KRISTIN K. MAYES
ATTORNEY GENERAL
(Firm State Bar No. 14000)
John Raymond Dillon IV (Bar No. 036796)
Alyse C. Meislik (Bar No. 024052)
Amanda M. Salvione (Bar No. 032136)
Assistant Attorneys General
Office of the Attorney General
2005 North Central Avenue
Phoenix, AZ 85004-1545
Telephone: (602) 542-3725
Facsimile: (602) 542-4377
Email: consumer@azag.gov
Attorneys for the State of Arizona

SUPERIOR COURT OF ARIZONA

IN MARICOPA COUNTY

STATE OF ARIZONA, *ex rel.* KRISTIN K. MAYES, Attorney General, Plaintiff, v. MV REALTY OF ARIZONA, LLC, an Arizona Limited Liability Company; MV BROKERAGE OF ARIZONA, LLC, an Arizona Limited Liability Company; MV REALTY PBC, LLC, a Florida Limited Liability Company; MV REALTY HOLDINGS, LLC, f/k/a MV REALTY HOLDING COMPANY, LLC, a Florida Limited Liability Company; MV BROKERAGE, LLC, a Florida Limited Liability Company; MV RECEIVABLES II, LLC, a Florida Limited Liability Company; MV RECEIVABLES III, LLC a Florida Limited Liability Company; ANTONY MITCHELL; AMANDA J. ZACHMAN, f/k/a AMANDA ZUCKERMAN; DAVID MANCHESTER; and DOES 1 through 10, Defendants.	Case No. **COMPLAINT AND DEMAND FOR JURY TRIAL**

Plaintiff, State of Arizona, *ex rel*. Kristin K. Mayes, the Attorney General (the "State"), alleges the following for its Complaint against Defendants MV Realty of Arizona, LLC; MV Brokerage of Arizona, LLC; MV Realty PBC, LLC ("MV Realty PBC"); MV Realty Holdings, LLC, f/k/a MV Realty Holding Company LLC ("MV Realty Holdings"); MV Brokerage, LLC; MV Receivables II, LLC; MV Receivables III, LLC (collectively, "MV Realty"); Antony Mitchell ("Mitchell"); Amanda J. Zachman, f/k/a Amanda J. Zuckerman ("Zachman"); David Manchester ("Manchester"); and DOES 1 through 10 (together, "Defendants").

INTRODUCTION

1. For most Arizona homeowners, their home is their largest asset and primary financial safety net in times of hardship, including job loss, the death of a spouse, unexpected illness, or broader economic disruptions such as a global pandemic.

2. When such circumstances arise, access to home equity—whether through a sale, refinance, home equity loan, or other equity-based transaction—can determine whether a homeowner maintains financial stability or faces financial ruin.

3. Since 2021, Defendants, through MV Realty, have exploited financially vulnerable Arizona homeowners through a deceptive and predatory home-equity stripping scheme deceptively branded as the 'Homeowner Benefit Program.'

4. Defendants widely and aggressively marketed the Homeowner Benefit Program in Arizona using deceptive in person, online, telephonic, and digital marketing, including illegal telemarketing to consumers registered on the National Do Not Call Registry.

5. MV Realty took extraordinary steps to conceal the true terms of their Homeowner Benefit Program from Arizona homeowners. This concealment included false and misleading advertising, deceptive statements and half-truths by telemarketers and real estate professionals, and a closing process designed to obscure material program terms, including rushed, high-pressure tactics to induce homeowners to sign the contract before they could understand its true nature.

6. Defendants promoted the Homeowner Benefit Program as a legitimate "loan alternative," falsely claiming it provided homeowners with "CASH without taking a loan."

7. Defendants offered a cash payment to homeowners while representing that homeowners could keep the cash payment "no matter what" in exchange for nothing more than the "opportunity" for MV Realty to serve as their real estate agent in the future or, at other times, simply the "first right" to list their homes.

8. To enroll in the Homeowner Benefit Program, MV Realty required consumers to sign its Homeowner Benefit Agreement ("HBA"), which referenced a website containing a sample listing agreement MV Realty intended homeowners to sign if they ever chose to sell their home. *See* HBA attached hereto as Exhibit A. MV Realty embedded critical terms in hyperlinks that were not provided in hard copy or reviewed by consumers at the time of signing.

9. In substance, the HBA acts as a disguised loan, characterized by an upfront "Promotion Fee" that subjects consumers to excessive, loan-like interest charges through an "Early Termination Fee." Although marketed as "not a loan," the Promotion Fee operates as a small advance that triggers repayment obligations many times greater than the initial payment.

10. MV Realty's Promotion Fee typically represents approximately 0.27% (0.0027) of the home's value, as determined solely by MV Realty.

11. Defendants represented the HBA as a simple agreement for future real estate listing services. In reality, the HBA is a one-sided, onerous contract containing terms far outside accepted real estate industry practices—terms that no reasonable consumer would expect to see in a legitimate real estate listing agreement.

12. Among other provisions, the HBA: (a) grants MV Realty an unprecedented, secured right to list the property for 40 years; (b) purports to run with the land and bind the homeowner's heirs, successors, and assigns; (c) imposes an exorbitant liquidated damages or Early Termination Fee—often ten times the initial Promotion Fee—designed to punish homeowners seeking to escape the agreement; and (d) requires homeowners to submit to a one-sided arbitration provision.

13. When marketing the HBAs, MV Realty falsely assured Arizona consumers that it would not place liens on homeowners' properties. But when consumers entered these HBAs, MV Realty promptly recorded Memorandums of MVR Homeowner Benefit Agreement

("Memorandums") with applicable county recorders. *See* Memorandum attached hereto as Exhibit B.

14. The recorded Memorandums function as liens or encumbrances against the homeowners' properties to secure MV Realty's purported right to collect a commission whenever a consumer attempts to access their home equity or transfer ownership.

15. When disputes arose, MV Realty filed lawsuits against homeowners and sought to enforce the HBAs as lien-based claims by recording and relying on lis pendens notices. MV Realty used these filings to freeze pending sales, obstruct transfers of title, and pressure homeowners into paying MV Realty's claimed fees before they could sell, refinance, or otherwise access their home equity.

16. To date, approximately 1,600 Arizona consumers have been induced into signing HBAs containing these predatory terms. Although Defendants claim to have stopped enrolling consumers after 2022, they continue to collect on previously executed HBAs, and the effects of the recorded Memorandums continue to harm homeowners.

17. Moreover, despite lacking an active Arizona real-estate license or designated broker since May 30, 2024; MV Realty has continued to enforce HBAs and demand unlawful Early Termination Fees from Arizona homeowners without an ability to lawfully perform real-estate services or collect commissions.

18. MV Realty's misconduct is not unique to Arizona. It has employed the same standardized tactics—offering small, upfront payments in exchange for long-term, equity-draining obligations—in multiple jurisdictions.

19. In response, Attorneys General and state regulators in at least a dozen states—including, but not limited to California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Maryland, Massachusetts, Minnesota, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, and Pennsylvania—have sued, obtained judgments, and/or entered into settlements with MV Realty entities and affiliates for similar deceptive practices. Courts in Florida, Massachusetts, North Carolina, California, Georgia, and New Jersey have already granted preliminary injunctions or partial summary judgment, prohibiting MV Realty from

further encumbering homeowners' property records.

20. The Arizona Attorney General now brings this action to protect Arizona homeowners, enforce Arizona law, and put an end to Defendants' predatory scheme.

JURISDICTION AND VENUE

21. The State brings this action pursuant to the Arizona Consumer Fraud Act, Arizona Revised Statutes ("A.R.S.") §§ 44-1521 through 44-1534 (the "ACFA"), and the Arizona Telephone Solicitations Statutes, A.R.S. §§ 44-1271 through 44-1282 (the "ATSS") to obtain injunctive relief to permanently enjoin and prevent the unlawful acts and practices alleged in this Complaint, and to obtain other relief, including restitution, disgorgement of profits, gains, gross receipts, or other benefits, civil penalties, and costs and attorneys' fees.

22. This Court has subject-matter jurisdiction.

23. This Court has personal jurisdiction over Defendants because they purposefully directed and conducted business activities toward Arizona and Arizona consumers, including by advertising and marketing the Homeowner Benefit Program in Arizona; soliciting and telemarketing Arizona homeowners; originating, offering, and entering HBAs with Arizona homeowners; recording Memorandums against Arizona properties in county recorder offices; accepting payments from Arizona homeowners; communicating with Arizona homeowners regarding those agreements and MV Realty's claimed fees; and initiating enforcement actions and lis pendens filings in Arizona courts—thereby causing events to occur in Arizona out of which the claims alleged in this Complaint arose.

24. Pursuant to A.R.S. § 44-1528, this Court may issue appropriate orders both prior to and following a determination of liability.

25. Venue is proper in Maricopa County pursuant to A.R.S. § 12-401(17) and because Defendants caused events to occur in Maricopa County out of which the claims alleged in this Complaint arose.

PARTIES

26. Plaintiff is the State of Arizona *ex rel*. Kristin K. Mayes, the Attorney General of Arizona, who is authorized to bring this action under the ACFA, and the ATSS.

27. Defendant MV Realty of Arizona, LLC is an Arizona limited liability company with its principal place of business in Delray Beach, Florida. MV Realty of Arizona, LLC was licensed as a real estate brokerage under the name MV Realty, License No. LC697373000, from June 24, 2021 to May 30, 2024. As of the date of this filing, the company is not in good standing or authorized to conduct regular business operations in Arizona.

28. Between approximately July 2021 and November 2022, MV Realty of Arizona, LLC originated approximately 1,600 HBAs in Arizona.

29. Defendant MV Brokerage of Arizona, LLC is an Arizona limited liability company with its principal place of business in Delray Beach, Florida. MV Brokerage of Arizona, LLC was never licensed in Arizona to conduct real estate activities.

30. Between approximately October 2022 and November 2022, Defendant MV Brokerage of Arizona, LLC originated approximately 77 HBAs with Arizona consumers.

31. Defendant MV Realty PBC is a Florida limited liability company with its principal place of business in Fort Lauderdale, Florida. Upon information and belief, MV Realty PBC wholly owns, controls, and directs the actions of MV Realty of Arizona, LLC and MV Brokerage of Arizona, LLC.

32. Defendant MV Realty Holdings is a Florida limited liability company with its principal place of business in Fort Lauderdale, Florida. Upon information and belief, MV Realty Holdings wholly owns, controls, and directs the actions of MV Realty PBC.

33. Defendant MV Brokerage, LLC is a Florida limited liability company with its principal place of business in Fort Lauderdale, Florida. Upon information and belief, Defendant MV Brokerage, LLC has collected Early Termination fees from Arizona consumers who entered into HBAs.

34. Defendant MV Receivables II, LLC is a Florida limited liability company with its principal place of business in Fort Lauderdale, Florida. Upon information and belief, at all times material to this Complaint, MV Receivables II, LLC owned and/or otherwise held an interest in HBAs originating in Arizona.

35. Defendant MV Receivables III, LLC is a Florida limited liability company with

its principal place of business in Fort Lauderdale, Florida. Upon information and belief, at all times material to this Complaint, MV Receivables III, LLC owned and/or otherwise held an interest in HBAs originating in Arizona.

36. Defendant Mitchell is an individual residing in the state of Florida. Upon information and belief, Mitchell is the Chief Executive Officer of MV Realty PBC; a member of MV Brokerage of Arizona, LLC; and the manager of MV Realty Holdings, MV Receivables II, LLC, MV Receivables III, LLC, MV Brokerage, LLC, and MV Realty of Arizona, LLC. At all times material to this Complaint, Mitchell directed, managed, and participated in the acts and practices of MV Realty, including the acts and practices set forth in this Complaint.

37. Defendant Zachman is an individual residing in the state of Florida. Upon information and belief, Zachman is the manager and authorized representative of MV Realty PBC; an authorized member of MV Brokerage, LLC; a manager of MV Realty of Arizona, LLC, and a member of MV Brokerage of Arizona, LLC. Upon further information and belief, Zachman served as Chief Sales Officer and was responsible for MV Realty's brokerage services. At all times material to this Complaint, Zachman directly participated in, managed, operated, controlled, and had the ability to control the operations of MV Realty, including the acts and practices set forth in this Complaint.

38. Defendant Manchester is an individual residing in the state of Florida. Upon information and belief, Manchester is the Chief Operating Officer of MV Realty PBC; a manager of MV Brokerage, LLC and MV Realty of Arizona, LLC; and a member of MV Brokerage of Arizona, LLC. At all times material to this Complaint, Manchester directly participated in, managed, operated, controlled, and had the ability to control the operations of MV Realty, including the acts and practices set forth in this Complaint.

39. The true names and capacities, whether individual, corporate, associate, or otherwise, of Defendants sued herein as DOES 1 through 10 are currently unknown to the State, which therefore sues such Defendants by fictitious names. The State will amend this Complaint to allege their true names and capacities when ascertained. The State is informed and believes, and on that basis alleges, that each of the fictitiously named Defendants participated in, directed,

controlled, had knowledge of, authorized, ratified, or otherwise was responsible in some manner for the acts and practices alleged in this Complaint and caused injury thereby.

40. At all relevant times, each Defendant acted individually and jointly with every other named Defendant in committing all acts alleged in this Complaint.

41. Whenever reference is made in this Complaint to any act or practice of Defendants or MV Realty, it shall be deemed to mean the personal acts of each Defendant and/or the acts or practices of Defendants' principals, owners, officers, directors, members, employees, independent contractors, representatives, and/or other agents acting within the scope of their employment or authority.

42. Upon information and belief, the corporate Defendants (MV Realty of Arizona, LLC; MV Brokerage of Arizona, LLC; MV Realty PBC; MV Realty Holdings; MV Brokerage, LLC; MV Receivables II, LLC; and MV Receivables III, LLC) acted at all relevant times as one another's agents and principals and, directly or indirectly, exercised authority and control over the marketing, origination, recording, enforcement, and collection practices alleged in this Complaint. Each corporate Defendant authorized, directed, ratified, or benefited from the unlawful practices described herein.

43. Upon information and belief, Defendants Mitchell, Zachman, and Manchester directly participated in and/or had authority to control the unlawful practices alleged herein. Each of these individual Defendants designed, approved, implemented, supervised, or enforced key aspects of the Homeowner Benefit Program, including sales scripts, telemarketing operations, contract terms, recording of memorandums against homeowners' properties, and collection of fees, and knew or should have known that such practices were unlawful.

44. Upon information and belief, all Defendants operated as a common enterprise with a unified purpose, shared ownership and management, integrated business functions, and centralized decision-making.

45. Upon information and belief, there exists a unity of interest and ownership among the corporate Defendants (MV Realty of Arizona, LLC; MV Brokerage of Arizona, LLC; MV Realty PBC; MV Realty Holdings; MV Brokerage, LLC; MV Receivables II, LLC; and MV

Receivables III, LLC) such that the separateness of the entities has ceased and adherence to the corporate form would sanction a fraud or promote injustice. Defendants used the corporate form to perpetrate, conceal, or facilitate the unlawful practices alleged herein. The Court should disregard the corporate separateness as necessary to afford complete relief and prevent injustice.

46. Upon information and belief, Defendants knowingly aided and abetted, conspired, and acted in concert with each other and with third parties to commit the unlawful acts and practices alleged herein. Each Defendant committed overt acts in furtherance of the common plan or enterprise and is liable for the acts of co-conspirators and joint actors to the full extent permitted by law, including joint and several liability for all relief sought in this action.

ALLEGATIONS

47. MV Realty launched the Homeowner Benefit Program in Florida around 2018 and rapidly expanded nationwide to at least 33 states, including Arizona.

48. MV Realty registered with the Arizona Corporation Commission on June 22, 2020, obtained an Arizona employing-broker entity license (License No. LC697373000) on or about June 24, 2021, and began marketing and originating Arizona HBAs shortly thereafter.

49. In the ensuing years, MV Realty signed approximately 1,600 Arizona HBAs and recorded approximately 1,500 Memorandums against most of those properties, creating lien-like encumbrances on residential title.

50. Through in person, online, telephonic, and digital marketing, Defendants represented the Homeowner Benefit Program as a "loan alternative" offering to pay consumers immediate cash that homeowners will "keep no matter what," in exchange for giving MV Realty the "opportunity" to serve as the real estate agent in the future.

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51. MV Realty represented to consumers that promotional payments ("Promotion Fees") range from $300 to $5,000. In fact, in Arizona, average payments were only about $1,000; most homeowners received less than $1,500, and no homeowner received more than approximately $2,970—nominal relative to the obligations imposed by the HBAs.

52. In substance, the HBAs have a 40-year term and function as exclusive real-estate employment contracts (or listing agreements) that: (a) grant MV Realty exclusive listing rights; (b) purport to bind successors and run with the land; (c) improperly authorize unilateral assignment by MV Realty; and (d) require MV Realty to record a Memorandum against the home, clouding title and restricting sales, refinances, transfers, and equity transactions.

53. The HBAs also impose a "Commission Floor." Specifically, homeowners selling a house through MV Realty must pay either 6% of the sale price (if there is no cooperating broker) or 3% of MV Realty's valuation of the home's value at HBA signing—whichever is higher.

54. Separately, if an Early Termination event occurs (such as the homeowners' death or their attempted termination of the HBA for any reason), MV Realty demands an Early Termination Fee equal to 3% of the greater of the home's value at HBA signing or at breach, with valuation set by MV Realty.

55. MV Realty conceals and misrepresents material terms of its Homeowner Benefit Program and HBA in order to induce consumers into joining the program.

56. Among other things, Defendants: (a) describe the Memorandum as "not a lien" and mere "public notice," though it operates as a lien that clouds title; (b) tell consumers MV Realty seeks only a "first right to list," while the HBA grants exclusive listing rights for 40 years; and (c) omits fees and conditions (including a $500 "Administrative Fee," its true commission structure, and the Early Termination Fee) from their sales pitch.

57. MV Realty solicited homeowners through a coordinated outreach program that included websites, third-party sites, social media, targeted browser ads, emails, phone calls, and text messages.

58. MV Realty also purchased or acquired leads from third parties and deployed "transfer specialists" and licensed agents to pitch the Homeowner Benefit Program and schedule contract signings.

59. MV Realty incentivized volume enrollments by paying its sales agents a $500 commission for each HBA originated (rather than a salary) and used performance metrics to drive sign-ups.

60. Defendants typically withheld complete documents from homeowners until a notary arrived to execute the HBAs.

61. Many homeowners first saw the HBA and Memorandum at a notary signing, without having a meaningful chance to review or understand the terms. Even then, MV Realty did not have the notary leave executed copies of the HBA with consumers.

62. MV Realty then enforces these contracts and recorded Memorandums by demanding "Early Termination Fee" payments when homeowners attempt to access or transfer equity, try to sell their home with an agent that is not associated with MV Realty, or otherwise deviate from the HBA terms—even where MV Realty has not provided and cannot provide licensed real-estate services.

63. Therefore, the Homeowner Benefit Program's practical effect is to strip homeowner equity for a token upfront payment.

MV Realty Expands its Homeowner Benefit Program in Arizona through Illegal Telemarketing and Robocalling.

64. As MV Realty scaled its Homeowner Benefit Program into Arizona, Defendants relied on outbound telephone solicitations and automated calling tactics that targeted Arizona homeowners—including those listed on the National Do Not Call (DNC) Registry—contrary to Arizona's Telephone Solicitations statutes and federal rules.

65. In furtherance of this scheme, MV Realty purchased, gathered, and received Arizona consumers' contact information ("leads") from third parties and once obtained, its transfer specialists and real-estate agents aggressively telemarketed the Homeowner Benefit Program to those homeowners.

66. These telemarketing practices were not only invasive, they were also flagrant violations of Arizona's telemarketing laws.

67. From approximately June 2021 through 2022, Defendants initiated outbound sales calls to Arizona consumers for the purpose of selling HBAs, but failed to comply with Arizona's registration, bonding, and disclosure requirements for telephone solicitations.

68. MV Realty solicited Arizona homeowners without registering as a telephone seller with the Arizona Secretary of State, as required by A.R.S. § 44-1272.

69. MV Realty solicited Arizona homeowners without maintaining and filing the $100,000 telephone-solicitation bond (or equivalent cash deposit) with the Arizona State Treasurer, in violation of A.R.S. § 44-1274.

70. Defendants failed to disclose, before beginning their solicitation or sales presentation, the legal name of the seller, the complete street address of the physical location from which the call was made and the seller's principal location, the solicitor's true legal name, and that the purpose of the call was to sell merchandise, as required by A.R.S. § 44-1276(A).

71. Instead of disclosing their true name, Defendants instructed their sales agents to introduce themselves as "The Homeowner Benefit Program," thereby concealing the seller's identity and evading A.R.S. § 44-1276(A)(2)–(4).

72. Defendants also made or caused to be made telemarketing calls that left

prerecorded or artificial messages on Arizona consumers' voicemails without prior express consent, in violation of A.R.S. § 44-1278(B)(4). In these recordings, Defendants deceptively referred to themselves as "MV" or as the "Homeowner Benefit Program" concealing their identity and evading A.R.S. § 44-1276(A)(2)–(4).

73. The Federal Communications Commission (FCC) has already concluded that MV Realty illegally called consumers on the DNC Registry. On January 24, 2023, the FCC's Enforcement Bureau issued Public Notice DA-23-65, ordering all U.S.-based voice service providers to effectively mitigate or block suspected illegal robocall traffic from MV Realty (via the PhoneBurner platform) based on evidence of DNC violations, prerecorded telemarketing messages without consent, and misleading caller ID.

74. The FCC found MV Realty's calls were telephone solicitations, that homeowners did not give consent and did not have an established business relationship with MV Realty, and that MV Realty persisted after opt-out requests by consumers—including failures to remove numbers from its own calling list.

75. MV Realty engaged in similar conduct in Arizona and with Arizona homeowners including soliciting Arizona numbers on the DNC Registry.

76. Under Arizona law, the DNC violations, prerecorded/automated calls without consent, and failures to register, bond, and disclose described above are expressly deemed unlawful practices under the ACFA, A.R.S. § 44-1522, and A.R.S. §§ 44-1278(B), 44-1282(B), and are cumulatively enforceable by the Attorney General.

<u>After Securing an Executed HBA, MV Realty Illegally Recorded the Memorandums.</u>

77. Since 2021, MV Realty has recorded approximately 1,500 Memorandums against the title of Arizona homeowners' properties across Arizona.

78. These recorded Memorandums inhibit the free and alienable transfer of real estate by clouding the title on homeowners' property and impairing homeowners' ability to sell or refinance, encumbering property rights and obstructing routine equity transactions.

79. Arizona law prohibits Arizona real estate agents from recording instruments that encumber residential real estate, and such recordings are void and unenforceable. *See*

A.R.S. § 33-1071 and § 44-420(D).

80. MV Realty conditions termination/release of recorded Memorandums on payment of an Early Termination Fee—typically at least three percent (3%) of a home's valuation (as determined by MV Realty).

81. MV Realty's recorded Memorandums can also impede or completely block a homeowner from being able to obtain home equity lines of credit, refinance their mortgages or loans, or obtain reverse mortgages.

82. For a consumer to obtain a home equity line of credit, refinance a mortgage or loan, or obtain a reverse mortgage, MV Realty must subordinate the recorded Memorandum or temporarily "lift and reinstate" it. Some lenders will not agree to lend to homeowners even if MV Realty does agree to subordinate or lift and reinstate the lien.

83. Even if potential lenders agree to subordination or lift-and-reinstate terms, recorded Memorandums delay what are typically routine transactions where time is often of the essence.

84. In MV Realty's marketing and communications with homeowners, Defendants conceal the lien-like effect of the recorded Memorandums and mischaracterize it as mere public notice. Instead, the recording operates to secure payment and restrict transfers, producing the same practical effect as a lien.

85. In litigation against Arizona homeowners and in materials presented to its investors, MV Realty has asserted that homeowners' obligations under the HBA are secured by a security interest and lien—positions inconsistent with its public representations that no lien is created by the Memorandum.

86. MV Realty's HBA also includes deceptive and misleading language relating to its publicly recorded Memorandums because it states that MV Realty may record a lien after default, while in reality, MV Realty routinely records a memorandum immediately after execution of the HBA, regardless of whether a homeowner ever defaults on the HBA.

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Arizona homeowners using MV Realty face additional hardships beyond encumbrance.

87. Homeowners attempting to sell through MV Realty face additional hardships.

88. According to Defendants, consumers are required to enter a separate MV Realty listing agreement prior to MV Realty acting as their realtor at any time within the HBA's 40-year term.

89. Defendants did not provide the actual listing agreement with the HBA as a hard copy, but instead embedded a hyperlink to a generic form, and when owners requested to list their home, MV Realty supplied forms different from the one hyperlinked.

90. Accordingly, MV Realty's HBAs bind homeowners to a future contract that they have not seen and may not see for decades after signing the HBA.

91. Moreover, despite containing an "entire agreement" clause, the HBA omits MV Realty's $500 "Administrative Fee," and imposes a confusing commission structure—equal to 6% of the sale price or 3% of the home's value at HBA signing, whichever is higher (if there is no other cooperating broker); or, if there is a cooperating broker, at least 6% of the total sales price.

92. This commission structure insulates MV Realty, but not homeowners, against market declines.

93. MV Realty trains its agents to tell consumers that it is "so confident that we'll do a great job that our agreement even offers you the opportunity to list and sell on your own, or with another Brokerage, if we are unable to successfully sell your home within those 6 months."

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94. However, in reality, if MV Realty does not sell in six months, homeowners have only a 60-day window to sell on the identical price and terms offered by MV Realty, and if they cannot do so, they remain bound for 40 years or must pay a 3% Early Termination Fee.

95. MV Realty represented that it is a five-star brokerage on Zillow and that homeowners will "have a full market analysis, professional photos, and signage provided at no additional cost."

96. MV Realty further represented that "During the listing period, [MV Realty's agent] will attend every showing, hold open houses to spark interest, and ensure that all contracts, deadlines, and contingencies are completed as seamlessly as possible for you."

97. Agents used these representations to justify MV Realty's commission structure, even though MV Realty's actual real estate practices do not support those claims.

98. MV Realty's commission structure further reduces incentives to deliver premium services or maximize price because the HBA guarantees MV Realty to recoup at least 3% of the value of the home (as determined by MV Realty) at the time of HBA signing, regardless of performance or sale price.

99. Consistent with this structure, homeowners report MV Realty is difficult to reach, slow to respond, fails to return messages, and fails to provide promised services (market

analysis, professional photography, signage, attended showings, advice about potential home repairs to maximize profits, open houses, listing the property on MLS), as well as many typical brokerage services.

100. The HBA's Early Termination Fee further weakens MV Realty's motivation to sell quickly or well because it grants MV Realty a purported right to receive 10 times—or more than 1000% of—MV Realty's Promotion Fee that it initially paid the homeowner, and requires the homeowner to pay this amount regardless of whether MV Realty has provided any services.

101. MV Realty deceptively labels the Early Termination Fee as "liquidated damages" and seeks the contract's full value rather than actual losses, even though its damages are readily calculated upon a homeowner's breach.

102. In addition, MV Realty claims that it may assign all obligations—including brokerage services—without the homeowner's consent. But Arizona law prohibits a broker from unilaterally assigning a real estate employment agreement to another broker without the express written consent of all parties to the agreement at the time of the assignment. *See* A.R.S. § 32-2151.02(B).

103. Moreover, without a duly licensed Arizona broker, MV Realty cannot perform on the HBA, nor assign a real-estate employment agreement for commission.

104. A homeowner's decision about who they want to sell their home is financially, personally, and legally significant, as evidenced by the fiduciary relationship between homeowners and their real estate brokers. *See* Arizona Administrative Code Rule ("AACR") 4-28-1101.

105. Despite the fundamental importance of the fiduciary relationship between a realtor and homeowner, MV Realty represents that homeowners who sign the HBA no longer have any control over who will sell their home for the next 40 years.

106. MV Realty fails to disclose to consumers that it has fiduciary obligations as a real estate agent under Arizona law and that it will not comply with those obligations.

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Arizona Legislative Reforms and ADRE Enforcement Responding to MV Realty's Unfair and Deceptive Homeowner Benefit Agreements.

107. Effective September 14, 2024, Arizona enacted A.R.S. §§ 44-501 to 44-503, governing "Exclusive Property Engagement Agreements." Among other unlawful practices, the statutes prohibit agreements that: (a) exceed twelve months; (b) purport to run with the land; (c) bind future owners except in narrow circumstances; (d) are recorded; and (e) authorize or create any lien, encumbrance, or security interest on residential real estate. Agreements made or recorded in violation are void and unenforceable.

108. The law also nullifies agreements already recorded against property records because the Legislature determined that exclusive property engagement agreements made or recorded in violation of A.R.S. § 44-502 are unfair and deceptive to a current owner of residential real estate and to a person who may become an owner in the future. Accordingly, a court may not enforce such agreements and any recording is void, and for pre-effective-date recordings, the Real Estate Commissioner must record county-level disclaimers of validity; moreover, any violation is expressly deemed an unlawful practice under the ACFA.

109. MV Realty's HBAs and recorded Memorandums violate these provisions: the 40-year duration, "runs-with-the-land" covenants, binding of successors, recording against residential title, and use of the Memorandums as liens or encumbrances to secure payment render the agreements unlawful and void under Arizona law.

110. Arizona's statutory reforms operate alongside licensing rules that restrict who may offer or enforce listing-related rights in Arizona.

111. Arizona law requires a real-estate broker or salesperson license to offer or enter listing or employment agreements for another and for compensation; broker activities must be performed through a designated broker.

112. MV Brokerage of Arizona, LLC never held an Arizona real-estate license.

113. Arizona Department of Real Estate ("ADRE") records reflect that MV Realty of Arizona, LLC's entity license (No. LC697373000) became inactive on May 30, 2024, when its designated broker severed employment and later expired on January 1, 2026.

114. On or around March 26, 2026, ADRE issued an Order of Summary Suspension and Cease and Desist and Notice of Opportunity for Hearing to MV Realty of Arizona, LLC, MV Realty PBC, Zachman, Mitchell, and Manchester. The Order summarily suspended MV Realty of Arizona's employing-broker entity license, ordered MV Realty to "immediately cease and desist from all activity requiring a real estate license," and directed MV Realty to withdraw from the collection of the Early Termination Fee related to the recorded Memorandums.

115. In support of these directives, ADRE found that MV Realty performed unlicensed real-estate activity by requiring homeowners to pay termination fees tied to HBAs/Memorandums while MV Realty of Arizona's license was inactive and later expired and cited violations of A.R.S. §§ 32-2153, 32-2157, and 32-2165.

116. In April 2026, ADRE recorded Cease-and-Desist Orders in multiple counties (including Maricopa, Coconino, and Graham), finding that demanding "termination fees" tied to Exclusive Property Engagement Agreements without an active brokerage license constitutes unlicensed real-estate activity and ordering immediate cessation, including the collection of termination fees premised on HBAs or memoranda.

117. Accordingly, Defendants lack an active Arizona license authorizing the performance of any real estate brokerage services, yet they continue to enforce HBAs, maintain recorded memoranda against homeowners' titles, and demand payment of early-termination fees or commissions in Arizona.

<u>CLAIMS FOR RELIEF</u>

<u>FIRST CLAIM FOR RELIEF</u>

DECEPTIVE ACTS AND PRACTICES IN VIOLATION OF THE ARIZONA CONSUMER FRAUD ACT

A.R.S. §§ 44-1521 through 44-1534

(Against all Defendants)

118. The State realleges all prior allegations of this Complaint as though fully set forth herein.

119. The conduct described in the preceding paragraphs of this Complaint constitutes

deception or deceptive acts or practices, in connection with the sale or advertisement of merchandise (which includes real estate and services under A.R.S. § 44-1521) in violation of A.R.S. §§ 44-1521 through 44-1534.

120. Defendants engaged in deceptive acts and practices in violation of the ACFA by making numerous untrue or misleading statements and omissions, including, but not limited to statements regarding the true nature, terms, obligations, requirements, effect, purpose, and services of the Homeowner Benefit Program, and its related contracts and agreements, including, without limitation, the HBA and the Memorandum.

121. Defendants made these untrue or misleading statements and omissions in person, online, in emails, text messages, telephonically, and in its digital marketing.

122. From at least June 2021 through 2022, Defendants engaged in deceptive acts and practices by advertising the Homeowner Benefit Program and HBA as "not a loan" when, for all practical purposes, Defendants' HBA acted as a loan.

123. From at least June 2021 through 2022, Defendants engaged in deceptive acts and practices by advertising the Homeowner Benefit Program and HBA while representing consumers would "owe nothing" regardless of whether they sold their homes.

124. From at least June 2021 through 2022, Defendants engaged in deceptive acts and practices by advertising that MV Realty "does not record a lien" when Defendants recorded a Memorandum that operated as a de facto lien on the property.

125. From at least June 2021 through 2022, Defendants engaged in deceptive acts and practices by falsely advertising that consumers would not be required to use MV Realty to sell their property if MV Realty failed to sell the home within six months.

126. From at least June 2021 through 2022, Defendants engaged in deceptive acts and practices by misrepresenting the level of real estate services and/or activities that MV Realty's real estate agents provide to consumers who decide to sell their homes, including providing market analysis, professional photography, signage, attended showings, advice about potential home repairs to maximize profits, open houses, and listing the property on the MLS.

127. From at least June 2021 through 2022, Defendants engaged in deceptive acts and

practices by failing to provide consumers a meaningful opportunity to review and understand the written terms of the Homeowner Benefit Program, and its related contracts and agreements, including, without limitation, the HBA and the Memorandum.

128. From at least June 2021 through 2022, Defendants engaged in deceptive acts and practices by failing to comply with the ATSS, A.R.S. §§ 44-1271 through 44-1282.

129. From at least October 2022 through present, Defendants engaged in deceptive acts and practices by falsely representing—expressly and by implication—that they were licensed and authorized to perform real-estate services and/or activities in Arizona.

130. From at least September 2024 through present, Defendants engaged in deceptive acts and practices by violating A.R.S. §§ 44-501 through 44-503.

131. While engaging in the acts and practices alleged in this Complaint, Defendants knew or should have known that their conduct was of the nature prohibited by A.R.S. § 44-1522, subjecting themselves to enforcement and penalties as provided in A.R.S. § 44-1531(A).

SECOND CLAIM FOR RELIEF

UNLAWFUL CONCEALMENTS AND OMISSION IN VIOLATION OF THE ARIZONA CONSUMER FRAUD ACT

A.R.S. §§ 44-1521 through 44-1534

(Against all Defendants)

132. The State realleges all prior allegations of this Complaint as though fully set forth herein.

133. The conduct described in the preceding paragraphs of this Complaint constitute unlawful concealments and omissions of material information in connection with the sale or advertisement of merchandise (which includes real estate and services under A.R.S. § 44-1521) in violation of A.R.S. §§ 44-1521 through 44-1534.

134. Pursuant to A.R.S. § 44-1522, a practice of omission and concealment may constitute a deceptive practice under the so-called "Act Clause" of the ACFA.

135. From at least June 2021 through 2022, Defendants engaged in deceptive practices by routinely omitting or concealing that the HBA included a 40-year obligation and purported

to bind all successors and assigns, thereby omitting material information with intent that consumers rely thereon.

136. From at least June 2021 through 2022, Defendants engaged in deceptive practices by routinely omitting or concealing the existence of the Early Termination Fee, thereby omitting material information with intent that consumers rely thereon.

137. From at least June 2021 through 2022, Defendants engaged in deceptive practices by routinely omitting or concealing that the HBA would likely slow down, hamper, prevent, or impede sales, refinances, reverse mortgages, and other home-equity transactions, thereby omitting material information with intent that consumers rely thereon.

138. From at least June 2021 through 2022, Defendants engaged in unlawful omissions and concealments by failing to comply with the ATSS, A.R.S. §§ 44-1271 through 44-1282.

139. From at least October 2022 through present, Defendants engaged in deceptive practices by routinely omitting or concealing that Defendants were not licensed to act as a real estate agent as required by Arizona law thereby omitting material information with intent that consumers rely thereon.

140. From at least September 2024 through present, Defendants engaged in deceptive practices by routinely omitting or concealing that Defendants' HBAs and Memorandums violate A.R.S. §§ 44-501 through 44-503.

141. While engaging in the acts and practices alleged in this Complaint, Defendants knew or should have known that their conduct was of the nature prohibited by A.R.S. § 44-1522, subjecting themselves to enforcement and penalties as provided in A.R.S. § 44-1531(A).

THIRD CLAIM FOR RELIEF

UNFAIR ACTS AND PRACTICES IN VIOLATION OF THE ARIZONA CONSUMER FRAUD ACT A.R.S. §§ 44-1521 through 44-1534

(Against all Defendants)

142. The State realleges all prior allegations of this Complaint as though fully set forth herein.

143. The ACFA prohibits the use of "unfair" acts and practices in connection with the sale or advertisement of goods and services (which includes real estate and services under A.R.S. § 44-1521). Acts and practices are unfair when harmful to consumers, not reasonably avoidable by consumers, and not outweighed by countervailing benefit to consumers or to competition.

144. From at least June 2021 through present, Defendants engaged in unfair acts and practices by imposing punitive, loan-like, and substantively unconscionable HBA terms—including a one-sided mandatory arbitration provision (with unfair cost-shifting and limitations on remedies), a 40-year obligation binding successors and assigns, an unspecified commission amount, and an Early Termination Fee that functions as a penalty—while failing to disclose these material burdens to consumers.

145. From at least June 2021 through present, Defendants engaged in unfair acts and practices by refusing to respond to, investigate, or adequately address consumer complaints regarding Defendants' failure to provide active real estate services and/or activities and other untrue or misleading statements and omissions, including, but not limited to statements regarding the true nature, terms, obligations, requirements, effect, purpose, and services of the Homeowner Benefit Program and its related contracts and agreements, including, without limitation, the HBA and the Memorandum.

146. From at least June 2021 through 2022, Defendants engaged in unfair acts and practices by advertising that MV Realty "does not record a lien" when Defendants recorded a Memorandum that operated as a de facto lien on the property.

147. From at least June 2021 through 2022, Defendants engaged in unfair acts and practices by failing to comply with the ATSS, A.R.S. §§ 44-1271 through 44-1282.

148. From at least October 2022 through present, Defendants engaged in unfair acts and practices by representing that they were authorized or licensed to act as a real estate agent in Arizona despite not being licensed.

149. From at least September 2024 through present, Defendants engaged in unfair acts and practices by violating A.R.S. §§ 44-501 through 44-503.

150. The practices described in the preceding paragraphs were made in connection with

Defendants' sale and enforcement of the Homeowner Benefit Program.

151. With respect to the unfair acts and practices described above, these acts and practices caused or were likely to cause substantial injuries to consumers that were not reasonably avoidable by consumers and were not outweighed by countervailing benefits to consumers or to competition.

152. While engaging in these acts and practices, Defendants knew or should have known that their conduct was of the nature prohibited by A.R.S. § 44-1522, subjecting themselves to enforcement and penalties as provided in A.R.S. § 44-1531(A).

FOURTH CLAIM FOR RELIEF

VIOLATIONS OF THE ARIZONA TELEPHONE SOLICITATIONS STATUTES

A.R.S. §§ 44-1271 through 44-1282

(Against all Defendants)

153. The State realleges all prior allegations of this Complaint as though fully set forth herein.

154. Defendants are "sellers" within the meaning of A.R.S. § 44-1271 and therefore were required to comply with the ATSS.

155. Defendants' conduct described in the preceding paragraphs of this Complaint, occurring from June 2021 through 2022, violates multiple ATSS provisions, including, but not limited to:

a. Defendants solicited Arizona homeowners by telephone without filing a verified registration statement with the Arizona Secretary of State, in violation of A.R.S. § 44-1272;

b. Defendants conducted telephonic solicitations without maintaining and filing the required $100,000 surety bond or equivalent cash deposit with the Arizona State Treasurer, in violation of A.R.S. § 44-1274;

c. Defendants failed to disclose before beginning the telephonic solicitations: (i) the complete street address of the calling location and the seller's principal location; (ii) the legal name of the seller; (iii) the true legal name of the solicitor; and (iv) that the purpose of the call was to solicit enrollment in MV Realty's Homeowner Benefit Program and to induce homeowners to enter MV Realty's HBA, in violation of A.R.S. § 44-1276(A);

d. Defendants failed to clearly and conspicuously disclose during the solicitations and in written correspondence the material terms, charges, restrictions, requirements, conditions, limitations, time periods, and exceptions associated with MV Realty's Homeowner Benefit Program and HBA—including, without limitation: (i) that acceptance of MV Realty's Promotion Fee exposes homeowners to exorbitant, loan-like charges through a 3% Early Termination Fee; (ii) that the HBA purports to grant MV Realty an exclusive, secured right to list the property for 40 years; (iii) that the HBA purports to run with the land and bind heirs, successors, and assigns; (iv) that the HBA frames the Early Termination Fee as "liquidated damages" even though it operates as an unreasonable penalty; (v) that the HBA requires a one-sided arbitration provision; (vi) that MV Realty records a Memorandum against title; (vii) that such recording clouds title and impedes sales, refinances, reverse mortgages, and other home-equity transactions; and (viii) the consumer's right to cancel—as required by A.R.S. § 44-1276(B) — (D);

e. Defendants did not honor consumers' three-business-day right to cancel and did not provide the written Notice of Cancellation mandated by A.R.S. § 44-1276(C) — (D);

f. Defendants did not honor consumers' right to rescind a sale by an unregistered seller at any time, as provided by A.R.S. § 44-1279;

g. Defendants initiated hundreds of thousands of outbound calls to Arizona consumers whose numbers were on the National Do-Not-Call Registry, in violation of A.R.S. § 44-1282(A); the same conduct is prohibited by 47 C.F.R. § 64.1200, which requires prior express consent or applicable exemptions for telemarketing calls; and

h. Defendants left prerecorded or artificial messages on Arizona consumers' voicemail boxes without prior express consent, violating A.R.S. § 44-1278(B)(4) and 47 C.F.R. § 64.1200(a)(2).

156. Defendants do not qualify for any limited registration or exemption under A.R.S. § 44-1273 and therefore, were required to file a full registration and maintain the statutory bond before soliciting Arizona consumers.

157. Each violation of the ATSS constitutes an unlawful practice under the ACFA, A.R.S. § 44-1522, pursuant to A.R.S. § 44-1278.

158. In all matters alleged herein, Defendants knew or should have known their conduct was of the nature prohibited by A.R.S. § 44-1522 and therefore are subject to civil penalties under A.R.S. § 44-1531, in addition to ATSS-specific relief.

PRAYER FOR RELIEF

WHEREFORE, the State respectfully requests that the Court:

159. Enter judgment against Defendants and in favor of the State on all claims alleged herein; and

a. Pursuant to A.R.S. § 44-1528(A)(1), issue a permanent injunction in accordance with Ariz. R. Civ. P. 65(d)(1), enjoining and restraining (a) Defendants, (b) their officers, agents, servants, employees, attorneys, and (c) all persons in active concert or participation with anyone described in part (a) or (b) of this paragraph, directly or indirectly, from engaging in deceptive, misleading, or unfair acts or practices, or concealments, suppressions, or omissions, that violate the ACFA, A.R.S. § 44-1522(A), including specific injunctive relief barring Defendants from engaging in the unlawful acts and practices set forth above;

b. Pursuant to A.R.S. § 44-1528(A)(2), order Defendants to restore to any person in interest any monies or property, real or personal, which may have been acquired by any means or any practice declared unlawful under A.R.S. §§ 44-1521 to 44-1534;

c. Pursuant to A.R.S. § 44-1528(A)(3), order such equitable monetary relief as permitted by law, including disgorgement of all profits, gains, gross receipts, or other benefits obtained as a result of Defendants' unlawful acts alleged herein;

d. Pursuant to A.R.S. § 44-1528(A)(4), issue a permanent injunction, enjoining and restraining Defendants from engaging in a specified trade or occupation, specifically from working in the real estate industry, in any capacity, in or from the State of Arizona;

e. Pursuant to A.R.S. § 44-1531, order Defendants to pay to the State of Arizona a civil penalty of up to $10,000.00 for each willful violation of A.R.S. § 44-1522;

f. Pursuant to A.R.S. § 44-1282(B), award civil penalties for National Do-Not-Call violations in an amount not to exceed $1,000.00 per violation, in addition to all other remedies available to the State;

g. Pursuant to A.R.S. § 44-1534, order Defendants to reimburse the State for its costs and attorneys' fees incurred in the investigation and prosecution of Defendants' activities alleged in this Complaint;

h. Pursuant to A.R.S. § 44-1279, enter an order rescinding each and every sale effectuated by Defendants which was not registered under the Arizona Telephone Solicitations Act, and allowing consumers who purchased from Defendants to recover all financial damages caused by said unregistered Defendants and their unregistered solicitations;

i. Award pre-judgment and post-judgment interest as permitted by law; and

j. Award the State such further relief the Court deems just and proper under the circumstances.

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JURY DEMAND

Plaintiff hereby demands a trial by jury on all issues so triable.

DATED this 13th day of August, 2026.

KRISTIN K. MAYES
Attorney General

John Raymond Dillon IV
Alyse C. Meislik
Amanda M. Salvione
Assistant Attorneys General
Office of the Attorney General
2005 North Central Avenue
Phoenix, Arizona 85004-1592
Telephone: (602) 542-3725
Facsimile: (602) 542-4377
consumer@azag.gov
Attorneys for the State of Arizona