We do NOT have associates covering the telephones. However you may send an email and we will do our best to answer it in the next 3 to 5 business days.

- 2007-04-13: **Home 123 Mortgage** - Retail Subprime Lender (New Century Subsidiary) (no MSM story yet)  
Oops, we forgot to declare Home 123 officially imploded. Silly us! Let the record show that, as of New Century's bankruptcy filing April 2nd, their retail subsidiary Home 123 also ceased operations. A rather definitive statement to this effect is posted on their web site:

New Century Mortgage Corporation and Home123 Corporation are unable to continue the origination or funding of mortgage loans, and no new loans are being accepted. We are committed to helping borrowers who have been affected by this. We are in the process of contacting customers and brokers to inform them that we're returning their loan applications, and to assist them in obtaining funding for pending loans.

Some scuttlebutt on the topic of whether employees are being retained/paid.

- 2007-04-12: **Homefield Financial** - Alt-A Lender (Wholesale) ( story )  
According to their web site:

Homefield Financial, wholesale division, would like to thank all of the mortgage brokers that have submitted broker packages and/or loan application packages to it. It is with great regret that Homefield announces that the Homefield wholesale division will no longer be accepting broker applications for consideration of a broker/lender relationship, and/or loan application packages for loan approval.

They have taken down the rest of the web site, but here is a description of the company courtesy of the Google cache:

Welcome to Homefield Financial, an INC 500 Company

Homefield Financial, Inc., established in 1998, is a fast growing and dynamic national mortgage lender specialized in Alt-A and non-conforming products with special emphasis on Interest Only, Stated and No income Documentation, and Option ARM products. We're committed to providing our brokers new and exciting programs at FASTER service speeds than our competition.

The page also lists as news from august last year that Homefield had just introduced a 5-year pay option ARM product (hot-dog!) and expansion into the state of Virginia.

I can't think of a better illustration of the trade-off between speed and prudent lending... *and this is not even sub-prime!*

- 2007-04-11: **First Horizon Wholesale** - Non-Prime Wholesale Lending Unit ( story )

Many have written in with news that this subsidiary of First Horizon National has thrown in the towel. Here is an excerpt from a typical AE letter that went out to brokers:

Effective immediately, First Horizon WHOLESale Non-Prime is no longer in business. Due to the current conditions in the sub-prime market, we do not have the resources needed to lend in a non-prime market. For loans already in process, we will do everything we can to get them closed for you by end of April. Please keep in mind, last day for refinances to close is April 25th. Anything that does not FUND in April will not be closed.

Please note: There are NO changes with the Conforming or Equity Lending divisions of First Horizon. Please feel free to continue to send loans to your conforming and HELOC Account Executives as these changes do not effect them in any way.

This link has more on First Horizon in general; though not much about the shuttered division.

More details on impact if and when we get them.

**Update, April 12, 2am:** We hear that First Horizon is still doing non-prime retail.

**Update, April 16:** Just noticed MortgageDaily has confirmed this.

**Update, April 17:** We are hearing that First Connect is the name of First Horizon's sub-prime subsidiary and that it is the main portion which shut down.

- 2007-04-11: **Platinum Capital Group** - Mortgage Banker (no MSM story yet)

**Update, April 12, 2am:** Management of the company has contacted us and informed us that Platinum is still around. As we determine details of their remaining business, we will updated and potentially remove this entry.

Multiple sources report that this company has ceased lending, at some point within the past month. It appears to be based on Manhattan Beach, CA. While the main web site seems light on info, there is a link to a press release from

last November which says that Platinum funded \$2 billion in 2006, and at some point was named the Los Angeles Business Journal's "#1 fastest growing privately held company in Los Angeles".

No word yet on the credit quality mix of the lending, or the solvency of the overall company. That would probably depend on how much of Platinum's lending was funded by its own depositors.

- 2007-04-09: **First Source Funding Group (FSFG)** - Mortgage Banker ( story )  
The following notice was just forwarded to us:

**IMPORTANT ANNOUNCEMENT!**

March 09, 2007

First Source Funding Group, Inc. ("FSFG") will cease to conduct mortgage banking operations effective immediately. We can no longer accept loan submissions and/or requests for rate locks and/or loan documents. That being said, we harbor the utmost concern for the needs of our customers and we will attempt to accommodate existing transactions to the extent possible. Subject to the availability of funds, FSFG will make every effort to proceed with funding of locked loans with loan documents drawn and released on or before March 8, 2007. From everyone at First Source Funding Group, we wish to thank all of the individuals and companies that have contributed to our success over the past five years.

-FSFG Management

The web site is still up. More details as they come to us.

**Update, April 16, 2007:** MortgageDaily confirms.

- 2007-04-10: **Alterna Mortgage** - Alt-A Wholesale Lender (no MSM story yet)  
Received word and some confirmation of this one over the past few days. I'm not clear on the size of this shop, so it is being provisionally added for now. Here is their web site (still functional, for now). Here is an excerpt from a letter from an AE at Alterna who had to leave:

Just reaching out to share some important news about the abrupt ending of Alterna Mortgage late last week.

If you do not already know -- every Alterna employee was given our notice of dismissal and that funding was being immediately halted on Wednesday afternoon last week.

This came just 2 days after an extensive product meeting to address the market shift and major operational changes that would assist as well. Unfortunately the partners of the firm were not able to weather the level of buybacks that were being called due to the massive guideline changes now dictated by the secondary investors and had to immediately close the doors... leaving myself and several other AE's with no options and a full pipeline of approved loans.

Here is some text reproduced from their "about" page describing their offerings:

Alterna is an aggressive wholesale ALT-A lender specializing in alternative documentation programs. We offer incredible service, products, and pricing. These are a few examples of products we are currently featuring. Please contact an Account Executive for complete details on our programs.

- 100% (80/20) Financing, Full or Stated, 620 Scores - Great Pricing!
- Up to 100% CASH-OUT
- Investor properties as high as 100% (80/20) or Up to 4-units
- Alterna NO-DOC - Up to 100%
- Multiple doc-type options
- No Property Seasoning Requirements (most programs)
- First time homebuyer programs
- We use your tri-merge credit report and score

A little too aggressive, it seems...

- 2007-04-09: **Solutions Funding** - Sub-prime Lender (no MSM story yet)  
We are lacking detailed information on this Jacksonville, FL-based company (and its website isn't the most informative), but it does appear pretty conclusive from this internal email that has been forwarded to us that they have suspended business:

Unfortunately our efforts to find a purchaser for the company have failed to this point. As a result, we will cease accepting new applications effectively immediately. Additionally, other than loans scheduled to close today, no loans in the pipeline will be closed. We are in discussions with several lenders about moving our existing pipeline to one or more of these companies for them to handle the completion of closing these loans.

A notice will be going out to all our broker customers informing them of our suspension of business at this time.

Today will be the last day of employment for all employees, with the exception of a few people who have been asked to remain to clear out the existing pipeline and manage an orderly wind-down of the company.

All employees will be paid through today. Additionally, all sales commissions owed to sales employees will be paid in the regular payroll next week.

...

I can't tell you how sorry I am that it has come to this.

Joseph P. Bryant  
Chief Executive Officer

- 2007-04-05: **People's Mortgage** - Retail Lending unit of Webster Bank ( story story )

The Connecticut-based bank is jettisoning its mortgage operations and at least some of its loan holdings, taking a \$2.3 million charge for the first quarter. Apparently an early signal of this should have been the sale of some People's Mortgage offices on March 30th (second news item above).

More on various charge-offs from the first story:

Webster also said quarterly pre-tax earnings will be cut by \$4.7 million, or 5 cents per share, from payroll tax and retirement plan costs, while restructuring-related severance charges will reduce earnings by \$2.2 million.

Net charge-offs will total \$5.4 million, triple the year-earlier level, **hurt by losses on Florida residential construction loans** where Webster sees a "high probability of loss based on borrower delinquency and market deterioration."

The last part is particularly interesting—more evidence that even if the housing bubble was localized (e.g., to Florida, California, DC, Boston, Denver, ...), apparently the financial impact is not.

Hat tip to Twist from Housingdooom.

—> **See the whole list (49 more)**

## Ailing Lenders:

The following lenders and lending operations haven't shut down, but they're significantly-downsizing or are otherwise in manifest financial (and/or legal) distress. Unfortunately, most of the industry now falls under this description, so I am forced to reserve this list for the more glaring cases. Watch this list—some of its members may move to the above one.

- 2007-03-14: **Option One** - Non-Prime Lending Unit of H&R Block ( story story story )  
Option One is a top-10 subprime lender. H&R block has been looking to jettison this manifest liability for the better part of a year; in their own reports they list Option One under "discontinued operations".  
H&R has delayed filing their latest quarterly report due to Option One-related write-downs, \$29 mln of which will be added to Q3 2006.  
Berkshire-Hathaway has been selling shares of H&R block. Perhaps Buffett connected the dots to the CDO "financial weapons of mass destruction" underlying this business.
- 2007-03-14: **Accredited Home Lenders** - Non-Prime Lender ( story story story )  
In the same kind of liquidity crunch that has taken out numerous other non-

prime lenders. Margin calls have hit it for \$190 mln in 2007. The company is now exploring firesale-type options, workforce reductions, and just "the kindness of strangers" in general. Stay tuned.

The stock has tanked from about \$20 to \$4 in March.

**Update March 16th:** Accredited has managed a fire sale selling off loans at a discount to buy some time to consider "strategic options". By strategy, they mean scrambling to find a someone to take their business over.

- 2007-03-05: **Ocwen Loan Servicing** - Lender & Servicer (no MSM story yet)  
A reader sends in this report on a former bank and now only loan servicer & lender, which seems to have been largely predicated on fraud:

#### OCWEN LOAN SERVICING

Orlando, FL

1-800-746-2936

Services loans for the former Aames Home Loan dba Aames Funding Corp. They used to be a bank, OCWEN FEDERAL, until they ran afoul of the OCC. Now they're just one of the worst predatory loan servicers and lenders. Here's a sampling of the litigation they're currently facing:

#### Borrower Class Action Lawsuits:

Over 500 separate class action lawsuits have been combined into one jumbo class to be heard in the Northern District of Illinois. Former employees testifying about how OCWEN intentionally defrauds borrowers -- it's built in to their software which was designed by this IT guy who is blowing the whistle.

Employee Lawsuit(s): Settling in favor of the Plaintiffs

Investor and Supplier/Vendor Lawsuit(s): Just getting started

U.S. Federal Government Lawsuit(s): According to OCWEN's SEC filing, they are being sued by the U.S. in the amount of \$700 million +. Suits arose after one of their subsidiaries filed for bankruptcy protection in the District of Delaware Bankruptcy Court for that amount - \$700 million in debt. Here's the part the Feds and the investors are upset about: This subsidiary transferred ASSETS to OCWEN just before filing on their liabilities. That's called a fraudulent conveyance.

Other Lawsuits: Everyone's suing them.

According to the SEC and OCWEN's own report, their net worth is \$325 million--oops not enough to satisfy the Feds and investors. Borrowers who were defrauded and wrongfully foreclosed are at the bottom of this 'crummy' food chain.

According to Moody's Rating Service, they've decided not to rate OCWEN's stock--this after downgrading it. The \$325 million may be a negative \$325 million by this time.

SOURCES



My online sources included the public records found at Moody's, the SEC, Delaware District Bankruptcy Court, George Miller, Trustee, and The Rip-Off Report and others.

Looks pretty bad.

- 2007-03-02: **Doral Financial Corp.** - Mortgage Lender ( story )  
The company swung to a net loss of \$117 million in 2006, from a gain of \$13.2 million in 2005. It needs to refinance \$625 million by July or it faces a terminal cash crunch.

More on recent scandal and errors from the article above:

Last year, Doral agreed to pay a \$25 million penalty to settle fraud charges with the U.S. Securities and Exchange Commission. Doral did not admit or deny the allegations.

The SEC said Doral overstated profit by about \$921 million over several years. The mortgage company's former senior management is accused of manipulating the underlying assumptions for mortgage-sale related gains that helped the company generate 28 straight quarters of record profit.

Doral's lending unit is actually "Doral Mortgage". I'll put up information on the relative size of that unit as it becomes available. However it seems a foregone conclusion that the influence of Doral Mortgage is enough to potentially crater the entire company.

- 2007-01-25: **Evergreen Investment/Carnation Bank** - Subprime builder and financier ( story story )

This duo, operating chiefly in Ohio, built homes and financed them for marginal borrowers. Evergreen appears to be the main operation, with Carnation just serving as a financing partner. Recently Evergreen hit the skids as investors apparently figured out it was insolvent, yet still operating. The pair of companies is now being sued by investors and investigated by local, state, and Federal authorities. Here are some stories:

- Investigators search mortgage company
- Law suits against Evergreen Investment Corp.
- Sheriff says raid was bigger -- Carnation Banc search includes 2 other sites

I get the feeling these companies' days are limited.

—> **See the whole list (5 more)**

(link to this site as: [ml-implode.com](http://ml-implode.com), [lenderimplode.com](http://lenderimplode.com), or [mortgageimplode.com](http://mortgageimplode.com))

*Legal disclosure: While we do strive to confirm all information presented here and qualify all doubtful items, the information on this site is neither definitive nor should it be construed as professional advice. It is a community site that depends on community feedback. Factual or alleged factual information presented here does not originate from ml-implode, and all commentary is purely the opinion of the author(s) of this site, unless*

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EXHIBIT “B”

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## Full Profile:

I am a computer scientist, mathematician, entrepreneur and activist. I chiefly work in digital libraries and related fields. I am intensely interested in topics having to do with freedom and the wellness of society. My own contribution to this broad topic comes mostly in the area of Commons-Based Peer Production (CBPP) — which is enabling normal people to contribute to knowledge culture when they otherwise would not be able to through intelligently designed internet (especially web-)based collaborative systems.

I consider myself a libertarian in the philosophical sense and an anarchist politically. I am pro-markets, pro-private property, pro-privacy, and even pro-hierarchy (when done right). However, I am staunchly anti-authority and anti-elitist. I am passionate about my work in digital libraries and CBPP as a way to empower the individual and social groups, "level the playing field", and increase the rule of merit in society, through the wider availability of information and better tools for integrating it into, and producing, knowledge. I *despise* politics and seek to minimize or eliminate it wherever I can.

Currently I work at Emory University's Woodruff Library as Head of Digital Library Research (see "professional page" above, and the "projects" link).

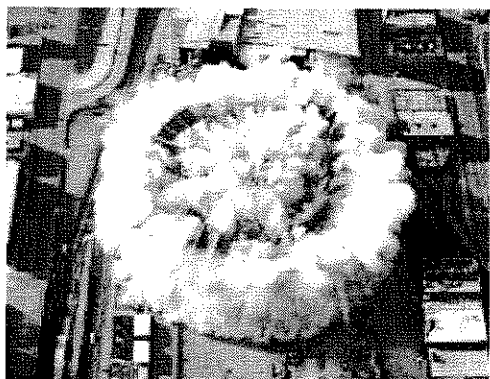
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EXHIBIT “C”



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April 3, 2007, 11:49 am

## The Man Behind the Implode-o-Meter

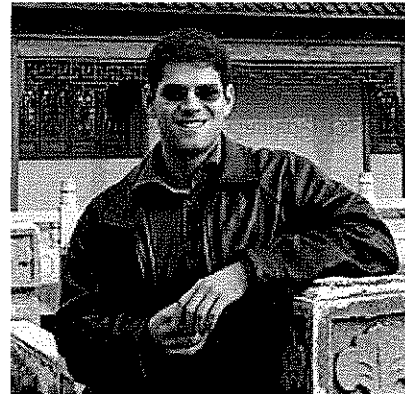
Posted by David Gaffen

**Aaron Krowne didn't expect this.** The Emory University computer scientist started a Web site tracking failing subprime lenders more or less on a lark and has watched its popularity grow to the point where it gets more than 50,000 hits on a daily basis.

And that fan base has grown quickly; Mr. Krowne, 27, only started the **Mortgage Implode-o-Meter Web site** at the end of 2006. The site keeps a running tally of the status of the top subprime lenders in the U.S. (*rankings use data from the Mortgage Bankers Association*), and also aggregates news about failing subprime lenders. Needless to say, he's a bit surprised at all the attention.

"The breakdown was beginning and no one was saying anything about it, so I decided to try to track this phenomenon," he says. Traffic slowed a bit in recent weeks when he was out of the country and updating less frequently, but now that he's back, more than 60,000 are

visiting daily. **"I really never expected anything like that,"** he says, **noting the main reason for the attention was "because a big chunk of the mortgage banking industry is failing."**



Aaron Krowne (Source: Aaron Krowne)

The Web site lists the top 25 subprime lenders and notes their status — bankrupt lenders are in red, with a line through their name, and those purchased are in blue, with a line through their name as well. **Not surprisingly, most of the names listed have some kind of comment noting problems with their lending business.** The ones without comment are generally operations owned by much larger institutions, like those held by Wells



Fargo or J.P. Morgan Chase.

Mr. Krowne believes the media haven't been astute enough in noting the systemic risks the subprime problems post to the economy — but his assessment in this regard would seem to be cursory, as he doesn't have the time for statistical analysis, and updating his site has become almost **“a part-time job.”** And it's hard to disagree **when a multitude of commentators, almost on a daily basis, seek to reassure investors that the subprime lending woes won't hurt the overall economy.** “No matter what happens, there's some flimsy way to rationalize that there is no systemic problems, and it's kind of ridiculous, in my opinion,” he says.

**So how has his feedback been?** Pretty good, for the most part. He gets anecdotes from insiders at many companies, which he largely eschews, because he doesn't have the time to follow up on rumors; he prefers to stick to what is publicly available. Similarly, when executives from lending companies have contacted him asking for changes to his site, he errs on the side of caution, but doesn't necessarily cave in. “I took one lender off the ailing list because I couldn't prove they were ailing,” he says. **In some cases, those who protested later went out of business.** So apparently he's doing something right.

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Comments

EXHIBIT “E”

# THE MORTGAGE LENDER Implode--Premium

The Mortgage Lender Implode-O-Meter is excited to introduce a premium information service—*Housing Finance Watch* (or, "Implode-O-Premium", as we lovingly call it). This service gives members:

- Access to our market information center, which has stock information on Implode-O-Meter listed companies, as well as other relevant companies in a separate "watch list".
- E-mail updates on rumors and inside scuttlebutt that have not yet reached the public or the ml-implode front page.
- E-mail alerts upon additions to the Implode-O-Meter lists (both imploded and ailing).
- Access to our premium forums (*coming soon*)

This is all for the low low price of **\$10 per month!** Billing is month-to-month and there's no long-term committment—you can cancel any time.

**To join, [click here](#).**

(If you're already a member, you can log in by clicking [here](#).)

**Advisory:** Some of our subscribers have reported trouble logging in with Internet Explorer version 7. We are still trying to debug this problem. If you are experiencing this issue, we recommend using [Mozilla Firefox](#) in the meantime, which is known to work. Thanks for your patience!

**Refund policy:** No refunds are available once a month is paid for. Access will be available to the members-only area until the latest payment "runs out". Payments extend up to the same day the next month. You will be enrolled for automatic monthly payments, but cancelling for the next month can be done at any time.

**Privacy policy:** We will never share your identifying information (name, email, address) with any third parties unless you explicitly opt-in. We will never put your personal financial data at risk (your billing information is stored securely with our payment handler, Plug-n-Pay).

**Other information:**

The Mortgage Lender Implode-O-Meter and Housing Finance Watch are properties of Krowne Concepts, Inc.

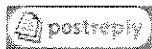
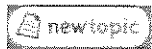
For general queries, you can reach us [here](#).

EXHIBIT “F”



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## Loan Center of California - GONE



**autoDogmatic Banter Forum Index -> Mortgage Lender Implode-O-Meter Discussion**

[View previous topic](#) :: [View next topic](#)

### Author

**Aaron**  
aD: Milton Friedman Liberal

Joined: 24 Jan 2007  
Posts: 401  
Location: Atlanta, GA

### Message

Posted: Wed Apr 18, 2007 7:22 pm    Post subject: Loan Center of California - GONE



This came in this morning:

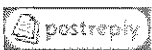
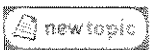
"Effective immediately Loan Center of California a Solano County; California based Wholesale lender is closed. After two surges of sweeping layoffs only a skeleton crew remains to sweep up the mess. I was a credit officer whom was just laid off. The company defrauded thousands of borrowers and committed mortgage fraud on several layers for years prior to my employment. Dept of Corporations has a pending audit and the owner Edwardo Blanch is seeking bankruptcy protection due to nearly \$60million in no income loans still on the books. No one is willing to buy the company and several investors have pulled there funding. The 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 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 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](http://www.rateprice.com) 1-800-300-5662 the companies ten year history is now over with nearly 150 employees at one time; gone. "

I've gone ahead and posted them as imploded. Any other info I get will be added to the entry.

**Back to top**



Display posts from previous:   [All Posts](#)   [Oldest First](#)   [Go](#)



**autoDogmatic Banter Forum Index -> Mortgage Lender Implode-O-Meter Discussion**

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**Page 1 of 1**

Jump to:   [Mortgage Lender Implode-O-Meter Discussion](#)   [Go](#)

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You **cannot** reply to topics in this forum

EXHIBIT “G”

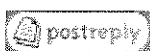
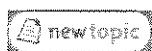
# autoDogmatic



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## I thought we were at 59 ?



**autoDogmatic Banter Forum Index -> Mortgage Lender Implode-O-Meter Discussion**

[View previous topic](#) :: [View next topic](#)

### Author

### Message

**Mort Gidge**

aD: sock puppet

Joined: 09 Feb 2007

Posts: 67

Posted: Thu Apr 19, 2007 8:59 pm Post subject: I thought we were at 59 ?



Who got removed?

**Back to top**



**bdc63**

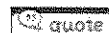
aD: ASIMO

Joined: 16 Feb 2007

Posts: 273

Location: Glyndon, MD

Posted: Fri Apr 20, 2007 1:05 am Post subject:



ah oh ... Aaron must have gotten another threatening phone call from some scumbag lender's legal team.

"90% of everything is crap. The other 10% is worth dying for." Sturgeon's Revelation

**Back to top**



**Aaron**

aD: Milton Friedman Liberal

Joined: 24 Jan 2007

Posts: 402

Location: Atlanta, GA

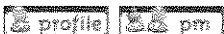
Posted: Fri Apr 20, 2007 2:59 am Post subject:



Yup. But it's ok; more implsions to the rescue.

I'm sure the removed company will be back, a-la SouthStar.

**Back to top**



**UghMortgageBiz**

aD: marionette

Joined: 12 Mar 2007

Posts: 91

Posted: Fri Apr 20, 2007 5:22 am Post subject:



Loan Center of California.





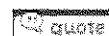
**Back to top**

**Aaron**

aD: Milton Friedman Liberal

Posted: Fri Apr 20, 2007 7:08 am Post subject:



Joined: 24 Jan 2007  
Posts: 402  
Location: Atlanta, GA

Let the record show that I didn't say the above

**Back to top**

**bdc63**

aD: ASIMO

Posted: Sat Apr 21, 2007 5:25 pm Post subject:



Joined: 16 Feb 2007  
Posts: 273  
Location: Glyndon, MD

Is anyone a registered user of the "Daily Republic" online publication?

[http://local.dailyrepublic.net/archive\\_search.php?search=%22loan+center%22](http://local.dailyrepublic.net/archive_search.php?search=%22loan+center%22)

Several stories in there about layoffs at [Loan Center of CA](#), but I can only read the first sentence without being a paid site user.

"[Loan company lays off 20](#) Published 03-27-2007SUISUN CITY - [Loan Center of California](#), Inc. a mortgage lender with offices in Suisun City, laid off 20 employees Monday and pulled the funding on several loans approved to local brokers. In a writte..."

and

"More workers let go from Suisun mortgage lender Published 04-19-2007SUISUN CITY - [Loan Center of California Inc.](#), a mortgage lender with offices in Suisun City, has laid off another 23 employees. This is the second time the company has laid off employees in the last ..."

"90% of everything is crap. The other 10% is worth dying for." Sturgeon's Revelation

**Back to top**

**Aaron**

aD: Milton Friedman Liberal

Posted: Sat Apr 21, 2007 8:30 pm Post subject:



Joined: 24 Jan 2007  
Posts: 402  
Location: Atlanta, GA

Here's the key portion:

**Quote:**

News of the latest layoffs was accompanied by allegations of financial misconduct posted on a Web site called [www.mortgageimplode.com](http://www.mortgageimplode.com). The Web site alleged that Ed Blanch, chief executive officer of LCC, was seeking bankruptcy protection, that the company was being audited, and that it gave 100 percent financing to undocumented immigrants with no credit history.

'The only thing that is accurate is that we did lay off 23 people,' said Casondra Jeans, corporate manager for LCC. 'We are not closing, have no intention of closing and we are not looking to sell the company.'

According to Jeans, [mortgageimplode.com](http://mortgageimplode.com) is a Web site visited daily by brokers and investors researching lenders.

'All day we had investors calling our office and asking what was going on because of that site,' Jeans said. 'We believe that the information was posted by a disgruntled employee, and we are in the process of pursuing legal action against the Web site.'

**Back to top**

**bakersfieldbubble**  
aD: ASIMO

Posted: Sat Apr 21, 2007 8:38 pm    Post subject:



Joined: 25 Jan 2007  
Posts: 314

Sue for what? That is laughable.

By protesting so much, I can only suspect they are close to the end...

**Back to top**



**bdc63**  
aD: ASIMO

Posted: Sat Apr 21, 2007 8:56 pm    Post subject:



Joined: 16 Feb 2007  
Posts: 273  
Location: Glyndon, MD

They still have the letter up over on the blog at Activerain.com.

The lawyers should make sure their paychecks don't bounce before they spend to much more time on this.

Note to **Loan Center** of CA: Treat your employees fairly, and they won't become 'disgruntled'

"90% of everything is crap. The other 10% is worth dying for." Sturgeon's Revelation

**Back to top**



**Aaron**  
aD: Milton Friedman Liberal

Posted: Sun Apr 22, 2007 12:37 am    Post subject:



Joined: 24 Jan 2007  
Posts: 402  
Location: Atlanta, GA

bdc: got a link?

**Back to top**



**bdc63**  
aD: ASIMO

Posted: Sun Apr 22, 2007 12:43 am    Post subject:



Joined: 16 Feb 2007  
Posts: 273  
Location: Glyndon, MD

**Aaron wrote:**

bdc: got a link?

As a matter of fact, I do:

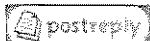
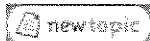
<http://activerain.com/blogsvie/78740/Updated-Insider-Email-HOME>

"90% of everything is crap. The other 10% is worth dying for." Sturgeon's Revelation

**Back to top**



Display posts from previous: All Posts Oldest First Go



**autoDogmatic Banter Forum Index -> Mortgage Lender  
Implode-O-Meter Discussion**

All times are GMT + 5 Hours

Page 1 of 1

Jump to: Mortgage Lender Implode-O-Meter Discussion Go

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