

UNITED STATES DISTRICT COURT
FOR THE
MIDDLE DISTRICT OF FLORIDA

EDWARD R. WEBB; KENNETH W. LILES;
PATRICIA M. LILES; JAMES JOSEPHSON;
WILLIAM J. ANDREWS, JR.; MARK R.
ROODVOETS; JON D. ANDREWS;
CHARLES B. LESESNE; JERRY A.
CICOLANI, JR.; KRIS BRENNEMAN;
SUSAN KHERKHER; THOMAS E. LAMMERTSE;
MARY L. SIPSKI; RONALD P. VAN as trustee of
the Ronald P. Van Jr. Revocable Trust; KATHY JO VAN,
as Trustee of the Kathy Jo Van Revocable Trust,

Plaintiffs,

Case No. 3: 09-cv-00516-J-34JRK

vs.

DEFENDANTS GINN FINANCIAL
SERVICES; BAHAMAS SALES
ASSOCIATE, LLC; GINN-LA WEST END
LIMITED; THE GINN COMPANIES, LLC;
GINN DEVELOPMENT COMPANY, LLC;
ROBERT F. MASTERS II; EDWARD R.
GINN, III; WILLIAM MCCRACKEN;
MARK E. COOK; JOHN DOES 1-15,

Defendants.

THIRD AMENDED COMPLAINT AND DEMAND FOR JURY TRIAL

PLAINTIFFS, for their Complaint herein, allege as follows:

JURISDICTION

1. This Court has jurisdiction in this action pursuant to 28 U.S.C. § 1331 and 18 U.S.C. § 1964(a) and (c).
2. This Court has personal jurisdiction over the Defendants and each of them pursuant to 18 U.S.C. §§ 1965(a) and (d). This Court has personal jurisdiction over the Defendants and each of them because at all times relevant to this Complaint, Defendants,

either individually or through their agents, officers or representatives, engaged in and carried on business activities in the State of Florida relating to the allegations herein; maintained business offices in the State of Florida; committed statutory violations within the State of Florida, as alleged herein; and caused injuries to Plaintiffs that arose out of acts or omissions that occurred within the State of Florida, as alleged herein.

VENUE

3. Venue for this action is appropriate in this Court under 18 U.S.C. § 1965 and 28 U.S.C. § 1391(b) and (c) because a substantial part of the events or omissions giving rise to the claims herein occurred in this district and division, and because several of the Defendants reside and/or transact business in this district and division.

THE PARTIES

4. Plaintiff Edward R. Webb (“Webb”) is and, at all times relevant to the allegations herein, was a resident of the State of Georgia who purchased an undeveloped parcel of real property in GSM.

5. Plaintiffs Kenneth W. Liles and Patricia M. Liles (“Liles”) are and, at all times relevant to the allegations herein, were residents of the State of Florida who purchased an undeveloped parcel of real property in GSM.

6. Plaintiff James Josephson (“Josephson”) is and, at all times relevant to the allegations herein, was a resident of the State of New York who purchased an undeveloped parcel of real property in GSM.

7. Plaintiff William J. Andrews, Jr. (“W. Andrews”) is and, at all times relevant to the allegations herein, was a resident of the State of South Carolina. Plaintiff Mark R. Roodvoets (“Roodvoets”) is and, at all times relevant to the allegations herein, was a

resident of the State of South Carolina. Plaintiff Jon D. Andrews (“J. Andrews”) is and, at all times relevant to the allegations herein, was a resident of the State of South Carolina. Plaintiff Charles B. Lesesne (“Lesesne”) is a resident of the State of South Carolina. At all times relevant to the allegations herein, Plaintiff Lesesne was a resident of the state of Florida. Plaintiffs W. Andrews, Roodvoets, J. Andrews and Lesesne (collectively “Andrews Group”) together purchased an undeveloped parcel of real property in GSM.

8. Plaintiffs Jerry A. Cicolani, Jr. and Kris Brenneman (collectively “Cicolani Group”) are and, at all times relevant to the allegations herein, were residents of the State of Ohio who purchased an undeveloped parcel of real property in GSM.

9. Plaintiff Susan C. Kherkher (“Kherkher”) is and, at all times relevant to the allegations herein, was a resident of the State of Texas who purchased an undeveloped parcel of real property in GSM.

10. Plaintiffs Thomas E. Lammertsee and Mary L. Sipski (“Lammertsee”) are and, at all times relevant to the allegations herein, were residents of the State of New Jersey who purchased an undeveloped parcel of real property in GSM.

11. Plaintiffs Ronald P. Van, as trustee of the Ronald P. Van Jr. Revocable Trust u/a/d August 25, 2006 and Kathy Jo Van, as Trustee of the Kathy Jo Van Revocable Trust u/a/d August 26, 2006 (“Van”) are and, at all times relevant to the allegations herein, were residents of the State of Illinois who purchased an undeveloped parcel of real property in GSM.

12. Defendant Ginn Financial Services, LLC (“Ginn Financial”) is a Georgia Limited Liability Company formed on June 10, 2005, with its principal place of business

located in Palm Coast, Florida.

13. Defendant Bahamas Sales Associate, LLC (“Bahamas Sales”) is a Delaware corporation formed on August 4, 2006 with its principal place of business located in Palm Coast, Florida.

14. Defendant Ginn Title Services, LLC (“Ginn Title”) is a Georgia Limited Liability Company formed on September 13, 2005 with its principal place of business located in Palm Coast, Florida.

15. Upon information and belief, Defendant William McCracken (“McCracken”) resides in the State of Florida. At certain times relevant to the allegations herein, Defendant McCracken has served as an officer of Defendant Ginn Financial.

16. Defendant Edward R. (“Bobby”) Ginn, III (“Bobby Ginn”) resides at 42 Island Estates Parkway, Palm Coast, Florida 32137. At certain times relevant to the allegations herein, Defendant Bobby Ginn has served as an officer of Defendant Bahama Sales.

17. Each Defendant is sued individually as a primary violator and as an aider and abettor. In acting to aid and abet the commission of the fraud and other wrongful conduct complained of herein, each Defendant acted with an awareness of the fraud and other wrongful conduct. Each Defendant rendered substantial assistance or encouragement to the accomplishment of that fraud and was aware of its overall contribution to the conspiracy, scheme, and common course of wrongful conduct alleged herein.

18. Each Defendant is joined in this action as a co-conspirator. Liability arises from the fact that each Defendant entered into an agreement with the other Defendants to

commit or to participate in the commission of all or part of the unlawful acts, plans, schemes, transactions and artifices to defraud described above.

FACTUAL BACKGROUND: Ginn Financial Fraud

I. June 2006 to August 2006: Defendant Bobby Ginn Causes Defendants Ginn Financial and McCracken to Offer Prospective Purchasers Lot Financing

19. Defendant Bobby Ginn caused Defendant Ginn Financial to be formed in June 2005. Defendant Ginn Financial became a licensed mortgage lender in the State of Florida on October 4, 2005.

20. From around August 2006 through 2007, Defendant Bobby Ginn caused Defendants Ginn Financial and McCracken to recommend to Plaintiffs that they could obtain 80% loan-to-value financing for GSM lot purchases through Defendant Ginn Financial.

21. Defendant Bobby Ginn authorized Defendant Ginn Financial to utilize marketing communications naming Defendant Ginn Financial as the preferred lender for GSM lot purchasers.

22. Defendant Bobby Ginn authorized the GSM Website to include a statement that Defendant Ginn Financial was “the preferred lender for Ginn buyers,” with “specialized loan programs for Ginn Sur Mer.” The GSM Website further stated that Ginn Financial Services’ “in-house financing eliminates communications issues and expedites the closing process.”

23. Defendant Bobby Ginn authorized the GSM Website to include a statement that Defendant Ginn Financial Services’ “in-house financing eliminates communications issues and expedites the closing process.”

24. Defendant Bobby Ginn authorized the GSM Website to include a statement that Defendant Ginn Financial was "a licensed mortgage lender in the State of Florida; License # L100000558788." This representation was false in that the license number listed on the GSM Website does not match the license number issued to Defendant Ginn Financial by the State of Florida.

25. Defendants Bobby Ginn and McCracken caused prospective GSM lot purchasers seeking financing to be directed to Defendant Ginn Financial.

26. Plaintiffs Webb, Liles, Josephson, Andrews Group, Cicolani Group, Kherkher and Lammertse (collectively "Mortgagor Plaintiffs") undertook the mortgage loan application process for GSM mortgage loans with loan officers purporting to represent Defendant Ginn Financial.

27. Defendant Bobby Ginn caused Defendants Ginn Financial and McCracken to provide applications to Mortgagor Plaintiffs.

28. Defendant Ginn Financial ordered appraisals for the GSM lots being purchased by Mortgagor Plaintiffs, underwrote and approved applications for GSM mortgage loans for the Mortgagor Plaintiffs, and provided the Mortgagor Plaintiffs with federally mandated mortgage loan disclosures.

29. From around August 2006 through 2007, Defendant Bobby Ginn caused Defendants Ginn Financial and McCracken to send Mortgagor Plaintiffs a variety of loan documents, all of which indicated that Defendant Ginn Financial was the lender for the Mortgagor Plaintiffs' GSM mortgage loans.

30. The federally mandated mortgage loan disclosures provided to Mortgagor Plaintiffs included an Appraisal Disclosure, which stated that the Mortgagor Plaintiffs had

the right to a copy of the appraisal report used in connection with their mortgage loan application.

31. The federally mandated mortgage loan disclosures provided to Plaintiffs Josephson and Webb included an Affiliated Business Arrangement Disclosure Statement Notice, which listed Pomeroy Appraisal Associates as the real estate appraiser used “as a condition of your loan on this property, to represent our interests in the transaction.”

II. December 2006 to March 2007: Defendants Bobby Ginn, Ginn Financial and McCracken Caused Mortgagor Plaintiffs’ Mortgage Loans to Be Closed with Defendant Bahamas Sales Associate as the Lender Rather Than Ginn Financial

32. Defendant Ginn Financial did not actually close on any GSM mortgage loans with those Mortgagor Plaintiffs who went through the loan application process with Defendant Ginn Financial.

33. Instead, Defendants Bobby Ginn, Ginn Financial and McCracken caused Defendant Bahamas Sales Associate to be formed in August 2006 for the purpose of closing on those GSM mortgage loans provided to the Mortgagor Plaintiffs who had gone through the loan application and disclosure process with Defendant Ginn Financial.

34. At the times Defendant Bahamas Sales closed on the mortgage loans with the Mortgagor Plaintiffs, Defendant Bahamas Sales was not a licensed mortgage lender, correspondent mortgage lender or mortgage broker in any state.

III. October 2006: Defendant Bobby Ginn Causes Defendants Ginn Financial and McCracken to Attempt to Influence an Independent Appraiser to Provide Inflated Appraisals for GSM Lots

35. Defendant Bobby Ginn caused Defendants Ginn Financial and McCracken to suborn the preparation of fraudulently inflated appraisals as part of the underwriting process for mortgage loans offered to GSM purchasers, including Mortgagor Plaintiffs.

36. In the fall of 2006, Robert C. Allen, who is a principal owner of Pomeroy Appraisal Associates (“Pomeroy Appraisal”), was contacted by Defendant McCracken. McCracken indicated that he was from Defendant Ginn Financial and that Ginn Financial was looking for a firm to provide appraisals for lots in GSM. Mr. Allen, along with his partner, was involved in a series of communications between Defendant Ginn Financial and Pomeroy Appraisal relating to appraisals for lots in GSM.

37. In his communications with Defendant Ginn Financial, Mr. Allen usually spoke with Defendant McCracken (who indicated that he was the CEO of Ginn Financial), Mark Cook (who indicated he was the CFO of Ginn Financial) and others from Ginn Financial.

38. A short time after Mr. Allen’s initial conversation with Defendant McCracken, Defendant Ginn Financial flew the Pomeroy Appraisal partners to Grand Bahama on a Ginn corporate jet for a 1-day trip to meet with various Ginn sales and development people.

39. Shortly after Pomeroy Appraisal’s return from that first trip to Grand Bahama, they had a telephone conference with Defendant Ginn Financial. During that call they spoke with Defendant McCracken about the scope of the engagement and agreed upon Pomeroy Appraisal’s charges for conducting appraisals. At that time, Defendants McCracken and Ginn Financial engaged Pomeroy Appraisal to provide appraisals for lots in GSM, and Pomeroy Appraisal subsequently received several requests for appraisals from Defendant Ginn Financial.

40. Subsequent to its retention by Defendant Ginn Financial, Pomeroy Appraisal made an investigatory trip to the Bahamas to evaluate the real estate market, evaluate GSM, inspect comparable sales properties and speak with local realtors.

41. Upon returning from its investigatory trip to Grand Bahama, Pomeroy Appraisal received many additional requests from Defendant Ginn Financial for lot appraisals in GSM. Each of the appraisal requests that Pomeroy Appraisal received from Defendant Ginn Financial included a sales price for the lot in question. In addition, many of the appraisal requests included an "Estimated Value" figure for the lot to be appraised.

42. The appraisal requests submitted to Pomeroy Appraisal by Defendant Ginn Financial included:

- a. A September 29, 2006 Request for Appraisal for Lot 104 being purchased by the Cicolani Partnership, which Request for Appraisal showed a "Sales Price" of \$1,018,750 and an "Estimated Value" of the same amount; and
- b. An October 3, 2006 Request for Appraisal for Lot 46 being purchased by Plaintiffs Liles, which Request for Appraisal showed a "Sales Price" of \$993,900 and an "Estimated Value" of the same amount.

43. Defendant Ginn Financial informed Pomeroy Appraisal that the lot sales price was the target value for the appraisals to be issued by Pomeroy Appraisal. In response to the Request for Appraisal Forms and the oral request from Defendant Ginn Financial that Pomeroy Appraisal use the lot sales price as the target value for appraisals, Pomeroy Appraisal informed the Ginn Financial Representatives, including Defendant McCracken, that Pomeroy Appraisal's analysis would not be based on any predetermined target value, estimate or contract price. Pomeroy Appraisal further informed Ginn Financial that the

market value as determined by Pomeroy Appraisal's appraisals would be based only upon Pomeroy Appraisal's investigation and analysis.

44. After Pomeroy Appraisal began putting together a rough analysis for the GSM lot appraisals, Mr. Allen and his partner had a telephone conference with Defendant McCracken and others from Defendant Ginn Financial. Pomeroy Appraisal discussed with Defendant Ginn Financial and McCracken how lot prices in GSM measured up against comparable sales on Grand Bahama Island but outside of GSM ("Grand Bahama Comparables").

45. Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that the GSM lot prices were significantly higher than the sales prices for the Grand Bahama Comparables. Those on the call agreed that the Grand Bahama Comparables did not offer the amenities that Ginn was marketing for GSM. Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that Pomeroy Appraisal would need to establish the difference between lots with and without the amenities that were being marketed for GSM in order to understand how to measure the Grand Bahama Comparables. Pomeroy Appraisal also informed Defendants Ginn Financial and McCracken that this would be a difficult task and that it would take some time to do this analysis.

46. Ultimately, Pomeroy Appraisal's retention by Defendant Ginn Financial to provide appraisals for GSM lots lasted a month or less. During the course of Pomeroy Appraisal's efforts to provide a complete and fully supported analysis in order to determine the appropriate appraised value for GSM lots, Pomeroy Appraisal had disagreements with Defendants Ginn Financial and McCracken over several issues.

47. One area of disagreement related to the timing of the appraisals. Defendants Ginn Financial and McCracken pressured Pomeroy Appraisal to provide them with the appraisals very quickly. Pomeroy Appraisal told Defendants Ginn Financial and McCracken that Pomeroy Appraisal couldn't produce the appraisals without first undertaking a complete investigation and analysis of the market. Pomeroy Appraisal explained that without a complete investigation and analysis, Mr. Allen and his partner would not consider themselves competent in the area and would not be able to provide appraisals.

48. A second area of disagreement related to the issue of what comparable sales were appropriate for use in conducting Pomeroy Appraisal's appraisals of GSM lots. Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that, as part of Pomeroy Appraisal's complete investigation and analysis, Pomeroy Appraisal would need to consider comparable lot sales on Grand Bahama Island but outside of GSM.

49. In response, Defendants McCracken and Cook pressured Pomeroy Appraisal to consider the closed sales from within GSM as the only comparables and asked why Pomeroy Appraisal needed to go outside the project when Defendant Ginn Financial had the closed sales in GSM for Pomeroy Appraisal to use as comparables.

50. Pomeroy Appraisal agreed to look at the closed sales within GSM in addition to the comparables Pomeroy Appraisal had obtained from outside of GSM. Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that the problem with using only closed sales within GSM as comparables was that many of the buyers for those sales had been flown into the private airstrip on GSM by Ginn and had not had an

opportunity to price lots offered outside the subdivision before making their purchase decisions.

51. Pomeroy Appraisal explained that it was not comfortable only using closed sales within GSM as comparables because Pomeroy Appraisal had not yet completed its investigation and analysis and thus did not yet understand how the Bahamian real estate market worked. Pomeroy Appraisal further informed Defendants Ginn Financial and McCracken that any U.S. lender would want to see an appraisal that took into account comparables from outside of GSM.

52. In response, Defendant McCracken strongly disagreed. In a heated conversation, Defendant McCracken informed Pomeroy Appraisal that Defendant Ginn Financial only wanted Pomeroy Appraisal to use closed sales within GSM as comparables and that Defendant Ginn Financial did not want Pomeroy Appraisal to use any comparable sales from outside of GSM.

53. A third area of disagreement related to the issue of whether Pomeroy Appraisal could provide an “as-is” appraisal for the GSM lots. Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that if Pomeroy Appraisal agreed to consider closed sales from within GSM as comparables, Pomeroy Appraisal’s appraisals would have to indicate that they were “subject to” the completion of the infrastructure and amenities that Ginn was marketing for GSM. Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that Pomeroy Appraisal had to protect itself, and thus Pomeroy Appraisal would only agree to provide “subject to” appraisals. Pomeroy Appraisal made it clear that if Defendants Ginn Financial and McCracken would not accept “subject to” appraisals, Pomeroy Appraisal would not provide the appraisals at all.

54. In response, Defendants Ginn Financial and McCracken asked Pomeroy Appraisal to provide a rough draft of what Pomeroy Appraisal's appraisal would look like for several of the lots. Pomeroy Appraisal provided the rough drafts.

55. In a telephone conference with Defendant McCracken after they received Pomeroy Appraisal's rough drafts, Defendants Ginn Financial and McCracken asked Pomeroy Appraisal to remove the "subject to" comments from the draft appraisals. Pomeroy Appraisal refused.

56. In response, Defendants McCracken said they would get back to Pomeroy Appraisal. Less than an hour later, Defendants Ginn Financial and McCracken called Pomeroy Appraisal to say that Defendant Ginn Financial was "going to go in another direction." That was Pomeroy Appraisal's last communication of any kind with Defendants Ginn Financial and McCracken.

57. The "subject to" appraisals that Pomeroy Appraisal insisted would be the only appropriate appraisals for the GSM lots are also sometimes referred to as appraisals including "hypothetical conditions." For this type of appraisal, the appraised value remains hypothetical until the "subject to" condition is fully satisfied.

58. Even after the condition has reportedly been satisfied, it is necessary for this type of appraisal for the appraiser to return to the subject property to reevaluate its value in light of the satisfaction of condition. Taking into account the satisfaction of condition and other variables existing at the time of the reevaluation, the appraiser will then issue a final appraised value for the property, which may be higher or lower than the "subject to" value. Only the final appraised value is a valid value for lending purposes.

59. Based upon the investigation Pomeroy Appraisal conducted on its first investigatory trip to Grand Bahama Island, and taking into account the comparable sales outside of GSM, Pomeroy Appraisal determined that the value of a GSM lot on an appraisal that was not made “subject to” completion of the infrastructure and amenities marketed for GSM would have been significantly less than the sales prices that were set for GSM lots.

60. Subsequent to terminating the agreement with Pomeroy Appraisal, Defendants Ginn Financial, Bahamas Sales and McCracken retained an appraiser in the Bahamas, W. Carver Grant & Co. LTD, to provide appraisals of GSM lots, including the lots purchased by Mortgagor Plaintiffs.

61. The W. Carver Grant & Co. appraisals for GSM lots included the following statement: “The referenced lot is situated in the Ginn Sur Mer development at the West End, Grand Bahama. This development will comprise of world-class marinas, spa, hotel, casino, and beach club and restaurant facilities planned to occupy to 2,000 plus acre site. In addition to those features previously listed estate home sites are planned along the shore, canals and signature golf courses. The plans are extensive and the development is envisioned to cater to the wealthy and affluent boaters and second home buyers from around the world.”

62. The W. Carver Grant & Co. appraisals for GSM lots included the following statement: “The subdivision is currently under construction and is anticipated to have all the infrastructure (i.e., electricity potable water and paved roads) in place prior to being released for development.”

63. The W. Carver Grant & Co. appraisals for GSM lots included the following statement: Under “Valuation”: “The Market Value of a property may be defined as the highest possible price obtainable on an ‘open market’ in an ‘arm’s length transaction’, i.e. where the buyer and seller are not under duress, the advantages and disadvantages are known to both parties and the property is offered on the open market for a reasonable period of time. The lots in this subdivision have been scheduled to sell for prices ranging from \$500,000 to \$1,100,000, increasing over time.”

64. The W. Carver Grant & Co. appraisals for GSM lots included the following statement, indicating they had been prepared according to the requirements provided by Defendants Ginn Financial and McCracken: “I trust that the above report meets with your requirements.”

65. The W. Carver Grant & Co. appraisals for GSM lots failed to include any justification for the appraised value of those lots.

66. The W. Carver Grant & Co. appraisals for GSM lots included the type of hypothetical conditions noted by Pomeroy Appraisal in its valuation, but failed to note that the appraised values would remain hypothetical until the “subject to” condition was fully satisfied.

67. Any licensed mortgage lender within the United States should, if it is conducting appropriate due diligence in its underwriting, require that an appraisal submitted in support of a mortgage loan application comply with the Uniform Standards of Professional Appraisal Practice.

68. Similarly, any licensed mortgage lender within the United States should, if it is required to follow guidelines set forth for Fannie Mae, Freddie Mac, FHA or VA loans,

require that an appraisal submitted in support of a mortgage loan application comply with the Uniform Standards of Professional Appraisal Practice.

69. Defendant Bobby Ginn caused Defendants Ginn Financial, Bahamas Sales and McCracken to utilize inflated and unsupported appraisals that did not comply with the Uniform Standards of Professional Appraisal Practice to justify the sale and financing of Plaintiffs' GSM lot purchases at inflated prices based upon marketed amenities that did not exist at the time of the appraisals.

70. Defendant Bobby Ginn caused Defendants Ginn Financial, Bahamas Sales and McCracken to ensure that GSM mortgage loans were approved and that money was disbursed at the closing of GSM lot sales, notwithstanding their knowledge of the use of inflated and unsupported appraisals.

IV. Mortgagor Plaintiffs Were Damaged by the Appraisal Fraud Scheme

71. Defendant Bobby Ginn caused Defendants Ginn Financial, Bahamas Sales and McCracken to fraudulently conceal their Appraisal Fraud Scheme to utilize inflated and unsupported appraisals in support of GSM mortgage loans and to justify inflated sales prices for all GSM lots.

72. Mortgagor Plaintiffs did not discover the Appraisal Fraud Scheme, or that Defendants Ginn Financial, Bahamas Sales, McCracken had fraudulently concealed that scheme, until early 2010.

73. The appraised value of the GSM lots, as set forth in the inflated and unsupported appraisals, was or should have been material to the underwriting decision whether to approve the GSM mortgage loans.

74. Defendants Bobby Ginn, Ginn Financial, Bahamas Sales, Ginn Title and McCracken all received a direct benefit from the Appraisal Fraud Scheme.

75. In the course of accepting, underwriting, approving and issuing financing for GSM lot purchases, Defendants Bobby Ginn, Ginn Financial, Bahama Sales and McCracken had a duty to ensure that the GSM lot appraisal supporting the loan was accurate and was conducted in compliance with the Uniform Standards of Professional Appraisal Practice.

76. In the course of accepting, underwriting, approving and issuing financing for GSM lot purchases, Defendants Bobby Ginn, Ginn Financial, Bahama Sales and McCracken had a further duty to act in good faith and with fair dealing in any transaction, practice or course of business associated with the issuance of GSM mortgage loans.

77. As a result, Defendants Bobby Ginn, Ginn Financial, Bahama Sales and McCracken had a duty not to suborn mischaracterization of the appraised value of any GSM lot securing a GSM mortgage loan.

78. Plaintiffs had a right to rely and did rely on Defendants Bobby Ginn, Ginn Financial, Bahama Sales and McCracken to meet the duties outlined above.

79. But for the Appraisal Fraud Scheme perpetrated by Defendants Bobby Ginn, Ginn Financial, Bahama Sales and McCracken, Plaintiffs would not have purchased GSM lots or would not have purchased GSM lots at the fraudulently inflated prices.

80. But for the Appraisal Fraud Scheme perpetrated by Defendants Bobby Ginn, Ginn Financial, Bahama Sales and McCracken, the GSM mortgage loans for Mortgagor Plaintiffs should not have been approved for the fraudulently inflated sales prices of the GSM lots.

81. The Appraisal Fraud Scheme damaged Plaintiffs. At the moment Mortgagor Plaintiffs closed on their GSM lot purchases, those Plaintiffs were saddled with mortgage loans with a debt to equity ratio far in excess of 100% because those mortgage loans were

made for amounts far in excess of the true market value of the GSM lots at the time of their purchase.

82. At the moment all Plaintiffs closed on their GSM lot purchases, they were saddled with lots for which they had grossly overpaid.

83. At the moment all Plaintiffs closed on their GSM lot purchases, the amount of property taxes on their GSM lots began to accrue based upon the fraudulently inflated purchase price for those lots. The Bahamian government continues to calculate Plaintiffs' property taxes based on the inflated prices Plaintiffs paid for their GSM lots.

84. At the moment all Plaintiffs closed on their GSM lot purchases, they were saddled with lots that were virtually unmarketable except at prices significantly below the inflated prices Plaintiffs paid for their GSM lots.

RICO Allegations

The Enterprise: Ginn Financial Enterprise

85. Plaintiffs and Defendants Ginn Financial, Ginn Title, Bahama Sales, McCracken and Bobby Ginn are all "persons" within the meaning of 18 U.S.C. § 1961(3).

86. Based upon Plaintiffs' current knowledge, the following persons constitute a group of individuals associated in fact that Plaintiffs refer to as the "Ginn Financial Enterprise": (1) Defendant Ginn Financial; (2) Defendant Ginn Title; (3) Defendant Bahamas Sales; (4) Defendant McCracken; (5) Defendant Bobby Ginn; and (6) other persons presently unknown to Plaintiffs (collectively "Mortgage Fraud Defendants").

87. The Ginn Financial Enterprise is an ongoing organization that engages in, and which activities affect, interstate and foreign commerce. At all time relevant to the allegations herein, Mortgage Fraud Defendants did knowingly and willfully make use of the means and instruments of transportation and communications of interstate and foreign

commerce to communicate with one another, with prospective purchasers of lots in GSM and with applicants for GSM lot financing.

88. Although Mortgage Fraud Defendants participate in and are members and part of the Ginn Financial Enterprise, each Mortgage Fraud Defendant also has an existence separate and apart from the Ginn Financial Enterprise.

89. At all relevant times, the Ginn Financial Enterprise has had an ascertainable structure separate and apart from the pattern of racketeering activity in which Mortgage Fraud Defendants have engaged and their conspiracy to engage in such activity. The primary decision-maker for the Ginn Financial Enterprise was and is Defendant Bobby Ginn, who directed and continues to direct the activities of the Ginn Financial Enterprise.

90. Mortgage Fraud Defendants control and operate the Ginn Financial Enterprise through a variety of means including, but not limited to, the following:

- a. by offering GSM purchasers GSM mortgage loans through Defendant Ginn Financial;
- b. by suborning inflated and unsupported appraisals intended to support the Mortgagor Plaintiffs' GSM mortgage loans;
- c. by utilizing inflated and unsupported appraisals to inflate the lot prices for all GSM lots;
- d. by agreeing to facilitate and facilitating the approval and closing of the Mortgagor Plaintiffs' GSM mortgage loans at amounts that were based upon the inflated and unsupported appraisals;
- e. by agreeing to conceal and concealing their Appraisal Fraud Scheme to set inflated and unsupported sales prices for GSM lots;

- f. by agreeing to conceal and concealing their Appraisal Fraud Scheme to facilitate the approval and closing of the Mortgagor Plaintiffs' GSM mortgage loans at amounts that were based upon the inflated and unsupported appraisals; and
- g. by agreeing to conceal and concealing their Appraisal Fraud Scheme to suborn inflated and unsupported appraisals intended to support the Mortgagor Plaintiffs' GSM mortgage loans; and
- h. by agreeing to conceal and concealing their Appraisal Fraud Scheme to suborn inflated and unsupported appraisals to inflate the lot prices for all GSM lots.

91. The Ginn Financial Enterprise has pursued a course of deceit, misrepresentation, concealment and conspiracy to defraud GSM lot purchasers and to collect profits from the fraudulent, misleading and unlawful actions of the Ginn Financial Enterprise. Those actions began before Plaintiffs contracted to buy GSM lots, continue to the present and threaten to continue into the future.

92. The formation, existence and actions of the Ginn Financial Enterprise were and are essential to the success of its fraudulent, misleading and unlawful actions.

Predicate Acts- Mail, Wire and Bank Fraud: Ginn Financial Enterprise

93. Section 1961(1) of RICO provides that "racketeering activity" includes any act indictable under 18 U.S.C. § 1341 (relating to mail fraud) and 18 U.S.C. § 1343 (relating to wire fraud), 18 U.S.C. § 1344 (relating to bank fraud). Mortgage Fraud Defendants have engaged and continue to engage in conduct violating each of these laws in an effort to effectuate the Appraisal Fraud Scheme.

94. For the purpose of executing and/or attempting to execute the above-described Appraisal Fraud Scheme to defraud or obtain money by means of false or

fraudulent pretenses, representations or promises, Mortgage Fraud Defendants in violation of 18 U.S.C. § 1341 did cause matter and things to be delivered by the Postal Service or by private or commercial interstate carriers. These acts were done intentionally and knowingly with the specific intent to advance Mortgage Fraud Defendants' Appraisal Fraud Scheme, or with knowledge that the use of mails would follow in the ordinary course of business, or that such use could have been foreseen, even if not actually intended.

95. Mortgage Fraud Defendants carried out their Appraisal Fraud Scheme in different states within the United States and in other countries and could not have done so unless they used the Postal Service or private or commercial interstate carriers.

96. For the purpose of executing and/or attempting to execute the above-described Appraisal Fraud Scheme to defraud or obtain money by means of false or fraudulent pretenses, representations or promises, Mortgage Fraud Defendants in violation of 18 U.S.C. § 1343 did transmit, cause to be transmitted and/or received by means of wire communication in interstate and foreign commerce, various writings, signs, and signals. These acts were done intentionally and knowingly with the specific intent to advance Mortgage Fraud Defendants' Appraisal Fraud Scheme, or with knowledge that the use of wire communications would follow in the ordinary course of business, or that such use could have been foreseen, even if not actually intended.

97. The matter and things sent by Mortgage Fraud Defendants via the Postal Service or private or commercial carrier, wire or other interstate media in advancement of the Appraisal Fraud Scheme include, but are not limited to, the following:

- a. On or about June 10, 2005, Defendant Bobby Ginn authorized and caused information to be sent to the Georgia Secretary of State, Corporations Division via the Postal Service or private or commercial carrier, wire or other interstate media for the formation of Defendant Ginn Financial as a Georgia Limited Liability Company.
- b. On or about June 14, 2005, Defendant Bobby Ginn authorized and caused information to be sent to the Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media in support of an Application for Authorization to Transact Business in the State of Florida on behalf of Defendant Ginn Financial.
- c. On or about January 12, 2006, Defendant Bobby Ginn authorized and caused a 2006 Limited Liability Corporation Annual Report to be filed with the Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media for Defendant Ginn Financial.
- d. From around August 2006 through 2007, Defendant Bobby Ginn authorized and caused Defendants Ginn Financial and McCracken to recommend to Mortgagor Plaintiffs via the Postal Service or private or commercial carrier, wire or other interstate media that they could obtain 80% loan-to-value financing for GSM lot purchases through Defendant Ginn Financial.
- e. On or about August 7, 2006, Defendant Bobby Ginn authorized and caused information to be sent to the Delaware Department of State, Division of Corporations via the Postal Service or private or commercial carrier, wire or other interstate media for the formation of Defendant Bahamas Sales Associate, LLC.

Defendant Bahamas Sales was formed for the sole purpose of closing on those GSM mortgage loans provided to the Mortgagor Plaintiffs who had gone through the loan application and disclosure process with Defendant Ginn Financial, even though Defendant Bahamas Sales was not a licensed mortgage lender, correspondent mortgage lender or mortgage broker in any state.

- f. Beginning in Fall 2006, Defendant McCracken engaged in a series of telephone conversations with Robert Allen at Pomeroy Appraisal:
 - i. In Fall 2006, Defendant McCracken telephoned Robert Allen to introduce himself and inform Mr. Allen that Defendant Ginn Financial was looking for a firm to provide appraisals for lots in GSM.
 - ii. In Fall 2006, after Defendant Ginn Financial flew the Pomeroy Appraisal partners to the Bahamas, Defendant McCracken and others from Ginn Financial spoke with Robert Allen about the scope of the engagement and agreed upon Pomeroy Appraisal's charges for conducting appraisals. At that time, Defendant Bobby Ginn authorized and caused Defendant McCracken to engage Pomeroy Appraisal to provide appraisals for lots in GSM.
 - iii. In Fall 2006, Defendant McCracken and others from Ginn Financial spoke with Robert Allen by telephone. Defendant Bobby Ginn authorized and caused Defendant McCracken to inform Pomeroy Appraisal that the lot sales price was the target value for the appraisals to be issued by Pomeroy Appraisal. During this call,

Pomeroy Appraisal informed the Ginn Financial Representatives that Pomeroy Appraisal's analysis would not be based on any predetermined target value, estimate or contract price. Pomeroy Appraisal further informed Ginn Financial that the market value as determined by Pomeroy Appraisal's appraisals would be based only upon Pomeroy Appraisal's investigation and analysis.

- iv. In Fall 2006, Defendant McCracken and others from Defendant Ginn Financial spoke with Robert Allen by telephone after Pomeroy Appraisal began putting together a rough analysis for the GSM lot appraisals. During this call, Pomeroy Appraisal discussed with Defendant Ginn Financial how lot prices in GSM measured up against comparable sales on Grand Bahama Island but outside of GSM ("Grand Bahama Comparables"). Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that the GSM lot prices were significantly higher than the sales prices for the Grand Bahama Comparables. Those on the call agreed that the Grand Bahama Comparables did not offer the amenities that Ginn was marketing for GSM. Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that Pomeroy Appraisal would need to establish the difference between lots with and without the amenities that were being marketed for GSM in order to understand how to measure the Grand Bahama Comparables. Pomeroy Appraisal also informed Defendants Ginn Financial and

McCracken that this would be a difficult task and that it would take some time to do this analysis.

- v. In Fall 2006, Defendant McCracken and others from Defendant Ginn Financial spoke with Robert Allen by telephone after Pomeroy Appraisal began putting together a rough analysis for the GSM lot appraisals. During this call, Defendants McCracken and Ginn Financial pressured Pomeroy Appraisal to provide them with the appraisals very quickly. Pomeroy Appraisal told Defendants Ginn Financial and McCracken that Pomeroy Appraisal couldn't produce the appraisals without first undertaking a complete investigation and analysis of the market. Pomeroy Appraisal explained that without a complete investigation and analysis, Mr. Allen and his partner would not consider themselves competent in the area and would not be able to provide appraisals.
- vi. In Fall 2006, Defendant McCracken and others from Defendant Ginn Financial spoke with Robert Allen by telephone after Pomeroy Appraisal began putting together a rough analysis for the GSM lot appraisals. During this call, Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that, as part of Pomeroy Appraisal's complete investigation and analysis, Pomeroy Appraisal would need to consider comparable lot sales on Grand Bahama Island but outside of GSM. In response, with the authorization of Defendant Bobby Ginn, Defendants McCracken

and Cook pressured Pomeroy Appraisal to consider the closed sales from within GSM as the only comparables and asked why Pomeroy Appraisal needed to go outside the project when Defendant Ginn Financial had the closed sales in GSM for Pomeroy Appraisal to use as comparables. Pomeroy Appraisal agreed to look at the closed sales within GSM in addition to the comparables Pomeroy Appraisal had obtained from outside of GSM. Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that the problem with using only closed sales within GSM as comparables was that many of the buyers for those sales had been flown into the private airstrip on GSM by Ginn and had not had an opportunity to price lots offered outside the subdivision before making their purchase decisions. Pomeroy Appraisal explained that it was not comfortable only using closed sales within GSM as comparables because Pomeroy Appraisal had not yet completed its investigation and analysis and thus did not yet understand how the Bahamian real estate market worked. Pomeroy Appraisal further informed Defendants Ginn Financial and McCracken that any U.S. lender would want to see an appraisal that took into account comparables from outside of GSM. In response, Defendant McCracken strongly disagreed. In a heated conversation and with the authorization of Defendant Bobby Ginn, Defendant McCracken informed Pomeroy Appraisal that

Defendant Ginn Financial only wanted Pomeroy Appraisal to use closed sales within GSM as comparables and that Defendant Ginn Financial did not want Pomeroy Appraisal to use any comparable sales from outside of GSM. Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that if Pomeroy Appraisal agreed to consider closed sales from within GSM as comparables, Pomeroy Appraisal's appraisals would have to indicate that they were "subject to" the completion of the infrastructure and amenities that Ginn was marketing for GSM. Pomeroy Appraisal informed Defendants Ginn Financial and McCracken that Pomeroy Appraisal had to protect itself, and thus Pomeroy Appraisal would only agree to provide "subject to" appraisals. Pomeroy Appraisal made it clear that if Defendants Ginn Financial and McCracken would not accept "subject to" appraisals, Pomeroy Appraisal would not provide the appraisals at all. In response, with the authorization of Defendant Bobby Ginn, Defendants Ginn Financial and McCracken asked Pomeroy Appraisal to provide a rough draft of what Pomeroy Appraisal's appraisal would look like for several of the lots.

- vii. In Fall 2006, Defendant McCracken and others from Defendant Ginn Financial spoke with Robert Allen by telephone after they received Pomeroy Appraisal's rough drafts of the GSM lot appraisals. During this call, with the authorization of Defendant

Bobby Ginn, Defendants Ginn Financial and McCracken asked Pomeroy Appraisal to remove the “subject to” comments from the draft appraisals. Pomeroy Appraisal refused. In response, Defendants McCracken said they would get back to Pomeroy Appraisal.

- viii. In Fall 2006, less than an hour after the call concerning Pomeroy Appraisal’s rough drafts of the GSM lot appraisals, with the authorization of Defendant Bobby Ginn, Defendants Ginn Financial and McCracken telephoned Pomeroy Appraisal to say that Defendant Ginn Financial was “going to go in another direction.”
- g. In Fall 2006, with the authorization of Defendant Bobby Ginn, Defendant Ginn Financial made arrangements via the Postal Service or private or commercial carrier, wire or other interstate media to fly the Pomeroy Appraisal partners to Grand Bahama on a Ginn corporate jet for a 1-day trip to meet with various Ginn sales and development people.
- h. On or about September 25, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 98. The Request for Appraisal improperly included a sales price and an “Estimated Value” figure for the lot to be appraised.
- i. On or about September 25, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other

interstate media a Request for Appraisal for GSM Lot 146. The Request for Appraisal improperly included a sales price and an “Estimated Value” figure for the lot to be appraised.

- j. On or about September 25, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 109. The Request for Appraisal improperly included a sales price and an “Estimated Value” figure for the lot to be appraised.
- k. On or about September 27, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 103. The Request for Appraisal improperly included a sales price for the lot to be appraised.
- l. On or about September 27, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 104, which was being purchased by Plaintiffs Cicolani Group. The Request for Appraisal improperly included a sales price and an “Estimated Value” figure for the lot to be appraised.
- m. On or about September 27, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 45. The Request for Appraisal improperly included a sales price for the lot to be appraised.
- n. On or about September 29, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other

interstate media a Request for Appraisal for GSM Lot 38. The Request for Appraisal improperly included a sales price for the lot to be appraised.

- o. On or about October 3, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 194. The Request for Appraisal improperly included a sales price for the lot to be appraised.
- p. On or about October 3, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 37. The Request for Appraisal improperly included a sales price for the lot to be appraised.
- q. On or about October 3, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 46, which was being purchased by Plaintiffs Liles. The Request for Appraisal improperly included a sales price and an “Estimated Value” figure for the lot to be appraised.
- r. On or about October 3, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 136. The Request for Appraisal improperly included a sales price for the lot to be appraised.
- s. On or about October 3, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 89. The Request for Appraisal

improperly included a sales price and an “Estimated Value” figure for the lot to be appraised.

- t. On or about October 4, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 80. The Request for Appraisal improperly included a sales price and an “Estimated Value” figure for the lot to be appraised.
- u. On or about October 5, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 56. The Request for Appraisal improperly included a sales price for the lot to be appraised.
- v. On or about October 27, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 88. The Request for Appraisal improperly included a sales price and an “Estimated Value” figure for the lot to be appraised.
- w. On or about October 30, 2006, Defendant Ginn Financial sent Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a Request for Appraisal for GSM Lot 432. The Request for Appraisal improperly included a sales price for the lot to be appraised.
- x. On a date presently unknown to Plaintiffs but known to Defendants, Defendant McCracken authorized and caused Defendant Ginn Financial to send Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other

interstate media the Final Completion Statement and other closing documents for the sale of Lot 18. Defendant McCracken intended the Completion Statement to serve as the only basis for Pomeroy Appraisal's valuation of other GSM lots.

- y. On a date presently unknown to Plaintiffs but known to Defendants, Defendant McCracken authorized and caused Defendant Ginn Financial to send Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media the Final Completion Statement and other closing documents for the sale of Lot 90. Defendant McCracken intended the Completion Statement to serve as the only basis for Pomeroy Appraisal's valuation of other GSM lots.
- z. On a date presently unknown to Plaintiffs but known to Defendants, Defendant McCracken authorized and caused Defendant Ginn Financial to send Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media the Final Completion Statement for the sale of Lot 97. Defendant McCracken intended the Completion Statement to serve as the only basis for Pomeroy Appraisal's valuation of other GSM lots.
- aa. On a date presently unknown to Plaintiffs but known to Defendants, Defendant McCracken authorized and caused Defendant Ginn Financial to send Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media the Final Completion Statement and other closing documents for the sale of Lot 133. Defendant McCracken intended the Completion Statement to serve as the only basis for Pomeroy Appraisal's valuation of other GSM lots.
- bb. On a date presently unknown to Plaintiffs but known to Defendants, Defendant McCracken authorized and caused Defendant Ginn Financial to send Pomeroy

Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media the Final Completion Statement and other closing documents for the sale of Lot 190. Defendant McCracken intended the Completion Statement to serve as the only basis for Pomeroy Appraisal's valuation of other GSM lots.

cc. On or about October 27, 2006, Defendant Ginn Financial received from Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a DRAFT Land Appraisal Report for GSM Lot 74. The draft stated in three separate places that it was subject to the completion of infrastructure and certain amenities as described in a detailed "Project Amenity Description." Defendants McCracken and Ginn Financial pressured Pomeroy Appraisal to remove the "subject to" language. When Pomeroy refused, Defendant Bobby Ginn authorized and caused Defendants McCracken and Ginn Financial to reject the DRAFT Land Appraisal Report and to terminate the services of Pomeroy Appraisal.

dd. On or about October 27, 2006, Defendant Ginn Financial received from Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a DRAFT Land Appraisal Report for GSM Lot 80. The draft stated in three separate places that it was subject to the completion of infrastructure and certain amenities as described in a detailed "Project Amenity Description." Defendants McCracken and Ginn Financial pressured Pomeroy Appraisal to remove the "subject to" language. When Pomeroy refused, Defendant Bobby Ginn authorized and caused Defendants McCracken and Ginn Financial to reject

the DRAFT Land Appraisal Report and to terminate the services of Pomeroy Appraisal.

- ee. On or about October 27, 2006, Defendant Ginn Financial received from Pomeroy Appraisal via the Postal Service or private or commercial carrier, wire or other interstate media a DRAFT Land Appraisal Report for GSM Lot 103. The draft stated in three separate places that it was subject to the completion of infrastructure and certain amenities as described in a detailed "Project Amenity Description." Defendants McCracken and Ginn Financial pressured Pomeroy Appraisal to remove the "subject to" language. When Pomeroy refused, Defendant Bobby Ginn authorized and caused Defendants McCracken and Ginn Financial to reject the DRAFT Land Appraisal Report and to terminate the services of Pomeroy Appraisal.
- ff. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiff Webb via the Postal Service or private or commercial carrier, wire or other interstate media a mortgage loan application, which Plaintiff Webb executed. This mortgage loan application listed Defendant Ginn Financial as the lender for Plaintiff Webb's mortgage loan, when in fact that loan was closed with CC Defendant Bahamas Sales, which is not licensed as a mortgage lender, as the lender.
- gg. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial requested via the Postal Service or private or commercial carrier, wire or other interstate media that W. Carver Grant & Co., a Bahamian engineer,

provide an appraisal for GSM Lot 261, which was being purchased by Plaintiff Webb.

- hh. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial received an appraisal from W. Carver Grant & Co. via the Postal Service or private or commercial carrier, wire or other interstate media for GSM Lot 261, which was being purchased by Plaintiff Webb. The W. Carver Grant appraisal was inflated, unsupported and did not comply with the Uniform Standards of Professional Appraisal Practice.
- ii. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiff Webb via the Postal Service or private or commercial carrier, wire or other interstate media a Good Faith Estimate of closing costs for Plaintiff Webb's mortgage loan. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiff Webb's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- jj. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiff Webb via the Postal Service or private or commercial carrier, wire or other interstate media a packet of mortgage loan closing documents for Plaintiff Webb's GSM mortgage loan. This packet of closing listed Defendant Bahamas Sales as the lender for Plaintiff Webb's mortgage loan.
- kk. On or about February 16, 2007, Defendants Bahamas Sales and Ginn Title closed Plaintiff Webb's mortgage loan for GSM Lot 261, with Defendant Bahamas Sales acting as the mortgage lender, with knowledge that the closing documents would

be transmitted via the Postal Service or private or commercial carrier, wire or other interstate media to other signatories of the agreement for execution in counterparts, and/or to an agent for filing in the Bahamas.

- ll. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Liles via the Postal Service or private or commercial carrier, wire or other interstate media a mortgage loan application, which Plaintiffs Liles executed. This mortgage loan application listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- mm. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial requested via the Postal Service or private or commercial carrier, wire or other interstate media that W. Carver Grant & Co., a Bahamian engineer, provide an appraisal for GSM Lot 46, which was being purchased by Plaintiffs Liles.
- nn. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial received an appraisal from W. Carver Grant & Co. via the Postal Service or private or commercial carrier, wire or other interstate media for GSM Lot 46, which was being purchased by Plaintiffs Liles. The W. Carver Grant appraisal was inflated, unsupported and did not comply with the Uniform Standards of Professional Appraisal Practice.
- oo. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Liles via the Postal Service or private or commercial

carrier, wire or other interstate media a Good Faith Estimate of closing costs for Plaintiffs Liles' mortgage loan on GSM Lot 46. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiffs Liles' mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

pp. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Liles via the Postal Service or private or commercial carrier, wire or other interstate media a packet of mortgage loan closing documents for Plaintiffs Liles' mortgage loan on GSM Lot 46. This packet of closing listed Defendant Bahamas Sales as the lender for Plaintiffs Liles' mortgage loan.

qq. On or about December 13, 2006, Defendants Bahamas Sales and Ginn Title closed Plaintiffs Liles' mortgage loan for GSM Lot 46, with Defendant Bahamas Sales acting as the mortgage lender, with knowledge that the closing documents would be transmitted via the Postal Service or private or commercial carrier, wire or other interstate media to other signatories of the agreement for execution in counterparts, and/or to an agent for filing in the Bahamas.

rr. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiff Kherkher via the Postal Service or private or commercial carrier, wire or other interstate media a mortgage loan application, which Plaintiff Kherkher executed. This mortgage loan application listed Defendant Ginn Financial as the lender for Plaintiff Kherkher's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

- ss. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial requested via the Postal Service or private or commercial carrier, wire or other interstate media that W. Carver Grant & Co., a Bahamian engineer, provide an appraisal for GSM Lot 270, which was being purchased by Plaintiff Kherkher.
- tt. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial received an appraisal from W. Carver Grant & Co. via the Postal Service or private or commercial carrier, wire or other interstate media for GSM Lot 270, which was being purchased by Plaintiff Kherkher. The W. Carver Grant appraisal was inflated, unsupported and did not comply with the Uniform Standards of Professional Appraisal Practice.
- uu. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiff Kherkher via the Postal Service or private or commercial carrier, wire or other interstate media a Good Faith Estimate of closing costs for Plaintiff Kherkher's mortgage loan. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiff Kherkher's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- vv. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiff Kherkher via the Postal Service or private or commercial carrier, wire or other interstate media a packet of mortgage loan closing documents for Plaintiff Kherkher's GSM mortgage loan. This packet of

closing listed Defendant Bahamas Sales as the lender for Plaintiff Kherkher's mortgage loan.

ww. On or about March 20, 2007, Defendants Bahamas Sales and Ginn Title closed Plaintiff Kherkher's mortgage loan for GSM Lot 270, with Defendant Bahamas Sales acting as the mortgage lender, with knowledge that the closing documents would be transmitted via the Postal Service or private or commercial carrier, wire or other interstate media to other signatories of the agreement for execution in counterparts, and/or to an agent for filing in the Bahamas.

xx. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiff Josephson via the Postal Service or private or commercial carrier, wire or other interstate media a mortgage loan application, which Plaintiff Josephson executed. This mortgage loan application listed Defendant Ginn Financial as the lender for Plaintiff Josephson's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

yy. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial requested via the Postal Service or private or commercial carrier, wire or other interstate media that W. Carver Grant & Co., a Bahamian engineer, provide an appraisal for GSM Lot 493, which was being purchased by Plaintiff Josephson.

zz. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial received an appraisal from W. Carver Grant & Co. via the Postal Service or private or commercial carrier, wire or other interstate media for GSM

Lot 493, which was being purchased by Plaintiff Josephson. The W. Carver Grant appraisal was inflated, unsupported and did not comply with the Uniform Standards of Professional Appraisal Practice.

aaa. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiff Josephson via the Postal Service or private or commercial carrier, wire or other interstate media a Good Faith Estimate of closing costs for Plaintiff Josephson's mortgage loan. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiff Josephson's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

bbb. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiff Josephson via the Postal Service or private or commercial carrier, wire or other interstate media a packet of mortgage loan closing documents for Plaintiff Josephson's GSM mortgage loan. This packet of closing listed Defendant Bahamas Sales as the lender for Plaintiff Josephson's mortgage loan.

ccc. On or about December 13, 2006, Defendants Bahamas Sales and Ginn Title closed Plaintiff Josephson's mortgage loan for GSM Lot 493, with Defendant Bahamas Sales acting as the mortgage lender, with knowledge that the closing documents would be transmitted via the Postal Service or private or commercial carrier, wire or other interstate media to other signatories of the agreement for execution in counterparts, and/or to an agent for filing in the Bahamas.

- ddd. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Andrews Group a mortgage loan application via the Postal Service or private or commercial carrier, wire or other interstate media, which Plaintiffs Andrews Group executed. This mortgage loan application listed Defendant Ginn Financial as the lender for Plaintiffs Andrews Group's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- eee. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial requested via the Postal Service or private or commercial carrier, wire or other interstate media that W. Carver Grant & Co., a Bahamian engineer, provide an appraisal for GSM Lot 272, which was being purchased by Plaintiffs Andrews Group.
- fff. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial received an appraisal from W. Carver Grant & Co. via the Postal Service or private or commercial carrier, wire or other interstate media for GSM Lot 272, which was being purchased by Plaintiffs Andrews Group. The W. Carver Grant appraisal was inflated, unsupported and did not comply with the Uniform Standards of Professional Appraisal Practice.
- ggg. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Andrews Group via the Postal Service or private or commercial carrier, wire or other interstate media a Good Faith Estimate of closing costs for Plaintiffs Andrews Group's mortgage loan. This Good Faith

Estimate listed Defendant Ginn Financial as the lender for Plaintiffs Andrews Group's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

- hhh. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Andrews Group via the Postal Service or private or commercial carrier, wire or other interstate media a packet of mortgage loan closing documents for Plaintiffs Andrews Group's GSM mortgage loan. This packet of closing listed Defendant Bahamas Sales as the lender for Plaintiff Andrews Group's mortgage loan.
- iii. On or about March 23, 2007, Defendants Bahamas Sales and Ginn Title closed Plaintiffs Andrews Group's mortgage loan for GSM Lot 272, with Defendant Bahamas Sales acting as the mortgage lender, with knowledge that the closing documents would be transmitted via the Postal Service or private or commercial carrier, wire or other interstate media to other signatories of the agreement for execution in counterparts, and/or to an agent for filing in the Bahamas.
- jjj. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Cicolani Group a mortgage loan application via the Postal Service or private or commercial carrier, wire or other interstate media, which Plaintiffs Cicolani Group executed. This mortgage loan application listed Defendant Ginn Financial as the lender for Plaintiffs Cicolani Group's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

- kkk. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial requested via the Postal Service or private or commercial carrier, wire or other interstate media that W. Carver Grant & Co., a Bahamian engineer, provide an appraisal for GSM Lot 104, which was being purchased by Plaintiffs Cicolani Group.
- lll. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial received an appraisal from W. Carver Grant & Co. via the Postal Service or private or commercial carrier, wire or other interstate media for GSM Lot 104, which was being purchased by Plaintiffs Cicolani Group. The W. Carver Grant appraisal was inflated, unsupported and did not comply with the Uniform Standards of Professional Appraisal Practice.
- mmm. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Cicolani Group via the Postal Service or private or commercial carrier, wire or other interstate media a Good Faith Estimate of closing costs for Plaintiffs Cicolani Group's mortgage loan. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiffs Cicolani Group's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.
- nnn. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Cicolani Group via the Postal Service or private or commercial carrier, wire or other interstate media a packet of mortgage loan closing documents for Plaintiffs Cicolani Group's GSM mortgage loan. This

packet of closing listed Defendant Bahamas Sales as the lender for Plaintiff Cicolani Group's mortgage loan.

ooo. On or about December 13, 2006, Defendants Bahamas Sales and Ginn Title closed Plaintiffs Cicolani Group's mortgage loan for GSM Lot 104, with Defendant Bahamas Sales acting as the mortgage lender, with knowledge that the closing documents would be transmitted via the Postal Service or private or commercial carrier, wire or other interstate media to other signatories of the agreement for execution in counterparts, and/or to an agent for filing in the Bahamas.

ppp. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Lammertse a mortgage loan application via the Postal Service or private or commercial carrier, wire or other interstate media, which Plaintiffs Lammertse executed. This mortgage loan application listed Defendant Ginn Financial as the lender for Plaintiffs Lammertse's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

qqq. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial requested via the Postal Service or private or commercial carrier, wire or other interstate media that W. Carver Grant & Co., a Bahamian engineer, provide an appraisal for GSM Lot 179, which was being purchased by Plaintiffs Lammertse.

rrr. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial received an appraisal from W. Carver Grant & Co. via the Postal

Service or private or commercial carrier, wire or other interstate media for GSM Lot 179, which was being purchased by Plaintiffs Lammertse. The W. Carver Grant appraisal was inflated, unsupported and did not comply with the Uniform Standards of Professional Appraisal Practice.

sss. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Lammertse via the Postal Service or private or commercial carrier, wire or other interstate media a Good Faith Estimate of closing costs for Plaintiffs Lammertse's mortgage loan. This Good Faith Estimate listed Defendant Ginn Financial as the lender for Plaintiffs Lammertse's mortgage loan, when in fact that loan was closed with Defendant Bahamas Sales Associate, which is not licensed as a mortgage lender, as the lender.

ttt. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Lammertse via the Postal Service or private or commercial carrier, wire or other interstate media a packet of mortgage loan closing documents for Plaintiffs Lammertse's GSM mortgage loan. This packet of closing listed Defendant Bahamas Sales as the lender for Plaintiff Lammertse's mortgage loan.

uuu. On or about March 23, 2007, Defendants Bahamas Sales and Ginn Title closed Plaintiffs Lammertse's mortgage loan for GSM Lot 179, with Defendant Bahamas Sales acting as the mortgage lender, with knowledge that the closing documents would be transmitted via the Postal Service or private or commercial carrier, wire or other interstate media to other signatories of the agreement for execution in counterparts, and/or to an agent for filing in the Bahamas.

vvv. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Van via the Postal Service or private or commercial carrier, wire or other interstate media a Good Faith Estimate of closing costs for GSM Lot 203, with knowledge that the purchase price for Lot 203 as set forth therein had been artificially inflated due to the Appraisal Fraud Scheme.

www. On a date presently unknown to Plaintiffs but known to Defendants, Defendant Ginn Financial sent Plaintiffs Van via the Postal Service or private or commercial carrier, wire or other interstate media a packet of closing documents for GSM Lot 203, with knowledge that the purchase price for Lot 203 as set forth therein had been artificially inflated due to the Appraisal Fraud Scheme.

xxx. On or about March 13, 2007, Defendants Bahamas Sales and Ginn Title closed Plaintiffs Van's mortgage loan for GSM Lot 203, with knowledge that the closing documents would be transmitted via the Postal Service or private or commercial carrier, wire or other interstate media to other signatories of the agreement for execution in counterparts, and/or to an agent for filing in the Bahamas.

yyy. On or about March 7, 2007, Defendant Bobby Ginn authorized and caused a 2007 Limited Liability Corporation Annual Report to be filed with the Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media for Defendant Ginn Financial.

zzz. On or about April 23, 2007, Defendant Bobby Ginn authorized and caused a 2007 Limited Liability Corporation Annual Report to be filed with the

Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media for Defendant Bahamas Sales.

aaaa. On or about September 4, 2007, Defendant Bobby Ginn authorized and caused a 2007 Amended Limited Liability Corporation Annual Report to be filed with the Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media for Defendant Ginn Financial.

bbbb. On or about January 16, 2008, Defendant Bobby Ginn authorized and caused a 2008 Limited Liability Corporation Annual Report to be filed with the Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media for Defendant Ginn Financial.

cccc. On or about April 22, 2008, Defendant Bobby Ginn authorized and caused a 2008 Limited Liability Corporation Annual Report to be filed with the Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media for Defendant Bahamas Sales.

dddd. On or about April 30, 2009, Defendant Bobby Ginn authorized and caused a 2009 Limited Liability Corporation Annual Report to be filed with the Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media for Defendant Ginn Financial.

eeee. On or about April 30, 2009, Defendant Bobby Ginn authorized and caused a 2009 Limited Liability Corporation Annual Report to be filed with the Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media for Defendant Bahamas Sales.

ffff. On or about March 17, 2010, Defendant Bobby Ginn authorized and caused a 2010 Limited Liability Corporation Annual Report to be filed with the Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media for Defendant Ginn Financial.

gggg. On or about March 18, 2010, Defendant Bobby Ginn authorized and caused a 2010 Limited Liability Corporation Annual Report to be filed with the Florida Secretary of State via the Postal Service or private or commercial carrier, wire or other interstate media for Defendant Bahamas Sales.

98. Other matters and things sent through or received from the Postal Service and private or commercial carrier or interstate wire transmission by Mortgage Fraud Defendants included information or communication in furtherance of or necessary to effectuate the Appraisal Fraud Scheme outlined above. Details concerning the exact dates of and persons involved in sending the following matters or things is in the exclusive control of one or more of Mortgage Fraud Defendants, and/or other persons and are presently unknown to Plaintiffs:

- a. Defendants Bobby Ginn, Ginn Financial, Bahamas Sales and McCracken engaged in a series of communications via mail and/or wire among themselves and with others prior to October 2006 concerning the use of inflated and unsupported appraisals that did not comply with the Uniform Standards of Professional Appraisal Practice to justify the sale and financing of Plaintiffs' GSM lot purchases at inflated prices based upon marketed amenities that did not exist at the time of the appraisals.

- b. Defendants Bobby Ginn, Ginn Financial, Bahamas Sales and McCracken engaged in a series of communications via mail and/or wire among themselves and with others prior to October 2006 concerning the use of Pomeroy Appraisal.
- c. Defendants Bobby Ginn, Ginn Financial, Bahamas Sales and McCracken engaged in a series of communications via mail and/or wire among themselves and with others prior to October 2006 concerning the communications that Defendants Ginn Financial, McCracken had with Pomeroy Appraisal.
- d. Defendants Bobby Ginn, Ginn Financial, Bahamas Sales and McCracken engaged in a series of communications via mail and/or wire among themselves and with others prior to October 2006 concerning the decision to terminate the relationship with Pomeroy Appraisal.
- e. Defendants Bobby Ginn, Ginn Financial, Bahamas Sales and McCracken engaged in a series of communications via mail and/or wire among themselves and with others prior to October 2006 concerning the retention of another appraiser following the decision to terminate the relationship with Pomeroy Appraisal.
- f. Defendants Ginn Financial and McCracken engaged in a series of communications via mail and/or wire among themselves and with W. Carver Grant prior to October 2006 concerning how Defendants Ginn Financial and McCracken wanted W. Carver Grant to write the appraisals for GSM lots.

99. Other matters and things sent through or received from the Postal Service and private or commercial carrier or interstate wire transmission by Mortgage Fraud Defendants included information or communication in furtherance of or necessary to effectuate the Appraisal Fraud Scheme outlined above.

100. Mortgage Fraud Defendants' misrepresentations, acts of concealment and failures to disclose were knowing and intentional and made for the purpose of deceiving Plaintiffs and obtaining their money and property for Mortgage Fraud Defendants' gain.

101. Mortgage Fraud Defendants either knew or recklessly disregarded the fact that the misrepresentations and omissions described above were material, and Plaintiffs relied on the misrepresentations and omissions set forth above.

102. As a result of Mortgage Fraud Defendants' Appraisal Fraud Scheme, Mortgage Fraud Defendants have obtained money and property belonging to Plaintiffs, and Plaintiffs have been injured in their business or property by Mortgage Fraud Defendants' overt acts of mail, wire and bank fraud.

Pattern of Racketeering Activity – Ginn Financial Enterprise

103. Mortgage Fraud Defendants did knowingly, willfully and unlawfully conduct or participate in the affairs of the Ginn Financial Enterprise through a "pattern of racketeering activity," within the meaning of 18 U.S.C. §§ 1961(1), 1961(5) and 1962(c). The racketeering activity was made possible by the Mortgage Fraud Defendants' regular and repeated use of the facilities and services of the Ginn Financial Enterprise.

104. Mortgage Fraud Defendants committed or aided and abetted in the commission of at least two acts of racketeering activity, i.e., indictable violations of 18

U.S.C. §§1341, 1343 and 1344 as described above, within the past five years (“Racketeering Acts”). Mortgage Fraud Defendants' Racketeering Acts were not isolated, but rather had the same or similar purpose, participants, method of commission, and victims, including Plaintiffs.

105. Each of the Racketeering Acts were committed pursuant to and in furtherance of the Ginn Financial Enterprise, and such acts include false and misleading statements, as well as other uses of the mails and wire transmissions, to further and execute Defendants' Appraisal Fraud Scheme.

106. The multiple Racketeering Acts that Mortgage Fraud Defendants committed and/or conspired to commit and/or aided and abetted the commission of, were related to each other and amount to and pose a threat of continued racketeering activity, and therefore constitute a "pattern of racketeering activity" as defined in 18 U.S.C. § 1961(5).

107. Each of the Mortgage Fraud Defendants agreed to enter into a conspiracy to violate 18 U.S.C. § 1962(c) by committing acts indictable under 18 U.S.C. § 1341 (relating to mail fraud), 18 U.S.C. § 1343 (relating to wire fraud), and 18 U.S.C. § 1344 (relating to bank fraud), in an effort to effectuate the Appraisal Fraud Scheme.

COUNT I

Violation of 18 U.S.C. § 1962(c): RICO – The Ginn Financial Fraud

(All Plaintiffs Against Defendants Ginn Financial, Bahamas Sales Associate, Ginn Title, William McCracken and Bobby Ginn)

108. Plaintiffs re-allege the allegations set forth in Paragraphs 1-17 and 19-106 as though fully set forth below.

109. Mortgage Fraud Defendants violated 18 U.S.C. §§ 1962(c) by conducting, or participating directly or indirectly in the conduct of the affairs of the Ginn Financial Enterprise through a pattern of racketeering activity, including acts indictable under 18 U.S.C. §§1341 and 1343.

110. As a direct and proximate result, Plaintiffs have been injured in their business or property by the predicate acts that make up Mortgage Fraud Defendants' pattern of racketeering activity through the Ginn Financial Enterprise.

COUNT II

Violation of 18 U.S.C. § 1962(d): RICO – The Ginn Financial Fraud

(All Plaintiffs Against Defendants Ginn Financial, Bahamas Sales Associate, Ginn Title, William McCracken and Bobby Ginn)

111. Plaintiffs re-allege the allegations set forth in Paragraphs 1-18 and 19-107 as though fully set forth below.

112. In violation of 18 U.S.C. § 1962(d) Mortgage Fraud Defendants have, as set forth above, conspired to violate 18 U.S.C. § 1962(c). The conspiracy commenced at least as early as 2004 and continues. The object of the conspiracy was to sell and finance GSM lots at unjustified and inflated prices resulting in increased profits for Mortgage Fraud Defendants.

113. As set forth above, each Mortgage Fraud Defendant knowingly, willfully and unlawfully agreed and combined to conduct or participate in, directly or indirectly, the conduct of the affairs and activities of the Ginn Financial Enterprise through a pattern of racketeering activity, including acts indictable under 18 U.S.C. §§1341 and 1343, in violation of 18 U.S.C. § 1962(c).

114. Mortgage Fraud Defendants committed numerous overt acts of racketeering activity or other wrongful activity in furtherance of said conspiracy.

115. The purpose of the acts that caused injury to Plaintiffs was to advance the overall objective of the conspiracy, and the harm to Plaintiffs was a reasonably foreseeable consequence of Mortgage Fraud Defendants' Appraisal Fraud Scheme.

116. As a direct and proximate result, Plaintiffs have been injured in their business or property by Mortgage Fraud Defendants' conspiracy and by the predicate acts that make up Mortgage Fraud Defendants' pattern of racketeering activity through the Ginn Financial Enterprise.

PRAYER FOR RELIEF

Plaintiffs hereby pray for the following relief:

- A. A determination that Defendants have violated 18 U.S.C. §§ 1962(c) and (d);
- B. An injunction prohibiting Defendants from further violations of 18 U.S.C. §§ 1962(c) and (d);
- C. A determination that the mortgages entered into by the Mortgagor Plaintiffs should be declared null and void as a consequence of the Appraisal Fraud Scheme;
- D. As to all Counts, an order that Defendants pay damages in an amount to be determined at trial;
- E. As to all Counts, an order that Defendants pay treble the amount of damages suffered by Plaintiffs;
- H. An order of restitution of all payments and charges that Defendants improperly collected from Plaintiffs;
- I. A determination that Defendants are jointly and severally liable as to all Counts herein;
- J. An award to Plaintiffs of the costs and disbursements incurred in connection will

this action, including reasonable attorneys' fees and the reimbursement of expenses in amounts to be determined by the Court;

- K. An award to Plaintiffs of prejudgment interest;
- L. Trial by Jury of all issues triable as of right by a jury; and
- M. Such other and, further relief as the Court may deem just and proper.

June 1, 2010

s/ Dana L. Ballinger

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