FILED FEBRUARY 27, 2008 MICHAEL W. DOBBINS CLERK, U.S. DISTRICT COURT

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JUDGE GUZMAN
JUDGE GUZINAN
MAGISTRATE JUDGE VALDEZ

J. N.

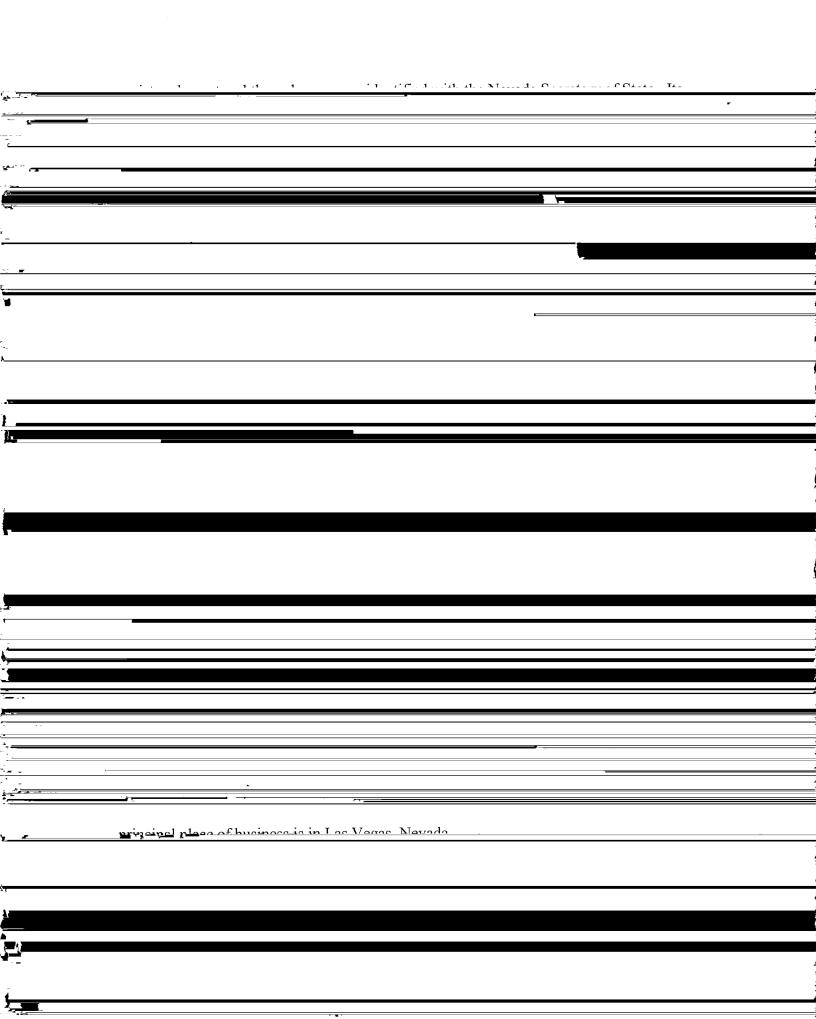
FOR THE NORTHERN DISTRICT OF ILLINOIS **EASTERN DIVISION**

FEDERAL TRADE COMMISSION, Plaintiff,))) Civ. No.
v. SAFE HARBOUR FOUNDATION OF FLORIDA, INC., a Florida corporation, SU VERSTONE I ENDING LIC a Florida)) COMPLAINT FOR INJUNCTIVE) AND OTHER EQUITABLE) RELIEF
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limited liability company,)
limited liability company, SILVERSTONE FINANCIAL LLC, a Florida limited liability company,	

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), for its complaint, alleges as follows:

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		the FTC Act, 15 U.S.C. § 53(b), and Section 108(c) of TILA, 15 U.S.C. § 1607(c), to initiate



	13. Defendant Peter J. Porcelli, II, is a member, partner, and/or owner of
	Silverstone Lending and Silverstone Financial, and manages Safe Harbour. Individually or
	is appared with others, at all times material to this action, he has formulated directed
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<u></u>	controlled supervised and/or participated in the acts and practices of defendants Silverstone
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United States District Court for the Northern District of Illinois. On a motion by the FTC, Judge Darrah entered a temporary restraining order with asset freeze and appointed a receiver over the corporate entities on August 15, 2002. FTC v. Bay Area Business Council, Inc., et al., No. 02-C-5762 (N.D. Ill.).

On April 14, 2004, the Court in FTC v. Bay Area Business Council, Inc., et al., entered an order for permanent injunction and monetary relief against, inter alia,

advertising, promotion, offering for sale, or sale of Credit-Related Products to
any consumer_
"Credit-Related Product" is defined by the Order (at 4) as:
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20. Since at least 2004, Defendants have maintained a substantial course of trade

or as a method to consolidate or liquidate debts.

as a method by which persons may establish or obtain any extension of credit

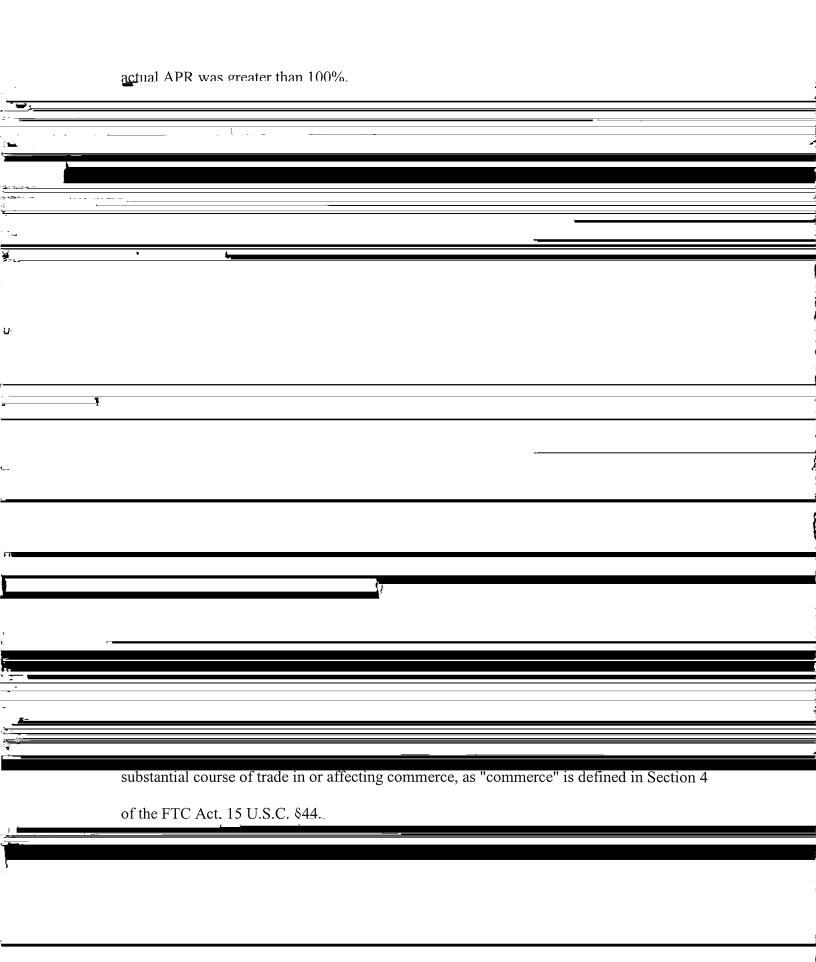
or credit device, including, but not limited to credit cards, loans, or financing,

The Safe Harbour flyer goes on to describe Safe Harbour as "having been 23. established to give people a second chance when no one else will." It warns consumers to "The careful of other companies who look to profit from your misfortune"

total loan amount. If a loan qualifies as a high-cost loan under HOEPA, the lender is required to provide the consumer with specific disclosures at least three days before the loan is consummated; certain loan terms are prohibited; and specified practices are barred.

	is consummated, certain toan terms are promoted, and specified practices are barred.
	28. In the course of offering and extending HOEPA loans to borrowers,
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payment at the end of the loan term. Thus, at the end of the term, the consumer will owe a large lump-sum payment that is greater than the principal balance of the loan. consumer, three business days before closing of the mortgage transaction, with specific disclosures, which must include the Annual Percentage Rate ("APR"), the amount of the regular monthly payment and the amount of any balloon payment, and the statement that the



mortgage loans, as described in Paragraph 36, Defendants Silverstone Lending, Silverstone Financial, and Keystone Financial, violate Section 129(e) of TILA, 15 U.S.C. § 1639(e), and Sections 226.32(d)(1) of Regulation Z, 12 C.F.R. § 226.32(d)(1).

COUNT THREE

_	Prohibited Negative Amortization	ation
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Silverstone Lending, Silverstone Financial, and Keystone Financial, in numerous instances, have included a prohibited "negative amortization" provision in six-month balloon loans.

	(ii)	the amount of any balloon payment, in violation of Section
		129(a)(2) of TILA, 15 U.S.C. § 1639(a)(2), and Section
		226.32(c)(3) of Regulation Z, 12 C.F.R. § 226.32(c)(3); and
(1	b) failing	g to furnish the disclosures described in Paragraph 40(a)(i) and
	(ii) ab	ove clearly and conspicuously in writing at least three business
	. ,	prior to consummation of a HOEPA mortgage loan transaction,
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COUNT SIX

TILA Disclosure Violations



- (iv) the payment schedule, in violation of Section 128(a)(6) of TILA, 15 U.S.C. § 1638(a)(6), and Section 226.18(g) of Regulation Z, 12 C.F.R. § 226.18(g);
- (v) the total of payments, in violation of Section 128(a)(5) of TILA, 15 U.S.C. § 1638(a)(5), and Section 226.18(h) of Regulation Z, 12 C.F.R. § 226.18(h); and
- (vi) the fact that the creditor has or will acquire a security interest in the consumer's principal dwelling, in violation of Section 128(a)(9) of TILA, 15 U.S.C. § 1638(a)(9), and Section 226.18(m) of Regulation Z, 12 C.F.R. § 226.18(m).

Injury

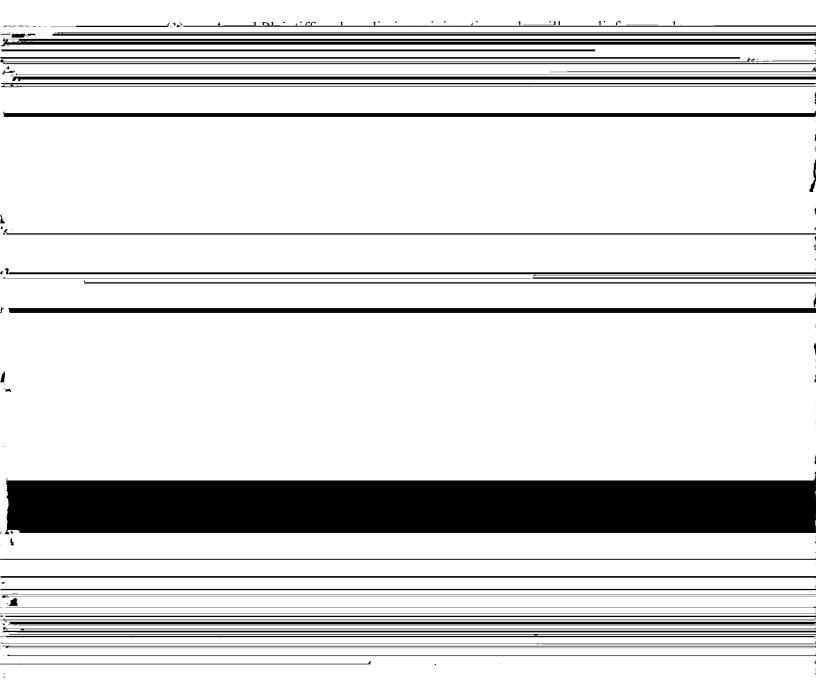
45. Consumers have suffered, and will continue to suffer, substantial injury as a result of defendants' violations of HOEPA, TILA, and Section 5(a) of the FTC Act, as set forth above.

This Court's Power to Grant Relief

Act have injured consumers and, absent injunctive and other relief by this Court, are likely to continue to injure consumers and harm the public interest.

Prayer For Relief

WHEREFORE, Plaintiff Federal Trade Commission, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and Section 108(c) of TILA, 15 U.S.C. § 1607(c), and the Court's own equitable powers, requests that the Court:



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	DATED: February 27, 2008	/s/ David A. O'Toole
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