

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND

GLOBAL DIRECT SALES, LLC, PENOBSCOT )  
INDIAN NATION, CHRISTOPHER RUSSELL )  
and RYAN HILL, )

Case No.: 8:08-cv-02468

Plaintiffs, )

-v- )

AARON KROWNE, individually and d/b/a THE )  
MORTGAGE LENDER IMPLD-O-METER and )  
ML-IMPLD.COM, KROWNE CONCEPTS, )  
INC., IMPLD-EXPLODE HEAVY )  
INDUSTRIES, INC., JUSTIN OWINGS, KRISTA )  
RAILEY, STREAMLINE MARKETING, INC. and )  
LORENA LEGGETT, )

Assigned:  
Hon. Deborah K. Chasanow

Defendants. )

**PLAINTIFFS’ NOTICE OF EX PARTE MOTION AND  
MOTION FOR A TEMPORARY RESTRAINING ORDER**

PLEASE TAKE NOTICE, that Plaintiffs, the Penobscot Indian Nation (“PIN”), Global Direct Sales, LLC, Christopher Russell and Ryan Hill, by their attorneys, the Mason Law Firm, LLP and Kantrowitz, Goldhamer & Graifman, P.C., pursuant to Rule 65 of the Federal Rules of Civil Procedure, Plaintiffs hereby move *ex parte* for a temporary restraining order against Defendants Aaron Krowne, individually and d/b/a The Mortgage Lender Implod-O-Meter and ML-Implode.com, Krowne Concepts, Inc., Implode-Explode Heavy Industries, Inc., Justin Owings, Krista Railey, Streamline Marketing, Inc. and Lorena Leggett, restraining and enjoining Defendants from disseminating untrue, false and/or misleading statements regarding Plaintiffs, their business and their business dealings and for such other, further and different injunctive relief as this Court deems just and proper.

In support of this application, the plaintiffs state that there is a substantial likelihood that the plaintiffs will prevail on the merits, that issuance of a temporary restraining order is necessary prior to the hearing on the merits of the plaintiffs' claims in order to prevent irreparable harm to the plaintiffs, that there is no potential injury to the Defendants that would mitigate against the granting of the preliminary injunction and that the public interest would be served by the requested injunctive relief.

The motion for a preliminary injunction is based upon the annexed Complaint, Affidavit in Support with Exhibits, Affirmation and accompanying Memorandum of Law.

Dated: September 26, 2008

**THE MASON LAW FIRM, LLP**

/s/ Gary E. Mason  
Gary E. Mason  
Md. Bar #15033  
Attorneys for Plaintiffs  
1225 19<sup>th</sup> Street Northwest  
Washington, D.C. 20036  
(202) 429-2290

**KANTROWITZ, GOLDHAMER  
& GRAIFMAN, P.C.**  
Attorneys for Plaintiffs  
747 Chestnut Ridge Road  
Chestnut Ridge, N.Y. 10977  
(845) 356-2570

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND**

GLOBAL DIRECT SALES, LLC, PENOBSCOT )  
INDIAN NATION, CHRISTOPHER RUSSELL )  
and RYAN HILL, )

Case No.: 8:08-cv-02468

Plaintiffs, )

-v- )

AARON KROWNE, individually and d/b/a THE )  
MORTGAGE LENDER IMPLD-O-METER and )  
ML-IMPLD.COM, KROWNE CONCEPTS, )  
INC., IMPLD-EXPLODE HEAVY )  
INDUSTRIES, INC., JUSTIN OWINGS, KRISTA )  
RAILEY, STREAMLINE MARKETING, INC. and )  
LORENA LEGGETT, )

Assigned:  
Hon. Deborah K. Chasanow

Defendants. )

**PLAINTIFFS' MOTION FOR A PRELIMINARY INJUNCTION**

PLEASE TAKE NOTICE, that Plaintiffs, the Penobscot Indian Nation (“PIN”), Global Direct Sales, LLC, Christopher Russell and Ryan Hill, by their attorneys, the Mason Law Firm, LLP and Kantrowitz, Goldhamer & Graifman, P.C., hereby move pursuant to Rule 65 of the Federal Rules of Civil Procedure, on October 3, 2008, or as soon thereafter as counsel can be heard, for a preliminary injunction against Defendants Aaron Krowne, individually and d/b/a The Mortgage Lender Implod-O-Meter and ML-Implode.com, Krowne Concepts, Inc., Implode-Explode Heavy Industries, Inc., Justin Owings, Krista Railey, Streamline Marketing, Inc. and Lorena Leggett, restraining and enjoining Defendants from disseminating untrue, false and/or misleading statements regarding Plaintiffs, their business and their business dealings and for such other, further and different injunctive relief as this Court deems just and proper.

In support of this application, the Plaintiffs state that there is a substantial likelihood that the plaintiffs will prevail on the merits, that issuance of a preliminary injunction order is necessary prior to the hearing on the merits of the Plaintiffs' claims in order to prevent irreparable harm to the Plaintiffs, that there is no potential injury to the Defendants that would mitigate against the granting of the preliminary injunction and that the public interest would be served by the requested injunctive relief.

The motion for a preliminary injunction is based upon the annexed Complaint, Affidavit in Support with Exhibits, Affirmation and accompanying Memorandum of Law.

Dated: September 26, 2008

**THE MASON LAW FIRM, LLP**

/s/ Gary E. Mason  
Gary E. Mason  
Md. Bar #15033  
Attorneys for Plaintiffs  
1225 19<sup>th</sup> Street Northwest  
Washington, D.C. 20036  
(202) 429-2290

**KANTROWITZ, GOLDHAMER  
& GRAIFMAN, P.C.**  
Attorneys for Plaintiffs  
747 Chestnut Ridge Road  
Chestnut Ridge, N.Y. 10977  
(845) 356-2570

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the aforementioned documents were served on counsel below by overnight mail on September 26, 2008.

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

/s/ Gary E. Mason

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND**

GLOBAL DIRECT SALES, LLC, PENOBSCOT )  
INDIAN NATION, CHRISTOPHER RUSSELL )  
and RYAN HILL, )

Case No.: 8:08-cv-02468

Plaintiffs, )

-v- )

AARON KROWNE, individually and d/b/a THE )  
MORTGAGE LENDER IMPLD-O-METER and )  
ML-IMPLD.COM, KROWNE CONCEPTS, )  
INC., IMPLD-EXPLODE HEAVY )  
INDUSTRIES, INC., JUSTIN OWINGS, KRISTA )  
RAILEY, STREAMLINE MARKETING, INC. and )  
LORENA LEGGETT, )

Assigned:  
Hon. Deborah K. Chasanow

Defendants. )

**MEMORANDUM OF LAW**

The Mason Law Firm  
Attorneys for Plaintiffs  
1225 19<sup>th</sup> Street Northwest  
Washington, D.C. 20036

Kantrowitz, Goldhamer  
& Graifman, P.C.  
Attorneys for Plaintiffs  
747 Chestnut Ridge Road  
Chestnut Ridge, New York 10977

**INTRODUCTION and PRELIMINARY STATEMENT**

This is a case about Defendants' publishing of untrue, defamatory and unprotected speech in retaliation for Plaintiffs' refusal to advertise on Defendants' website.

The Penobscot Indian Nation ("PIN") is a federally recognized Native American Government which created The Grant America Program™, a government grant program that provides a down payment grant to be used towards the purchase of a home. Plaintiff Global Direct Sales, LLC ("GDS") is a Maryland limited liability company. PIN and GDS are parties to an agreement to develop, organize and operate GAP which is wholly owned by PIN. GAP was established to help low to moderate income homebuyers realize the dream of home ownership by providing down payment assistance grants.

Beginning in July 2008 and continuing into August 2008, Defendant Lorena Leggett, on behalf of Defendants, repeatedly solicited Plaintiffs to advertise on Defendants' website. In August 2008, Plaintiffs advised Defendants that they would not advertise on Defendants' website. On September 15, 2008, Defendants published an article on their website containing untrue and defamatory statements regarding Plaintiffs.

As of 2007, the website has a core daily audience of about 100,000 visitors a day and Defendants "seek to preserve indefinitely their lists, discussions and linked article so that they might be impossible to forget." After Plaintiffs sent a cease and desist letter, Defendants continued publishing the untrue and defamatory statements and began to actively soliciting other websites to republish their untrue and defamatory statements.

Absent preliminary injunctive relief, Plaintiffs will continue to be harmed by Defendants retaliatory publishing of this untrue and defamatory material.

## **STATEMENT OF FACTS**

### **A. Plaintiffs and their DPA Program**

PIN is a federally recognized Native American Government located on the Penobscot River in the State of Maine (Russell Cert. at ¶ 2). As a result of the Maine Indian Claims Settlement Act, PIN is a municipality of the State of Maine (Id.). On January 24, 2007, the PIN Tribal Council, passed Resolution 01-24-07-01 creating the PIN Fair Housing Administration and enabling the creation of a national down payment assistance program (Id. at ¶ 3).

PIN and GDS are parties to an Agreement to develop, organize and operate a DPA program wholly owned by PIN (Id. at ¶ 4). The DPA program, entitled Grant America Program™ (“GAP”), is a program that provides gift funds to low-to-moderate-income families purchasing a home or first-time homebuyers across America (Id.). GAP was established to help low to moderate income homebuyers realize the dream of home ownership by providing down payment assistance grants (Id. at ¶ 5).

On April 3, 2008, HUD expressly stipulated:

that PIN’s Grant America Program™ (“GAP”) meets HUD’s current policies pertaining to the source of gift funds for the borrowers’ required cash investment for obtaining FHA insured mortgage financing (Id. at ¶ 6 and Exhibit A).

### **B. Defendants’ Solicitation of Advertising from Plaintiffs**

In or about June 2008, Defendant Lorena Leggett, on behalf of Defendants, began soliciting Plaintiffs to advertise on their website (Russell Cert. at ¶ 8). Defendants affirmatively represent that they scrutinize companies considered for advertising (Exhibit B). Defendants’ solicitation consisted of multiple telephone calls to Plaintiffs in the State of Maryland and email solicitations to Plaintiffs in the State of Maryland (Russell Cert. at ¶ 9).

Plaintiffs' advised Defendants that they would look at the website and review potential web pages for banner placement (*Id.* at ¶ 10). On August 5, 2008, Defendants were still contacting Plaintiffs hoping that they would be "granted the opportunity to advertise Grant America on ml-implode." (*Id.* at ¶ 11 and Exhibit C). Thereafter, Plaintiffs advised Defendants that they would not advertise on Defendants' website. (Russell Cert. at ¶ 12 and Exhibit D).

**C. Defendants' False and Defamatory Publication**

Then, Defendant Railey contacted Plaintiffs in the State of Maryland and represented herself as a reporter for and agent of the Defendants' website (Russell Cert. at ¶ 13). On or about September 15, 2008, shortly after Plaintiffs advised Defendants that they would not be advertising on the Defendants' website, Defendants published an untrue and defamatory article regarding Plaintiffs (Russell Cert. at ¶ 14 and Exhibit E). The article contained multiple untrue and defamatory statements, including, but not limited to:

- a. That the Penobscot Indian Tribe's Grant America Program is a scam.
- b. That Russell had a copycat website of Ameridream.
- c. Russell and Hill treated Ameridream [a charity they founded] like their own personal piggy bank.
- d. Russell and Hill created a new venture known as the Dp Funder Program and the Owner's Alliance. The Dp Funder is another type of seller-funded down payment scam.
- e. On April 3, 2008, HUD and the Penobscot Indian Tribe executed a Stipulation to Resolve Remaining Claims and Dismiss Action which the Grant America Program website *erroneously* asserts as a "HUD approval".
- f. Not only is the Stipulation and Dismissal *not* an approval letter, it doesn't provide specific approval of seller-funded grants as the Sovereign Grant provider claims.

- g. The Stipulation and Dismissal is merely a temporary settlement which gave HUD the opportunity to publish a revised proposed rule and re-open the comment period.
- h. The seller contributions to the Grant America Program is clearly a concession that is confirmed by IRS ruling 2006-27.
- i. The PIN-FHA gift letter also confirms that it is a concession.
- j. The Penobscot Indian Tribe isn't really providing assistance and is merely laundering the down payment for a fee.
- k. Russell and Hill are already working on an alternative scheme through the Down Payment Grant Alliance. They intend to replace one scam with another even more complicated scam. Kind of like a convoluted down payment shell game.
- l. The taxpayers and FHA should not be forced to sponsor continued lending abuse via seller funded down payment grant schemes.
- m. Whether seller funded down payment grants are administered by non profit companies, for profit companies, or Sovereign Nations, they are still a scam. (Id).

These statements are untrue (Russell Cert. at ¶ 17). Defendants' statements are untrue and defamatory, injure Plaintiffs' reputations and expose them to ridicule and financial injury (Id.).

Additionally, Defendants' article falsely attributes a quote to Mr. Russell, to wit:

That the impact to the tribe will be minimal and will not result in job losses due to the program being entirely administered by Global Direct Sales. At most, the Tribe stands to lose approximately \$250,000 a year in revenue. Also, the Penobscot's manned Fair Housing Department will still be able to provide Portable Housing and Indian Block grant opportunities for their Tribal members and other types of legitimate, non seller funded assistance, for Tribal members. (Exhibit E).

Mr. Russell did not make this statement (Russell Cert. at ¶ 18). Defendants made these statements with malice, knowing they were false (Id. at ¶ 19).

**D. Defendants' Roles in the Website and Defamatory Publication**

Defendant Aaron Krowne is the website founder, publisher, general management, editor-in-chief and owner (Exhibit E). Defendant Owings is a general management, in charge of financials, forum moderator, oversees marketing and is an owner of the website and a moderator of Defendant Railey's website (Id.). According to Defendants' website, in late 2007, the website's ownership passed from Defendant Krowne Concepts, Inc. to Defendant Implode-Explode Heavy Industries ("IEHI"). (Exhibit G). Defendants Krowne and Owings are principals of Defendant IEHI (Id.).

Defendants Krowne and Owings strive to confirm all information presented on the website and to qualify all doubtful items (Exhibit H). The mission of the website is transparency, education and accountability (Exhibit I). The Defendants admit controlling the website editorially and only including factual reports or editorial which they feel is credible and/or insightful (Exhibit J). Further, Defendants require that all leads on companies be supported by multiple independent sources (Exhibit K).

Defendant Railey authored and published the untrue and defamatory article.

**E. Plaintiffs Will Suffer Irreparable Harm**

As of 2007, the website has a core daily audience of about 100,000 visitors (Exhibit L). Defendants' website concedes that it seeks to preserve indefinitely their lists, discussions and linked article so that they might be impossible to forget (Exhibit M).

After Plaintiffs wrote to Defendants and demanded that they cease and desist from publishing the untrue and defamatory article, Defendants continued publishing the false statements and began actively soliciting other websites to republish their untrue and defamatory article regarding the Plaintiffs. (Russell Cert. at ¶ 28 and Exhibit N).

The article has negatively impacted GAP's operation, as well as the business dealings of Plaintiffs (Russell Cert. at ¶ 30). Plaintiffs have been contacted by multiple individual who have seen the article causing harm and embarrassment, damaging Plaintiffs' reputation and causing others to question their businesses practices (Id.).

### **ARGUMENT**

#### **PLAINTIFFS HAVE MET THE REQUIREMENTS FOR THE ISSUANCE OF TEMPORARY AND PRELIMINARY INJUNCTIVE RELIEF**

This Court should grant the requested relief because the applicable criteria for granting injunctive relief are clearly met. In the Fourth Circuit, courts must consider four factors in deciding whether to grant interlocutory injunctive relief: (a) the likelihood of irreparable harm to the movant if the injunction is denied; (b) the likelihood of harm to the non-movant if the injunction is granted; (c) the likelihood that the movant will succeed on the merits; and (d) the public interest. Direx Isr., Ltd. v. Breakthrough Med. Corp., 952 F.2d 802, 812 (4th Cir.1991).

As the Plaintiffs' can establish these four factors, preliminary injunctive relief should be granted.

#### **A) PLAINTIFFS HAVE A LIKELIHOOD OF SUCCESS ON THE MERITS**

To obtain injunctive relief, Plaintiffs need not show that they will necessarily prevail on the merits, only that there is a reasonable probability of success. Dogloo, Inc. v. Doskocil Mfg. Co., Inc., 893 F.Supp 911, 917 (C.D.Cal. 1995) citing Gilder v. PGA Tour, Inc., 936 F.2d 417, 422 (9<sup>th</sup> Cir. 1991); see also Wilson v. Watt, 703 F.2d 395 (9<sup>th</sup> Cir. 1983). This standard has been interpreted to mean a "fair chance of success on the merits." Johnson v. California State Bd. Of Accountancy, 72 F.3d 1427, 1430 (9<sup>th</sup> Cir. 1995). As detailed below, Plaintiffs easily pass this hurdle.

Defendants, who admittedly scrutinize companies considered for advertising beforehand, solicited Plaintiffs to advertise on their website for weeks. After Plaintiffs declined to advertise on the website, Defendants published false and untrue statements regarding Plaintiffs on their website. Defendants accuse Plaintiff's Grant America Program of being a scam, Plaintiffs' Russell and Hill of treating a prior charitable organization they founded as "their own personal piggy bank" and accuses the Penobscot Indian Tribe of laundering the down payment for a fee. Additionally, Defendant published clearly false statements regarding a HUD stipulation which acknowledges GAP's compliance with HUD guidelines and the treatment of seller contributions as a concession. These statements are false, misleading and defamatory.

A *prima facie* case of defamation consists of the following elements:

- (1) that the defendant made a defamatory communication-i.e., that he communicated a statement tending to expose the plaintiff to public scorn, hatred, contempt, or ridicule to a third person who reasonably recognized the statement as being defamatory;
- (2) that the statement was false;
- (3) that the defendant was at fault in communicating the statement; and
- (4) that the plaintiff suffered harm.

Peroutka v. Streng, 116 Md.App. 301, 311, 695 A.2d 1287 (1997) (quoting Shapiro v. Massengill, 105 Md.App. 743, 772, 661 A.2d 202, cert. denied, 341 Md. 28, 668 A.2d 36 (1995)). See Gohari v. Darvish, 363 Md. 42, 54, 767 A.2d 321 (2001). "A defamatory statement is one which tends to expose a person to public scorn, hatred, contempt or ridicule, thereby discouraging others in the community from having a good opinion of, or from associating or dealing with, that person." Batson v. Shiflett, 325 Md. 684, 722-23, 602 A.2d 1191 (1992) (quoting Bowie v. Evening News, 148 Md. 569, 574, 129 A. 797 (1925)). The allegation that a

person is a thief constitutes defamation *per se*. See R.J. Gilbert and P.T. Gilbert, MARYLAND TORT LAW HANDBOOK, § 6.4 (3d ed. 2000).

For more than 100 years, it has been recognized that *per se* defamation occurs when:

Words spoken of a person in his office, trade, profession, business or means of getting a livelihood, which tend to expose him to the hazard of losing his office, or which charge him with fraud, indirect dealings or incapacity and thereby tend to injure him in his trade, profession or business, are actionable without proof of special damage, even though such words if spoken or written of an ordinary person, might not be actionable *per se*.

Kilgour v. Evening Star Co., 96 Md. 16, 23-24, 53 A. 716 (1902). When a statement that is defamatory *per se* and made with actual malice, “a presumption of harm to reputation ... arises from the publication ....” Hanlon v. Davis, 76 Md.App. 339, 356 (1988)(citations omitted). In that circumstance, general damages are presumed; actual harm need not be proved.

Plaintiffs easily clear the likelihood of success on the merits hurdle, because Defendants published knowingly false materials regarding Plaintiffs designed to harm their professional reputation and business.

**B. PLAINTIFF WILL SUFFER IRREPARABLE HARM IN THE ABSENCE OF AN INJUNCTION**

Plaintiffs will suffer irreparable harm absent the issuance of an injunction.

As of 2007, Defendants’ website has a core daily audience of about 100,000 visitors. Defendants’ website concedes that it seeks to preserve indefinitely their lists, discussions and linked article so that they might be impossible to forget. After Plaintiffs wrote to Defendants and demanded that they cease and desist from publishing the untrue and defamatory article, Defendants continued to publish the article and began actively soliciting other websites to republish their untrue and defamatory article.

The falsehoods published by Defendants were designed to and have negatively impacted GAP's operation, business dealings and are causing harm and embarrassment, damaging Plaintiffs' reputation and causing others to question their businesses practices. Absent preliminary injunctive relief, these harms will continue, if not accelerate.

The purpose of a preliminary injunctive relief is "to protect the status quo and to prevent irreparable harm during the pendency of a lawsuit ultimately to preserve the court's ability to render a meaningful judgment on the merits." In re Microsoft Antitrust Litigation, 333 F.3d 517, 525 (4<sup>th</sup> Cir. 2003). Irreparability of harm, for purposes of preliminary injunctive relief, includes the impossibility of ascertaining with any accuracy the extent of the loss. Blackwelder Furniture Co. of Statesville, Inc. v. Seilig Mfg. Co., Inc., 550 F.2d 189 (4<sup>th</sup> Cir. 1977). A reason for granting a preliminary injunction is to protect a party against irreparable harm which can take place in the form of injury to such party's good will. Parke, Davis & Co. v. Green Willow, Inc., 205 F.Supp. 346 (S.D.N.Y.1962).

As the Plaintiffs will suffer irreparable injury absent the issuance of an injunction, the requested injunctive relief should be granted.

**C) DEFENDANTS WILL NOT BE HARMED BY THE ENTRY OF AN INJUNCTION**

Defendants cannot be harmed by being ordered to cease publishing untrue and defamatory material. An injunction would not prohibit Defendants from operating their website. Only Defendants' false, misleading or defamatory statements will be enjoined. Accordingly, Defendants cannot be harmed by entry of an injunction which prohibits Defendants from engaging in unlawful conduct.

**D) THE PUBLIC INTEREST DEMANDS  
THAT DEFENDANTS BE ENJOINED**

The public interest weighs heavily in favor of entry of a temporary and preliminary injunction to restrain Defendants from further defaming Plaintiffs. The public benefits by enjoying the fruits of legitimate discussion, not the retaliatory publication of false and defamatory statements. To the contrary, Defendants' false statements, are, and will continue, to irreparably harm Plaintiffs.

**CONCLUSION**

Based on the foregoing, the requested injunctive relief should be granted in its entirety.

Dated: September 26, 2008

**THE MASON LAW FIRM, LLP**

/s/ Gary E. Mason  
Gary E. Mason  
Md. Bar #15033  
Attorneys for Plaintiffs  
1225 19<sup>th</sup> Street Northwest  
Washington, D.C. 20036  
(202) 429-2290

**KANTROWITZ, GOLDHAMER  
& GRAIFMAN, P.C.**  
Attorneys for Plaintiffs  
747 Chestnut Ridge Road  
Chestnut Ridge, N.Y. 10977  
(845) 356-2570

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the aforementioned documents were served on counsel below by overnight mail on September 26, 2008.

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

/s/ Gary E. Mason

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND

GLOBAL DIRECT SALES, LLC, PENOBSCOT )  
INDIAN NATION, CHRISTOPHER RUSSELL )  
and RYAN HILL, )

Case No.: 8:08-cv-02468

Plaintiffs, )

-v- )

**CERTIFICATION**

AARON KROWNE, individually and d/b/a THE )  
MORTGAGE LENDER IMPLD-O-METER and )  
ML-IMPLD.COM, KROWNE CONCEPTS, )  
INC., IMPLD-EXPLODE HEAVY )  
INDUSTRIES, INC., JUSTIN OWINGS, KRISTA )  
RAILEY, STREAMLINE MARKETING, INC. and )  
LORENA LEGGETT, )

Assigned:  
Hon. Deborah K. Chasanow

Defendants. )

CHRISTOPHER RUSSELL, certifies as follows:

1. I am a Plaintiff in the within action and a principal of plaintiff Global Direct Sales, LLC, and as such, I am familiar with the facts and circumstances set forth herein.

2. The Penobscot Indian Nation (“PIN”) is a federally recognized Native American Government located on the Penobscot River in the State of Maine. As a result of the Maine Indian Claims Settlement Act, PIN is a municipality of the State of Maine.

3. On January 24, 2007, the PIN Tribal Counsel, passed Resolution 01-24-07-01 creating the PIN Fair Housing Administration and enabling the creation of a national down payment assistance program.

4. PIN and Global Direct Sales, LLC (“GDS”) are parties to an Agreement to develop, organize and operate a downpayment assistance (“DPA”) program wholly owned by PIN. The DPA program, entitled Grant America Program™ (“GAP”), is a program that provides

gift funds to low-to-moderate-income families purchasing a home or first-time homebuyers across America.

5. GAP was established to help low to moderate income homebuyers realize the dream of home ownership by providing down payment assistance grants.

6. On April 3, 2008, HUD expressly acknowledged:

that PIN's Grant America Program™ ("GAP") meets HUD's current policies pertaining to the source of gift funds for the borrowers' required cash investment for obtaining FHA insured mortgage financing.

A true and accurate copy of HUD's Stipulation is attached as Exhibit "A".

7. Defendants affirmatively represent that they scrutinize companies considered for advertising beforehand. A true copy of a New York Times article is attached as Exhibit "B".

8. In or about June, 2008, Defendant Lorena Leggett, on behalf of Defendants, began soliciting us to advertise on Defendants' website.

9. Defendants' solicitations consisted of multiple telephone calls with and to us in the State of Maryland and at least one email solicitation to us in the State of Maryland.

10. We advised Defendants that we would look at their website and review potential web pages for banner placement.

11. On August 5, 2008, Defendants were still contacting us hoping that they would be "granted the opportunity to advertise Grant America on ml-implode." A copy of Defendants' August 5, 2008 email is attached as Exhibit "C".

12. Thereafter, we advised Defendants that they would not advertise on Defendants' website. A copy of our email declining to advertise on Defendants' website is attached as Exhibit "D".

13. On September 9, 2008, Defendant Railey contacted me in the State of Maryland and represented herself as a reporter and agent for the Defendants' website.

14. On September 15, 2008, after we advised Defendants that they would not be advertising on the Defendants' website, Defendants published an untrue and defamatory article regarding us. A true copy of Defendants' article is attached as Exhibit "E"

15. Defendant Railey authored and published the untrue and defamatory article.

16. The article contained multiple untrue and defamatory statements, including, but not limited to:

- a. That the Penobscot Indian Tribe's Grant America Program is a scam.
- b. That Russell had a copycat website of Ameridream.
- c. Russell and Hill treated Ameridream like their own personal piggy bank.
- d. Russell and Hill created a new venture known as the Dp Funder Program and the Owner's Alliance. The Dp funder is another type of seller-funded down payment scam.
- e. On April 3, 2008, HUD and the Penobscot Indian Tribe executed a Stipulation to Resolve Remaining Claims and Dismiss Action which the Grant America Program website *erroneously* asserts as a "HUD approval".
- f. Not only is the Stipulation and Dismissal *not* an approval letter, it doesn't provide specific approval of seller-funded grants as the Sovereign Grant provider claims.
- g. The Stipulation and Dismissal is merely a temporary settlement which gave HUD the opportunity to publish a revised proposed rule and re-open the comment period.
- h. The seller contributions to the Grant America Program is clearly a concession that is confirmed by IRS ruling 2006-27.
- i. The PIN-FHA gift letter also confirms that it is a concession.
- j. The Penobscot Indian Tribe isn't really providing assistance and is merely laundering the down payment for a fee.

- k. Russell and Hill are already working on an alternative scheme through the Down Payment Grant Alliance. They intend to replace one scam with another even more complicated scam. Kind of like a convoluted down payment shell game.
- l. The taxpayers and FHA should not be forced to sponsor continued lending abuse via seller funded down payment grant schemes.
- m. Whether seller funded down payment grants are administered by non profit companies, for profit companies, or Sovereign Nations, they are still a scam.

See Exhibit "E".

17. Defendants' statements are untrue and defamatory, they injure our reputation and expose us to ridicule and financial injury.

18. Additionally, Defendants' article falsely attributes a quote to me that I never made, to wit:

That the impact to the tribe will be minimal and will not result in job losses due to the program being entirely administered by Global Direct Sales. At most, the Tribe stands to lose approximately \$250,000 a year in revenue. Also, the Penobscot's manned Fair Housing Department will still be able to provide Portable Housing and Indian Block grant opportunities for their Tribal members and other types of legitimate, non seller funded assistance, for Tribal members.

See Exhibit "E".

19. Defendants made these statements with malice, knowing they were false and in retaliation for our declining to advertise on their website.

20. According to Defendants' website, Defendant Aaron Krowne is the website founder, publisher, general management, editor-in-chief and owner and Defendant Owings is a general management, in charge of financials, forum moderator, oversees marketing and is an

owner of the website and a moderator of Defendant Railey's website. True copies of the relevant website pages are attached collectively as Exhibit "F".

21. According to Defendants' website, in late 2007, the website's ownership passed from Defendant Krowne Concepts, Inc. to Defendant Implode-Explode Heavy Industries ("IEHI"). Defendants Krowne and Owings are principals of Defendant IEHI. A true copy of the relevant website page is attached as Exhibit "G".

22. According to Defendants' website, Defendants Krowne and Owings strive to confirm all information presented on the website and to qualify all doubtful items. A true copy of the relevant website page is attached as Exhibit "H".

23. Defendants represent that the mission of the website is transparency, education and accountability. A true copy of the relevant website page is attached as Exhibit "I".

24. The Defendants admit controlling the website editorially and only including factual reports or editorial which they feel is credible and/or insightful. A true copy of the relevant website page is attached as Exhibit "J".

25. Further, Defendants require that all leads on companies be supported by multiple independent sources. A true copy of the relevant website page is attached as Exhibit "K".

26. As of 2007, the website has a core daily audience of about 100,000 visitors. A true copy of the relevant website page is attached as Exhibit "L".

27. Defendants' website concedes that it seeks to preserve indefinitely their lists, discussions and linked article so that they might be impossible to forget. A true copy of the relevant website page is attached as Exhibit "M".

28. On September 18, 2008, after our counsel wrote to Defendants and demanded that they cease and desist from publishing the untrue and defamatory article; Defendants began

actively soliciting other websites to republish their untrue and defamatory article. A copy of Defendants republishing request is attached as exhibit "N".

29. Since we have contacted Defendants, alterations and changes have been made to the article, however Defendants continue to publish the article and it continues to contain untrue and defamatory statements.

30. We are being harmed by the publication of Defendants untrue and defamatory article. The article has negatively impacted GAP's operation, as well as the business dealings of GDS, the Penobscot Indian Nation, Mr. Hill and I. I have been contacted by multiple individual who have seen the article causing me harm and embarrassment, harming my reputation and causing others to question my businesses practices; all to my detriment.

31. Absent the granting of preliminary injunctive relief, these harms will continue.

32. I hereby certify, under penalty of perjury that the foregoing is true and correct.

Dated: September 24, 2008



CHRISTOPHER RUSSELL

# **EXHIBIT A**

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

PENOBSCOT INDIAN NATION, et al.	)
	)
Plaintiffs,	)
	)
v.	)
	)
UNITED STATES DEPARTMENT OF	)
HOUSING AND URBAN	)
DEVELOPMENT, et al.,	)
	)
Defendants.	)

Case No.: 07-1282 (PLF)

STIPULATION TO RESOLVE REMAINING CLAIMS AND DISMISS ACTION

WHEREAS, the Amended Complaint filed in this action on October 9, 2007 (dkt. no. 15) contains both claims directed toward the final rule entitled Standards for Mortgagor's Investment in Mortgaged Property, 72 Fed.Reg.56,002 (Oct. 1, 2007)("Final Rule"), and claims relating to other alleged conduct by employees of the United States Department of Housing and Urban Development ("HUD") pre-dating and independent of the Final Rule;

WHEREAS, the Court by Order and Opinion of March 5, 2008 (dkt. nos. 39, 41) granted plaintiffs' motion for summary judgment on their claims directed toward the Final Rule, and vacated and remanded the Final Rule to HUD;

WHEREAS, by separate Order of March 5, 2008 (dkt. no. 40), the Court directed the parties to meet and confer and discuss settlement of plaintiffs' remaining claims;

WHEREAS, plaintiffs' remaining claims relate to allegations that HUD employees have told third-party lenders that plaintiffs' Grant America Program ("GAP") was not acceptable and/or did not comply with HUD's policies governing the use of

down payment assistance ("DPA") for Federal Housing Administration ("FHA") insured home purchase loans; and

WHEREAS, the parties believe that plaintiffs' remaining claims can be most efficiently resolved consensually without the need for judicial intervention;

NOW, THEREFORE, the parties hereby stipulate and agree as follows:

1. The United States Department of Housing and Urban Development's ("HUD's") current policy governing permissible sources of down payment assistance for FHA-insured home purchase loans is contained in ¶ 2-10.C of HUD Handbook 4155.1, Rev. 5, "Mortgage Credit Analysis of Mortgage Insurance, One to Four Family Properties," which states in pertinent part:

Gift Funds. An outright gift of the cash investment is acceptable if the donor is the borrower's relative, the borrower's employer or labor union, a charitable organization, a governmental agency or public entity that has a program to provide homeownership assistance to low- and moderate-income families or first-time homebuyers, or a close friend with a clearly defined and documented interest in the borrower. The gift donor may not be a person or entity with an interest in the sale of the property, such as the seller, real estate agent or broker, builder, or any entity associated with them.

2. Based upon the Penobscot Indian Nation's ("PIN's") continued status as a Federally Recognized Indian Tribe with inherent sovereign powers, acknowledged by the Secretary for the Department of Interior and indicated by the Bureau of Indian Affairs in the Notice published in the Federal Register at 72 Fed. Reg. 13,648, 13,650 (March 22, 2007), HUD finds that PIN's Grant America Program™ ("GAP") meets HUD's current policies pertaining to the source of gift funds for the borrowers' required cash investment for obtaining FHA insured mortgage financing. Accordingly, HUD will insure

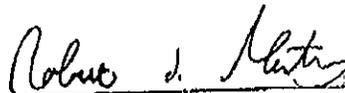
mortgages that meet FHA requirements in which home buyers obtain downpayment assistance provided by PIN for the borrower's required cash investments.

3. In light of the foregoing representations, plaintiffs agree to dismiss with prejudice all claims that were not adjudicated by the Court's March 5, 2008 Order and Opinion (dkt. nos. 39, 41). Therefore, the parties hereby stipulate to the dismissal of plaintiffs' remaining claims with prejudice.

Dated: April 3, 2008

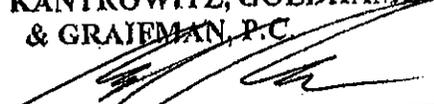
Respectfully submitted,

JEFFREY S. BUCHOLTZ  
Acting Assistant Attorney General



MICHAEL SITCOV  
TAMARA ULRICH  
CHRISTOPHER HALL  
ROBERT J. KATERBERG (D.C. Bar 466325)  
SCOTT RISNER  
Attorneys for Defendants  
United States Department of Justice  
20 Massachusetts Avenue, N.W.  
Washington, D.C. 20530  
Telephone: (202) 616-8298  
Fax: (202) 616-8460  
[Robert.Katerberg@usdoj.gov](mailto:Robert.Katerberg@usdoj.gov)

KANTROWITZ, GOLDHAMER  
& GRAJEMAN, P.C.

  
MICHAEL L. BRAUNSTEIN  
Attorneys for Plaintiffs  
747 Chestnut Ridge Road  
Chestnut Ridge, NY 10977  
(845) 356-2570  
[MBraunstein@kaglaw.com](mailto:MBraunstein@kaglaw.com)

# **EXHIBIT B**



July 8, 2008

## Loan Pains Turned Site Into a Hit

By LOUISE STORY

The misery in the housing market is registering on the Implode-O-Meter.

As millions of homeowners fall behind on their mortgages, a fledging Web site called the Mortgage Lender Implode-O-Meter is gleefully tallying the number of lenders that run into trouble too. On Monday, the count was 265 — and rising.

With its tongue-in-cheek tone and running lists of the “imploded” and the merely “ailing,” the Implode-O-Meter has become a sort of Gawker of the subprime world. At a recent Mortgage Bankers Association conference, a speaker addressed what has become a hot topic among lenders: how to keep your company’s name off the site.

“No one wants to be number 266,” said Jim Reichbach, a vice chairman and leader of Deloitte’s banking and securities team. “This is a death toll that is equivalent to the casualty ticker of the Vietnam War.”

The Implode-O-Meter is the brainchild of Aaron Krowne, a former researcher at Emory University in Atlanta. A computer scientist and mathematician, Mr. Krowne, 28, started the site in 2007, believing that the troubles in the housing market, and by extension the mortgage industry, would worsen.

He was right — and the Implode-O-Meter took off. Traffic on the site soared, reaching as many as 100,000 regular visitors, and advertising dollars rolled in. Mr. Krowne quit his day job and hired 10 people for his company, Implode-Explode Heavy Industries.

“The crisis has come in waves,” Mr. Krowne said. “It just keeps coming.”

With the economy struggling, more financial companies, even well-known ones, are finding themselves on the fated list. When parts of Bear Stearns’s residential mortgage unit were sold to private equity investors, for instance, the Implode-O-Meter recorded the sale. And E\*Trade Financial could not remove the link on its site to its mortgage division or change the recording on its mortgage division’s 1-800 number without the site chiming in.

The tips usually come anonymously from employees at the troubled mortgage companies. Critics of the site say some of the tips have been more gossip than reality. But the Implode-O-Meter often posts the phone recordings and company e-mail to back up the bad news coming out of places like Merrill Lynch, which in March fired nearly everyone at First Franklin Financial, a business it purchased in 2006.

The Implode-O-Meter is just the latest iteration of online death-watch lists. When the dot-com bubble burst, a slew of similar sites popped up, most notably one with an obscene name playing off the title of Fast Company, the magazine. That site and others like it faded when the technology company blowups were no longer front-page news.

Mr. Krowne is hoping to keep his franchise around longer by looking for trouble in areas like hedge funds, banks, home builders — the list goes on. It has been an adventurous 18 months for the site, including a nasty lawsuit, a run-in with a celebrity and attention from financial commentators like CNBC's Jim Cramer.

As more mortgage companies go broke, Mr. Krowne hopes to turn a tidy profit by selling his site, possibly to a media company. He takes advertising from "nonimploded lenders," which, he says, his company has scrutinized. On occasion, he says, he has had to remove a lender's name from the safe list as their fortunes turn, though he declined to name which ones.

The Implode-O-Meter, Mr. Krowne likes to say, has beat out the mainstream media time and again. Case in point, he says, was last October when it broke the news that Michael Jackson faced foreclosure on his Neverland property. Mr. Jackson's representatives quickly denied the Implode-O-Meter's story, which Mr. Krowne chalks up to his start-up status. His response? He posted the notice of Mr. Jackson's defaults.

In December, proof of trouble at one mortgage company came in the form of a 42-second audio track. Family First Mortgage, a lender in Palm Coast, Fla., now out of business, laid people off by phone recording. The call began, "Thank you for calling Family First Mortgage Corp. If you have been directed to this voicemail box, your employment with Family First Mortgage Corp. has been officially terminated, effective immediately."

Glenn Hill, the vice president of the company, wrote by e-mail in late June that the recording as played on the Implode site had been altered, but he did not provide evidence backing up the claim. Implode-O-Meter denies it altered the recording. The Family First call, which is still available on the Implode-O-Meter site, explains that the company was trying to focus attention on brokers who were still generating profits. It ends with: "Thank you to everyone, and have a great day."

Mr. Krowne can hardly suppress a laugh when describing the recording. What surprises him is that failing companies seem to put on "Herculean efforts" to convince the rest of the world, and their own employees, that they are sound.

"Every company thinks it is different," Mr. Krowne says. He points to April last year as an example. Employees of SouthStar Funding, a mortgage company in Atlanta, bombarded him with phone calls at his day job, trying to persuade him that the company was fine after he placed it on his Ailing Lender list, he said. After all, the employees told him, they were being sent on a team-building trip to the Bahamas. Soon, Mr. Krowne said, he started getting threats from the company.

When SouthStar folded, Mr. Krowne wrote: "I have to say that it is with genuine satisfaction that I post this report of SouthStar's closure."

Not every company goes down without a fight, though. Loan Center of California, of Suisun City, Calif., sued Mr. Krowne's company over a posting, saying it published false information, including that the company was out of business when it says it was still making loans. The parties settled in December, and Mr. Krowne insists he was unfairly pursued as a small Web entrepreneur.

But while Mr. Krowne records the pain of the mortgage industry, he said he does not relish it. "I really wish that our esteemed policy makers would pay attention and not repeat the same mistake," Mr. Krowne said. "It's so depressing."

Copyright 2008 The New York Times Company

[Privacy Policy](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)

# **EXHIBIT C**

**From:** Lorena Leggett [mailto:lorena@ml-implode.com]

**Sent:** Tuesday, August 05, 2008 2:06 PM

**To:** nash@fhadpa.com

**Subject:** Following up -Advertising

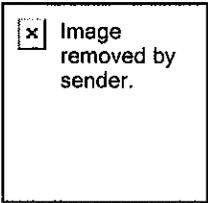
Hello Scott,

Just following up to determine your interest in advertising on ml-implode.com. Could you simply respond regardless of the answer.

In today's world there is nothing more important than our communication....it's the one thing we have complete control over. I hope you will take the time to respond and hopefully we will be granted the opportunity to advertise Grant America on ml-implode.

Thank you,

Lorena Leggett  
Senior Account Executive  
The Mortgage Lender Implode-O-Meter  
Direct line: 949-459-0608  
Fax: 949-766-5736  
Email: [lorena@ml-implode.com](mailto:lorena@ml-implode.com)



<http://ml-implode.com>

Total Control Panel

Login

To: [mbraunstein@kgglaw.com](mailto:mbraunstein@kgglaw.com)  
From: [nash@fhadpa.com](mailto:nash@fhadpa.com)

Message Score: 90  
My Spam Blocking Level: Custom

High (60): Fail  
Medium (75): Fail

9/26/2008

# **EXHIBIT D**

**From:** Scott Nash [mailto:nash@fhadpa.com]  
**Sent:** Tuesday, August 05, 2008 2:53 PM  
**To:** 'Lorena Leggett'  
**Subject:** RE: Following up -Advertising

I don't know if you have been following the recent legislation but the housing bill that was just past eliminates down payment assistance.

**From:** Lorena Leggett [mailto:lorena@ml-implode.com]  
**Sent:** Tuesday, August 05, 2008 2:06 PM  
**To:** nash@fhadpa.com  
**Subject:** Following up -Advertising

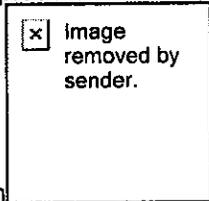
Hello Scott,

Just following up to determine your interest in advertising on ml-implode.com. Could you simply respond regardless of the answer.

In today's world there is nothing more important than our communication....it's the one thing we have complete control over. I hope you will take the time to respond and hopefully we will be granted the opportunity to advertise Grant America on ml-implode.

Thank you,

Lorena Leggett  
Senior Account Executive  
The Mortgage Lender Implode-O-Meter  
Direct line: 949-459-0608  
Fax: 949-766-5736  
Email: [lorena@ml-implode.com](mailto:lorena@ml-implode.com)



<http://ml-implode.com>

Total Control Panel

Login

To: [mbraunstein@kgglaw.com](mailto:mbraunstein@kgglaw.com)  
From: [nash@fhadpa.com](mailto:nash@fhadpa.com)

Message Score: 90  
My Spam Blocking Level: Custom

High (60): Fail  
Medium (75): Fail

9/26/2008

# **EXHIBIT E**

## **The Penobscot Indian Tribe Down Payment Grants**

September 9, 2008 – 9:07 pm

The latest fashion in seller-funded down payment grant (SFDP) scams are Sovereign Nation grants, particularly the Penobscot Indian Tribe's Grant America Program (PIN-FHA). This program is the brain child of none other than Ameridream founders Christopher Russell and Ryan Hill... the guys who put the "profit" into non-profit

### **First, a bit of background on Russell & Hill:**

You may recall the 2004 scandal involving Russell and Hill's purported misallocation of Ameridream assets as revealed by the testimony of Mr. House during the June 22, 2004 Congressional hearing on Charity Oversight and Reform. Click here to refresh your memory.

Among other things, Mr. House provided testimony that the founders of Ameridream, referred to as Mr. Red and Mr. White, used their position and control over the charity to divert millions to their private business interests. According to Mr. House, Mr.'s Red and White (Russell and Hill), participated with a third party (Mr. Blue) to create Synergistic Marketing, LLC which funneled millions from the charity.

Mr. House's statements are easily confirmed via a review of Ameridream's 990 returns from 2000 to 2004 which shows \$26,483,916 in payments from Ameridream to Synergistic Marketing, LLC. The 990's also contain disclosures that two officers in Ameridream were members of Synergistic Marketing, LLC. After Russell and Hill left the company, the disclosure was changed to state that two *former* officers were members of Synergistic Marketing. Hence, this portion of Mr. House's testimony is clearly documented. Payments to Synergistic Marketing from 2000 to 2003 ranged between 36% to 40% of Ameridream's gross income less actual 'laundered' grants.

The testimony also accused the founders of Ameridream of creating an investment company, Valao Mortgage, and funding the company with a \$4,000,000 loan from Ameridream. Mr. House stated that Avalar Properties, another LLC of Russell's, borrowed \$1,000,000 through Valao. This, too, was easily verified on Ameridream's 2002 990 which shows a \$4,000,000 loan to Valao Mortgage. Additionally, the Maryland Secretary of State filing for Valao shows the same business address as that of Ameridream. The Maryland Secretary of State filing confirms Christopher Russell as the Agent for Service for Avalar Properties, and the address listed for Avalar Properties is the same address shown for Valao in various business listings.

Mr. House's testimony also included an allegation that Russell and Hill (aka Mr.'s Red and White) purchased a jet using Ameridream as loan guarantor. The jet was purportedly used for Russell and Hill's personal enjoyment including golf trips to Mexico. While it is difficult to trace the liability on the Ameridream 990s, the 2002 return notes a loan guaranty in exchange for a 10% interest in Rycho, LLC which was organized by Ryan Hill. Both Russell and Hill are showing current affiliation with Rycho Funding, LLC. Rycho Aviation is also an LLC involving

the two. There is also a settled lawsuit involving Ameridream, Russell, Hill, and Rycho Aviation LLC as defendants against plaintiff American Flight Group.

In addition to the misallocation of Ameridream funds, inappropriate loans and guaranties, Mr. House also speaks of Mr. Red's (Russell's) sheltering of approximately \$3,000,000 in income by establishing residency in the US Virgin Islands and becoming a shareholder in a U.S. Virgin Islands company. According to Mr. House, the company acquired an economic development certificate from the U.S. Virgin Island government which provided a tax credit of over 95% of the taxable income. Russell readily admits his investments in St. Croix and prior partnership with International Asset Management.

Aside from minor lawsuits, there has been no recourse against Russell and Hill except for a Federal Tax Lien of \$1,104,575 against Hill in 2006 for the 2001 tax year.

It is interesting to note that in 2006, Ameridream won an arbitration decision against Christopher Russell regarding Russell's registration of the domain name: ameridreamprogram.com. According to the National Arbitration Decision, Russell registered the domain name one day prior to the expiration of a binding non-compete agreement. In addition to the copy cat web site, Russell registered additional web sites utilizing the "F" word along with the name Ameridream as a "protest" site which ironically accused Ameridream of fiscally irresponsible policies and squandering of public benefit funds. This is especially counterintuitive coming from Russell and Hill, who treated Ameridream like their own personal piggy bank. In addition to acting in bad faith by registering copycat and defamatory domain names, Russell attempted to extort \$5,000 per domain from Ameridream by requesting that Ameridream purchase the domains rather than incur thousands in legal expenses. Needless to say, the actions of Russell were found to be made in bad faith, and the decision rendered was in favor of Ameridream.

Following this fiasco, Russell and Hill created a new venture known as the Dp Funder Program and the Owner's Alliance. The Dp Funder is another type of seller-funded down payment scam which involves payment of "earned" commission to the buyer instead of "gift" or "grant". The program is simple. The buyer signs with Global Direct Sales, LLC and becomes a dealer. As a dealer, the borrower's job is to convince the seller to purchase a membership in the Owner's Alliance which offers various discounts and costs between 3% to 22% of the sales price plus processing fee. Once the seller "enrolls" in the Owner's Alliance program, Global Direct Sales, LLC transfer the "commission" to a savings account which Global opens in the borrower's name at Sandy Springs Bank of Maryland. Of course, Global is the primary account signor, and maintains absolute control of the account. In the event that the transaction does not close, funds revert back to Global unless the seller pays a \$295 fee to extend the contract. Click here to see documents.

At closing, funds for the "membership fee" is remitted to Rycho Funding, LLC and is shown as a payoff on the HUD-1. Global Direct Sales' Dp Funder web site gives explicit instructions to show the source of buyers down payment as "cash" on the loan application, and to show Global Direct Sales, LLC as secondary employment on the application using the position title of Independent Dealer. Revenue for Global Direct Sales, LLC ranges between 1% to 2% of the

sales price plus \$300 processing fee. According to the Dp Funder website, the program is being discontinued and all transactions must close by December 1, 2008.

**The latest version by Russell & Hill:**

Now that you have an idea on the history and business dealings of Russell and Hill, it's time to explore their best scam to date: the Sovereign Nation grants. According to Russell in a 2008-09-08 phone interview, he came up with the idea in 2006 when the IRS began cracking down on the non-profit seller-funded grant providers. It apparently occurred to Russell that the Sovereign Nation status of tribes gave them the perfect loophole to circumvent the IRS ruling revoking the non-profit status of agencies that participated in seller-funded down payment grants (my words, not Russell's). Shortly thereafter, according to Russell he and Hill approached the Penobscot Indian Tribe and launched the Grant America Program which he states is run exclusively by Global Direct Sales, LLC. Russell said the Penobscot Indian Tribe declined the option of processing grants for a \$100 transaction fee, and instead receives 20% of the proceeds.

In 2007, after HUD published their Final Rule in the Federal Register eliminating seller funded grants, Global Direct Sales and the Penobscot Indian Tribe filed suit in Federal Court for an injunction against HUD in implementing the rule. The Penobscot suit was in addition to suits filed by Nehemiah and Ameridream costing the Federal Government and taxpayers hundreds of thousands of dollars in time, effort, and legal expenses.

Finally in March 2008, HUD's Final Rule was vacated and the matter was remanded back to HUD to address the deficiencies in the rule-making process in accordance with the Administrative Procedures Act. On April 3, 2008, HUD and the Penobscot Indian Tribe executed a Stipulation to Resolve Remaining Claims and Dismiss Action which the Grant America Program website *erroneously* asserts as a "HUD approval" letter. This assertion is a prime example of how SFDPA providers skew facts to confuse the public and the mortgage industry. Click [here](#) to view the Stipulation of Dismissal.

Not only is the Stipulation and Dismissal *not* an approval letter, it doesn't provide specific approval of seller-funded grants as the Sovereign Grant provider claims. The Stipulation and Dismissal is merely a temporary settlement which gave HUD the opportunity to publish a revised proposed rule and re-open the comment period. (Click [here](#) to view the proposed revised rule that HUD published in the Federal Register on June 16th, 2008)

What the stipulation provides is confirmation that the Penobscot Indian Tribe's Sovereign Nation "government entity" status qualifies the tribe to participate in the FHA program as an acceptable downpayment assistance provider as per Chapter 2, Section 2-10(C) of the 4155.1 REV 5. As such, loans involving PIN grants are insurable under *standing* HUD rules at the time.

Regardless of the Stipulation and Dismissal, the seller contribution to the Grant America Program is clearly a concession that is confirmed by [IRS ruling 2006-27](#), which only allows sellers to deduct the SFDPA contribution as a sale expense and not as a charitable deduction. The PIN program Seller Enrollment form itself solidifies the fact that it is a sales concession by stating that the service fee (which includes down payment contribution) may be deductible as a

sale expense and is not a charitable contribution. See final paragraph of Seller Enrollment Form: Click [here](#) to view the form.

Excerpt:

Seller understands that the G.A.P service fee may be tax deductible as a selling expense, depending upon Seller's personal circumstances. Seller should consult a tax advisor. Seller further acknowledges that the G.A.P. service fee is a fee for service, and is not a charitable contribution. No changes may be made to the pre-printed text of this Agreement, without the prior written consent from PIN Fair Housing Administration.

The PIN-FHA gift letter also confirms that it is a concession: [Click here to view gift letter.](#)

Excerpt:

The IRS issued Revenue Ruling 2006-27, on May 22, 2006. This ruling implies that for TAX PURPOSES ONLY, **similarly structured transactions are not to be treated as a gift for income tax purposes. Similar down payment funds are to be treated as a rebate against the purchase price of the property, lowering the purchaser's basis in the property.** Please seek competent legal and tax advice before entering into this agreement. This information is not to be construed as tax advice. Each individual's situation may be different and advice should be provided by a competent tax advisor.

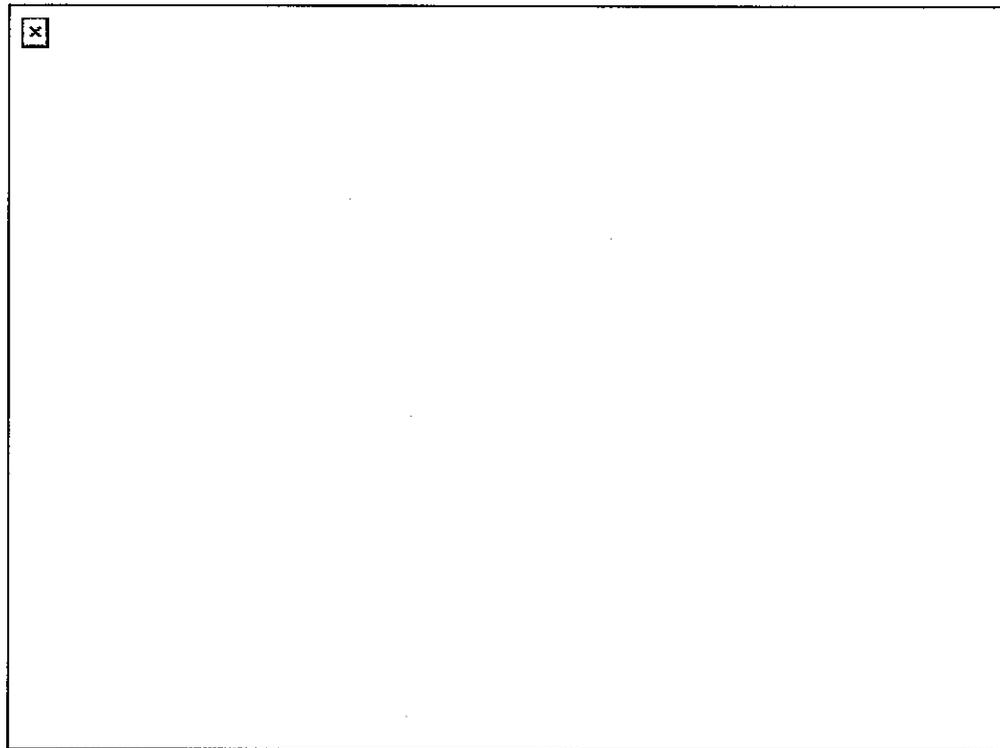
By their own admission, the seller contribution is a *sales concession* and not a charitable donation. Hence, the Penobscot Indian Tribe isn't really providing "assistance" and is merely laundering the down payment for a fee, no different than the other SFDPA's.

Most notably, the Stipulation and Dismissal predates H.R. 3221, and **seller-funded** down payment grants will not be allowed for loans approved after October 1, 2008 for FHA loans regardless of provider as per Federal Law. In speaking with Christopher Russell, he confirms that the changes to the National Housing Act which prohibit seller-funded down payments also apply to Sovereign Nation grants. Fortunately, Russell states that the impact to the tribe will be minimal and will not result in job losses due to the program being entirely administered by Global Direct Sales. At most, the Tribe stands to lose approximately \$250,000 a year in revenues. Also, the Penobscot's manned Fair Housing Department will still be able to provide Portable Housing and Indian Block grant opportunities for their Tribal members and other types of legitimate, non seller funded assistance, for non Tribe members.

However, not to be dissuaded when a quick buck is involved, Russell and Hill are already working on an alternative scheme through the Down Payment Grant Alliance which is a URL Russell created in 2001. Their idea is to create a network of non profit companies and grant providers and have one party provide the grant while another party receives the donation. According to Russell, the seller contribution would not be tax deductible as a charitable contribution and would be considered a sale expense. In other words, they intend to replace one scam with another even more complicated scam. Kind of like a convoluted down payment shell game.

When asked about the adverse effects of seller-funded down payment grants and what could be done to mitigate risks to borrowers and the FHA fund, Russell stated that some steps that can be taken to mitigate risk include requiring the seller to sign a certification that the sales price was not increased for the grant, implementing strict appraisal controls, and limiting borrower credit scores to a minimum of 580. *When asked whether limiting credit scores might displace low income and ethic groups who traditionally have lower scores as well as multiple borrowers, Russell stated it required some thought.* Russell did assert that seller-funded down payment assistance loans had a 92-94% success rate, although he did not provide the source of this information.

It is no secret that FHA's delinquency and default rate are rising dramatically as I addressed in my previous story on the FHA delinquency crisis. Currently, 1 in 6 borrowers are delinquent or in default on their FHA loan and that number is rising. Furthermore, there is a clear correlation between the increased FHA delinquency rate and the rise in seller funded down payment grants.



While many who argue the merits of seller funded down payment grants cite the negative impact on sales prices and values that eliminating the programs will have on the market, the reality is that the economy needs inflation relief. Lower sales prices actually benefit homebuyers who have been displaced by astronomical home prices and rents. Considering that incomes did not rise with the price increases brought on in recent years by irresponsible lending, a little inflation relief is exactly what Americans need to improve their quality of life. The last thing that Americans and the economy need is anything that sustains continued housing inflation. While adding 3-5% to the sales price may not sound like much, the increases gradually add up in areas where these types of grants are prevalent resulting in higher overall prices. The taxpayers and

FHA should not be forced to sponsor continued lending abuse via seller funded down payment grant schemes.

Whether seller funded down payment grants are administered by non profit companies, for profit companies, or Sovereign Nations, they are still a scam and this is your wake up call.

# **EXHIBIT F**

## Who We Are

We are a small team of dedicated individuals who care about the housing industry and the economy:

Aaron Krowne : Founder, Publisher, general management, editor-in-chief (owner)

Justin Owings : General management, financials, forum moderation, graphic design, marketing (owner)

Randall Marquis : Senior Editor, Research lead, writing, industry liaison, business development

Bonnie Rabichow : Treasurer, books & office management

Robin Medecke : Research, writing, forum admin/moderation

ML-Implode is owned and operated by a small "virtual corporation" called Implode-Explode Heavy Industries, Inc. ("IEHI"). IEHI is a company we have set up to run the site and similar sites (see "History" below).

## Our Standards

In general we editorially include any factual report or editorial which we feel is credible and/or insightful, with little regard to name recognition or organizational reputation. **We care primarily about content, not reputations or resources.** Any repeat coverage from a particular writer or outlet is more a testament to our appreciation of the content and other incidental factors of our screening than any sort of deference to reputation. As an independent source, we have this luxury.

For company coverage (in "implosion" or "ailing/watch" lists), we like at least 2 out of three of the following to be met:

at least \$20M/month in origination volume (any stage of origination)

at least 3 states of operation

at least 50 employees

These are not hard-and-fast standards; we've been known to lower the bar a bit to include "smaller" failing divisions at major companies.

Ultimately what matters is whether the implosion is particularly "noteworthy" for some reason. If it appears the public is "interested" in coverage of a particular company, we will likely cover it.

The "ailing/watch" list tends to stay smaller for a number of reasons. One is that the prevailing opinion on a company (or division) tends to be that it is going to survive... until the day it closes down. This is just natural wishful thinking that is exhibited at all levels. Another reason is that *most* companies in the industry are in general distress right now, so we must

- o What the SFDDPA Administrators Don't Want You To Know: Part 1, The Penobscot Indian Tribe Down Payment Grant Program

## • Archives

- o September 2008
- o August 2008
- o July 2008
- o June 2008
- o April 2008
- o March 2008

## • Categories

- o Uncategorized

## • Agencies

- o Department of Housing and Urban Development
- o FHA - Federal Housing Administration
- o The Federal Trade Commission
- o VA Loan Guaranty - Department of Veterans Affairs

## • Blogroll

- o Mr. Mortgage
- o The Market Ticker
- o WordPress Planet

## • Forums

- o Implode-O-Meter FHA Forum
- o Mortgage Lender Implode-O-Meter Forum

## • Meta

- o Log in
- o Entries RSS
- o Comments RSS
- o WordPress.org

The Mortgage Whistleblower is proudly powered by WordPress Entries (RSS) and Comments (RSS).  
Theme by Bob as modded by Justin. ☺

the blog images my sites out&about furl books contact

# the JUSTIN OWINGS,

## Who?



This is the site of Justin Neal Owings a.k.a. J.N. Owings, (J.) Neal Owings, Justin N. Owings of Atlanta, Georgia, husband of Sonal Amin, alum of **University of Georgia** (and **Lakeside High School**).

Labels used to describe me include: artist (pen/ink, cartooning, graphic design, **t-shirts**), accountant, analyst, guitar player (I sing bass, too), activist, instigator, **anarcho-capitalist**, **agnostic/atheist**, economist (**Austrian** leanings) and back-of-the-envelope philosopher.

This is the third installment of *The Justin Owings Page* (Archived: **Original**, **Revised**).

If you want to reach me, please email me [here](#).

## Getting around the site:

- Check out my **blog**. Don't forget to **subscribe** (If you're new to subscribing to feeds, I suggest **Google Reader**)
- My **furl** is an assortment of things on the interwebs that I found interesting, humorous, enlightening, whatever.
- I'm tracking some other stuff here — like **books** I have read.
- See **select photos** from my flickr account.
- Connect the curious to the varying **sites** on which I am working.
- Here is a **log** of changes to this site.

## Latest from the blog



- » **Seasteading Institute T-shirts** 09/24/2008 04:26 PM
- » **Gauging Insulin Sensitivity** 09/16/2008 03:00 PM
- » **Standing can improve sleep?** 09/11/2008 11:24 PM
- » **Chicago (or Austin)** 09/10/2008 03:30 PM
- » **On Cortisol** 09/10/2008 02:49 PM
- » **"Insulin Control" - what it's all about!** 09/09/2008 06:09 PM
- » **Foreign governments own America.** 09/08/2008 10:44 AM
- » **Napoleon Hill's The Law of Success in Sixteen Lessons** 09/05/2008 12:27 PM

# **EXHIBIT G**

This site was founded on January 1, 2007, by Aaron Krowne, a blogger with a computer science and math background and an avid interest in economics and finance. By early to mid 2006, Krowne had come to the conclusion that housing was the "linchpin" of the US economy, but disconcertingly, it appeared to be in a historically unprecedented bubble. When a number of subprime lending companies (including Ownit!) began imploding in fall of 2006, Krowne deemed it the start of a larger wave and deflation of the housing bubble, with likely wider economic impact (including recession).

When the media failed to catch on to the story within a few months, Krowne resolved to do it himself the "blogger" way, and started ml-implode.com as a single web page with six companies listed.

Soon there were dozens of companies, and the site received increasing links from bloggers and newsletter writers. In March, 2006, the site was covered on-air on Bloomberg and CNBC, and traffic exploded to almost 100,000 visitors a day.

Soon after this, the site became a de facto mortgage industry site, as a core following of industry professionals developed to check out the latest of the turmoil on the daily basis. This audience began regularly sending tips and leads, which allowed ml-implode to begin rivalling mainstream and even mortgage industry media in the timeliness and breadth of its coverage.

As 2007 proceeded, the crisis deepened, spreading throughout the US and global banking system. Homeowner distress also continued, with delinquencies and foreclosure skyrocketing. The housing market was clearly in a freefall. By late year, recession was an openly-discussed possibility.

The skeptical, if bearish case ml-implode had been making with its coverage, as well as the implicit warnings therein, had been vindicated. This continues to be the case to the present day.

As 2007 closes, ml-implode now has a core daily audience of about 100,000 visitors, as it continues its ongoing up-to-the-minute coverage and track record of making the right case and having a nose for *tomorrow's* economic story.

In late 2007, ml-implode passed from ownership by Krowne Concepts, Inc, to Implode-Explode Heavy Industries (IEHI). The new company (with principals Aaron Krowne and Justin Owings) focuses on not only housing finance but other issues and sectors throughout the political economy. Some other IEHI sites are:

# **EXHIBIT H**

The Hedge Fund Implode-o-Meter  
Bank Implode!  
Bernanke-Panky  
The Home Builder Implode-o-Meter  
The Federal Reserve Gallery Of Shame  
Hugo Chavez-Watch

With many more to come. The suite of IEHI sites allows the inquisitive and concerned to focus on trouble areas and areas of rapid change in the US economy and beyond.

## Supporting

If you like and support what we're doing with this page, a donation would be much appreciated (Credit or transfer via PayPal). No amount is too small or too large. Donations will help support this site and expand its coverage, quality, and information service offerings.

The Mortgage Lender Implode-O-Meter is a property of:

Implode-Explode Heavy Industries, Inc., #450  
5348 Vegas Drive  
Las Vegas NV 89108

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

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

*Financial Disclosure (good faith): The contributors to this site may, from time to time, hold short (or long) positions in mentioned and related companies.*

# **EXHIBIT I**

## FHA Territory Expansions

FHA/HUD and Mortgage Broker/Banker Licensing Nationwide (800) 948-0970 [www.lenderlicense.cc](http://www.lenderlicense.cc)

Ads

# THE MORTGAGE LENDER Implode--Meter

*Tracking the housing finance breakdown: a saga of corruption, hypocrisy, and government complicity.*

[Home](#) - [Lists](#) - [News](#) - [Forum](#) - [NON-Imploded](#) - [I have a Tip](#) - [Search](#) - [About](#) - [Advertise](#)

## About the Mortgage Lender Implode-O-Meter

### What We Do

The mission of [ml-implode.com](http://ml-implode.com) is *transparency, education, and accountability*. We focus on the housing finance sector, which we believe has become the focal point of extreme distortions in the US economy. These distortions have now obviously (within a year of our founding) transitioned to outright collapse. To use a metaphor that deposed Citigroup CEO Chuck Prince might appreciate, "the music has stopped".

We seek the root causes of this distortion and resulting turmoil (who and what policies were responsible); we seek to document the ripple effects and study broader economic and societal implications; and we seek to determine how to heal the housing sector, the economy, and the country. We also seek to provide a historical record, preserving indefinitely our lists, discussions, and linked articles, so that it might be impossible and inexcusable to forget the debacle that is now unfolding.

**This site is a forum.** We may have our own ideas regarding the above (though our own team does not even agree on everything), but we are here to learn as much as to teach, and wish to foster discussion regarding the issues. All of the primary information on the site is *received*, either from the mainstream media, independent media and bloggers, or (most importantly) people working in the housing finance sector. We add a bit of editorial work to keep the site coherent, but it is a relatively small amount. In other words, we don't make this stuff up. The site belongs to the community of all those who have a burning interest in this area of concern... a group which is beginning to look more and more like "the general public."

# **EXHIBIT J**

## Who We Are

We are a small team of dedicated individuals who care about the housing industry and the economy:

Aaron Krowne : Founder, Publisher, general management, editor-in-chief (owner)

Justin Owings : General management, financials, forum moderation, graphic design, marketing (owner)

Randall Marquis : Senior Editor, Research lead, writing, industry liaison, business development

Bonnie Rabichow : Treasurer, books & office management

Robin Medecke : Research, writing, forum admin/moderation

ML-Implode is owned and operated by a small "virtual corporation" called Implode-Explode Heavy Industries, Inc. ("IEHI"). IEHI is a company we have set up to run the site and similar sites (see "History" below).

## Our Standards

In general we editorially include any factual report or editorial which we feel is credible and/or insightful, with little regard to name recognition or organizational reputation. **We care primarily about content, not reputations or resources.** Any repeat coverage from a particular writer or outlet is more a testament to our appreciation of the content and other incidental factors of our screening than any sort of deference to reputation. As an independent source, we have this luxury.

For company coverage (in "implosion" or "ailing/watch" lists), we like at least 2 out of three of the following to be met:

at least \$20M/month in origination volume (any stage of origination)

at least 3 states of operation

at least 50 employees

These are not hard-and-fast standards; we've been known to lower the bar a bit to include "smaller" failing divisions at major companies.

Ultimately what matters is whether the implosion is particularly "noteworthy" for some reason. If it appears the public is "interested" in coverage of a particular company, we will likely cover it.

The "ailing/watch" list tends to stay smaller for a number of reasons. One is that the prevailing opinion on a company (or division) tends to be that it is going to survive... until the day it closes down. This is just natural wishful thinking that is exhibited at all levels. Another reason is that *most* companies in the industry are in general distress right now, so we must

# **EXHIBIT K**

wait until we receive *specific* information that sets a company apart (on a potential path towards implosion) before listing it. Finally, still-operating companies and units will closely guard any such information, making it difficult to get much more than rumors and hearsay. Plus, even more compelling information might be difficult to post without being sued by a still-operating company (even if not much of it is left).

All leads on companies must be supported by multiple independent sources. We prefer in the following order:

1. communication from the company itself
2. mainstream or industry press coverage (or blog coverage with clear supporting evidence)
3. multiple independent tips from individuals

This is not to say that we don't want reports from individuals; however these are more likely to go into our files and inform our research, as opposed to resulting in an immediate publication per se.

## Complaints

If you have a complaint about any information carried on the site, we recommend as a first course of action posting to the item or our forum with your concerns, in a level-headed manner. This is the appropriate course of action for any material we have included from elsewhere, whether there is a factual error or argument that you find contentious. If it is wrong, say why it is wrong. As a forum, we do not have the authority to say that someone else's contribution is wrong.

If you have an objection to a lending operation we are (or are not) including in one of our lists, please email us with evidence supporting your case (see "Standards"). We are always looking to improve our coverage and our categorization of covered companies. Keep in mind it is impossible to have 100% perfect coverage at any point in time, and your feedback helps us achieve greater accuracy over time.

If you are principal management at one of these companies, please email us at the above address with an official statement of your company's condition that addresses the alleged inaccuracies. We almost always defer to an official statement in the absence of reliable public documentation. **We cannot do anything without further (publishable) information**; and a legal threat or naked assertion does not constitute sufficient information we can use.

## History

# **EXHIBIT L**

This site was founded on January 1, 2007, by Aaron Krowne, a blogger with a computer science and math background and an avid interest in economics and finance. By early to mid 2006, Krowne had come to the conclusion that housing was the "linchpin" of the US economy, but disconcertingly, it appeared to be in a historically unprecedented bubble. When a number of subprime lending companies (including Ownit!) began imploding in fall of 2006, Krowne deemed it the start of a larger wave and deflation of the housing bubble, with likely wider economic impact (including recession).

When the media failed to catch on to the story within a few months, Krowne resolved to do it himself the "blogger" way, and started ml-implode.com as a single web page with six companies listed.

Soon there were dozens of companies, and the site received increasing links from bloggers and newsletter writers. In March, 2006, the site was covered on-air on Bloomberg and CNBC, and traffic exploded to almost 100,000 visitors a day.

Soon after this, the site became a de facto mortgage industry site, as a core following of industry professionals developed to check out the latest of the turmoil on the daily basis. This audience began regularly sending tips and leads, which allowed ml-implode to begin rivalling mainstream and even mortgage industry media in the timeliness and breadth of its coverage.

As 2007 proceeded, the crisis deepened, spreading throughout the US and global banking system. Homeowner distress also continued, with delinquencies and foreclosure skyrocketing. The housing market was clearly in a freefall. By late year, recession was an openly-discussed possibility.

The skeptical, if bearish case ml-implode had been making with its coverage, as well as the implicit warnings therein, had been vindicated. This continues to be the case to the present day.

As 2007 closes, ml-implode now has a core daily audience of about 100,000 visitors, as it continues its ongoing up-to-the-minute coverage and track record of making the right case and having a nose for *tomorrow's* economic story.

In late 2007, ml-implode passed from ownership by Krowne Concepts, Inc, to Implode-Explode Heavy Industries (IEHI). The new company (with principals Aaron Krowne and Justin Owings) focuses on not only housing finance but other issues and sectors throughout the political economy. Some other IEHI sites are:

# **EXHIBIT M**

**FHA Territory Expansions** - FHA/HUD and Mortgage Broker/Banker  
Licensing Nationwide (800) 948-0970 [www.lenderlicense.com](http://www.lenderlicense.com)

Ads

# THE MORTGAGE LENDER **Implode-O-Meter**

*Tracking the housing finance breakdown: a saga of corruption, hypocrisy, and government complicity.*

[Home](#) - [Lists](#) - [News](#) - [Forum](#) - [NON-Imploded](#) - [I have a Tip](#) - [Search](#) - [About](#) - [Advertise](#)

## About the Mortgage Lender Implode-O-Meter

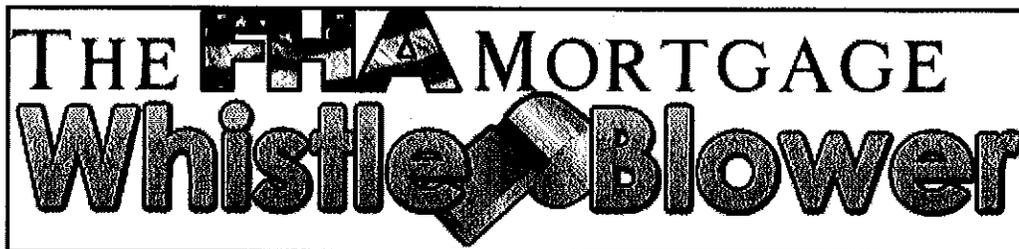
### What We Do

The mission of [ml-implode.com](http://ml-implode.com) is *transparency, education, and accountability*. We focus on the housing finance sector, which we believe has become the focal point of extreme distortions in the US economy. These distortions have now obviously (within a year of our founding) transitioned to outright collapse. To use a metaphor that deposed Citigroup CEO Chuck Prince might appreciate, "the music has stopped".

We seek the root causes of this distortion and resulting turmoil (who and what policies were responsible); we seek to document the ripple effects and study broader economic and societal implications; and we seek to determine how to heal the housing sector, the economy, and the country. We also seek to provide a historical record, preserving indefinitely our lists, discussions, and linked articles, so that it might be impossible and inexcusable to forget the debacle that is now unfolding.

**This site is a forum.** We may have our own ideas regarding the above (though our own team does not even agree on everything), but we are here to learn as much as to teach, and wish to foster discussion regarding the issues. All of the primary information on the site is *received*, either from the mainstream media, independent media and bloggers, or (most importantly) people working in the housing finance sector. We add a bit of editorial work to keep the site coherent, but it is a relatively small amount. In other words, we don't make this stuff up. The site belongs to the community of all those who have a burning interest in this area of concern... a group which is beginning to look more and more like "the general public."

# **EXHIBIT N**



**Implode Proof Your Future**  
Hiring Branch Managers. Top Pay  
not Promises. FHA, VA, RV  


The wake up call for the mortgage industry

- [Home](#)
- [About Do the Math](#)
- [The Truth About DPAs](#)
- [ML's FHA Forum](#)
- 
- [ML Implode Home](#)

## **What the SFDPA Administrators Don't Want You To Know: Part 1, The Penobscot Indian Tribe Down Payment Grant Program**

September 15, 2008 – 11:28 pm

In researching sovereign nation down payment payment grants, I was expecting nothing more than a bunch of boring stuff on down payment grants. Surprisingly, what I found was a trail of intrigue which had nothing to do with the Penobscot Indian Tribe, and everything thing to do with the business history of the program administrators, and nature of the down payment grant business itself.

The content of the article is so explosive as to yield a scathing comment from Penobscot Indian Nation Grant America Program administrator, Christopher Russell which included this statement: ([Click here to read entire comment](#))

**“So, you need to remove your libelous article here. For your information, I will seek damages, as I have now collected nearly a quarter million from Mr. Brandon so far. (We allow him to make monthly payments. I won't be so generous with your "scam" blog.)”**

After seriously considering Mr. Russell's statement, I decided to comply with one request, and that is to remove the word “scam”. I will not, however, back down from publishing this article or the content therein which is all a matter of public record. I have, however, added more links and additional information.

This article is crucial for the public and the media because it involves the history of the individuals who created the sovereign grant program, administer the program, and who have sued the Department of Housing and Urban Development to prevent the program from being terminated.

So pull up a chair, sit down, and prepare for enlightenment.

**First, a bit of background the Penobscot's Grant America Program founders Russell & Hill:**

The Penobscot Indian Nation Grant America program is the brain child of Ameridream founders, Christopher Russell and Ryan Hill who according to an [article in Forbes](#) netted a combined \$14,000,000 from their business interests involving Ameridream.

You may recall the 2004 scandal involving Russell and Hill's purported misallocation of Ameridream assets as revealed by the [testimony of Mr. House](#) during the June 22, 2004 Congressional Hearing on Charity Oversight and Reform. [Click here](#) to view the entire transcript of the Congressional Hearing that is posted on the Senate Finance Committee website and is a matter of public record.

Among other things, Mr. House provided testimony that the founders of Ameridream, referred to as Mr. Red and Mr. White, used their position and control over the charity to divert millions to their private business interests. According to Mr. House, Mr.'s Red and White (Russell and Hill), participated with a third party (Mr. Blue) to create Synergistic Marketing, LLC which funneled millions from the charity.

Mr. House's statements appear to correlate with information shown on Ameridream's IRS Return of Organization Exempt from Income Tax (form 990) for years 2000 to 2004. The returns for this period show \$26,483,916 in payments from Ameridream to Synergistic Marketing, LLC. The returns also contain disclosures that two officers in Ameridream were members of Synergistic Marketing, LLC. After Russell and Hill left the company, the disclosure was changed to state that two *former* officers were members of Synergistic Marketing. Additionally, Ameridream's 990 returns for 2002 and 2003 include the following disclosure:

**In 2003, AmeriDream's current Board of Directors and Management became aware of certain transactions and arrangement from prior years that present potential for "excess benefit" within the meaning of section 4958 of the Internal Revenue Code. At that time, AmeriDream voluntarily sought guidance from the IRS. As of this filing, the specific nature and scope of those transactions is under review. Once the review is completed and if any excess benefit transactions are identified, AmeriDream will make the required disclosure on either an amended return for 2003 or a return for a subsequent year as appropriate.**

Hence, this portion of Mr. House's testimony appears to be substantiated, at least in regard to Russell and Hill's participation in Synergistic Marketing, LLC. Please note that payments to Synergistic Marketing from 2000 to 2003 ranged between 36% to 40% of Ameridream's gross income less actual funded grants. [Click here](#) for a link to Ameridream's IRS returns (990's) from 1999 to 2006.

The testimony also accused the founders of Ameridream of creating an investment company, Valao Mortgage, and funding the company with a \$4,000,000 loan from Ameridream. Mr. House stated that Avalar Properties, another LLC of Russell's, borrowed \$1,000,000 through Valao. This, too, was supported by information on Ameridream's 2002 IRS return (990) which shows a \$4,000,000 loan to Valao Mortgage. While an affiliation between Russell and Hill and Valao was not confirmed, the Maryland Secretary of State filing for [Valao](#) shows the same business address at the time of filing as Ameridream. The Maryland Secretary of State filings, however, confirm Christopher Russell as the [Agent for Service for Avalar Properties](#), and the address listed for Avalar Properties is the same address shown for Valao in [various business listings](#).

Mr. House's testimony also included an allegation that Russell and Hill (aka Mr.'s Red and White) purchased a jet using Ameridream as loan guarantor. The jet was purportedly used for Russell and Hill's

personal enjoyment including golf trips to Mexico. While it is difficult to trace the liability on the Ameridream returns (form 990), the 2002 return notes a loan guaranty in exchange for a 10% interest in Rycho, LLC which was organized by Russell and Hill. Both Russell and Hill are showing current affiliation with Rycho Funding and Rycho Aviation which are one in the same. There is also a settled lawsuit involving Ameridream, Russell, Hill, and Rycho Aviation LLC as defendants against plaintiff American Flight Group.

In addition to the purported misallocation of Ameridream funds and inappropriate loans and guaranties, Mr. House also speaks of Mr. Red's (Russell's) sheltering of approximately \$3,000,000 in income by establishing residency in the US Virgin Islands and becoming a shareholder in a U.S. Virgin Islands company. According to Mr. House, the company acquired an economic development certificate from the U.S. Virgin Island government which provided a tax credit of over 95% of the taxable income. While this statement is unconfirmed, Russell is open regarding his investments in St. Croix and prior partnership with International Asset Management.

Aside from minor lawsuits, there has been no verifiable recourse against Russell and Hill except for a Federal Tax Lien of \$1,104,575 against Hill in 2006 for the 2001 tax year.

It is interesting to note that in 2006, Ameridream won an arbitration decision against Christopher Russell regarding Russell's registration of the domain name: ameridreamprogram.com. According to the National Arbitration Decision, Russell registered the domain name one day prior to the expiration of a binding non-compete agreement. In addition to the copy cat web site, the decision states Russell registered additional web sites utilizing the "F" word along with the name Ameridream as a "protest" site which accused Ameridream of fiscally irresponsible policies and squandering of public benefit funds. This is especially ironic coming from Russell who has been accused of the exact same thing with Ameridream. In addition to allegations that Russell acted in bad faith by registering copycat and defamatory domain names, Ameridream claimed Russell attempted to extort \$5,000 per domain from Ameridream by requesting that Ameridream purchase the domains rather than incur thousands in legal expenses. The actions of Russell were ultimately found to be made in bad faith, and the decision rendered was in favor of Ameridream.

Following this fiasco, Russell and Hill created a new venture known as the Dp Funder Program and the Owner's Alliance. The Dp Funder is another type of seller-funded down payment program which involves payment of "earned" commission to the buyer instead of "gift" or "grant". The program is simple. The buyer signs with Global Direct Sales, LLC and becomes a dealer. As a dealer, the buyer's job is to convince the seller to purchase a membership in the Owner's Alliance which offers various discounts and costs between 3% to 22% of the sales price plus processing fee. Once the seller "enrolls" in the Owner's Alliance program, Global Direct Sales, LLC transfers the "commission" to a savings account which Global opens in the borrower's name at Sandy Springs Bank of Maryland. Of course, Global is the primary account signor, and maintains absolute control of the account. In the event that the transaction does not close, funds revert back to Global unless the seller pays a \$295 fee to extend the contract. Click here to see documents.

At closing, funds for the "membership fee" is remitted to Rycho Funding, LLC and is shown as a payoff on the HUD-1. Global Direct Sales' Dp Funder web site gives explicit instructions to show the source of buyers down payment as "cash" on the loan application, and to show Global Direct Sales, LLC as secondary employment on the application using the position title of Independent Dealer. Revenue for Global Direct Sales, LLC ranges between 1% to 2% of the sales price plus \$300 processing fee.

**The latest version by Russell & Hill:**

Russell and Hill's current venture involves the administration of Sovereign Nation grants. According to Russell in a 2008-09-08 phone conversation, he came up with the idea in 2006 when the IRS began cracking down on the non-profit seller-funded grant providers. It occurred to Russell that the Sovereign Nation status of tribes exempted the Tribes from the recent IRS ruling revoking the non-profit status of agencies that participated in seller-funded down payment grants. Shortly thereafter, according to Russell "he and Hill approached the Penobscot Indian Tribe and launched the Grant America Program" which he states "is ran exclusively by Global Direct Sales, LLC." Russell also stated "the Penobscot Indian Tribe declined the option of processing grants for a \$100 transaction fee, and instead only receives 20% of the proceeds."

In 2007, after HUD published their Final Rule in the Federal Register eliminating seller funded grants, Global Direct Sales and the Penobscot Indian Tribe filed suit in Federal Court for an injunction against HUD in implementing the rule. The Penobscot suit was in addition to suits filed by Nehemiah and Ameridream costing the Federal Government and taxpayers time and money.

Finally in March 2008, HUD's Final Rule was vacated and the matter was remanded back to HUD to address the deficiencies in the rule-making process in accordance with the Administrative Procedures Act. On April 3, 2008, HUD and the Penobscot Indian Tribe executed a Stipulation to Resolve Remaining Claims and Dismiss Action which the Grant America Program website posts as a HUD approval letter. [Click here](#) to view the Stipulation of Dismissal.

Not only is the Stipulation and Dismissal *not* an approval letter, it doesn't provide specific approval of seller-funded grants as Sovereign Grant providers claim. The Stipulation and Dismissal is merely a temporary settlement which gave HUD the opportunity to publish a revised proposed rule and re-open the comment period. [Click here](#) to view the proposed revised rule that HUD published in the Federal Register on June 16th, 2008.

What the stipulation provides is confirmation that the Penobscot Indian Tribe's Sovereign Nation "government entity" status qualifies the tribe to participate in the FHA program as an acceptable downpayment assistance provider as per Chapter 2, Section 2-10(C) of the 4155.1 REV 5. As such, loans involving PIN grants are insurable under *standing* HUD rules at the time.

Regardless of the Stipulation and Dismissal, the seller contribution to the Grant America Program is clearly a concession that is confirmed by IRS ruling 2006-27, which only allows sellers to deduct the SFDPA contribution as a sale expense and not as a charitable deduction. The PIN program Seller Enrollment form itself solidifies the fact that it is a sales concession by stating that the service fee (which includes down payment contribution) may be deductible as a sale expense and is not a charitable contribution. See final paragraph of Seller Enrollment Form: [Click here](#) to view the form.

Excerpt:

**"Seller understands that the G.A.P service fee may be tax deductible as a selling expense, depending upon Seller's personal circumstances. Seller should consult a tax advisor. Seller further acknowledges that the G.A.P. service fee is a fee for service, and is not a charitable contribution. No changes may be made to the pre-printed text of this Agreement, without the prior written consent from PIN Fair Housing Administration."**

The PIN-FHA gift letter also confirms that it is a concession: [Click here to view gift letter](#).

Excerpt:

The IRS issued Revenue Ruling 2006-27, on May 22, 2006. This ruling implies that for **TAX PURPOSES ONLY, similarly structured transactions are not to be treated as a gift for income tax purposes. Similar down payment funds are to be treated as a rebate against the purchase price of the property, lowering the purchaser's basis in the property.** Please seek competent legal and tax advice before entering into this agreement. This information is not to be construed as tax advice. Each individual's situation may be different and advice should be provided by a competent tax advisor.

By their own admission, the seller contribution is a *sales concession* and not a charitable donation. Hence, the Penobscot Indian Tribe isn't really providing "assistance" and is merely laundering the down payment for a fee, no different than the other seller-funded down payment assistance (SFDPA) providers.

Nonetheless, the Stipulation and Dismissal predates H.R. 3221, and **seller-funded** down payment grants will not be allowed for loans approved after October 1, 2008 for FHA loans regardless of provider as per Federal Law. In speaking with Christopher Russell, he confirms that the changes to the National Housing Act which prohibit seller-funded down payments also apply to Sovereign Nation grants. Fortunately, Russell states:

"That the impact to the tribe will be minimal and will not result in job losses due to the program being entirely administered by Global Direct Sales. At most, the Tribe stands to lose approximately \$250,000 a year in revenues. Also, the Penobscot's manned Fair Housing Department will still be able to provide Portable Housing and Indian Block grant opportunities for their Tribal members and other types of legitimate, non seller funded assistance, for Tribe members."

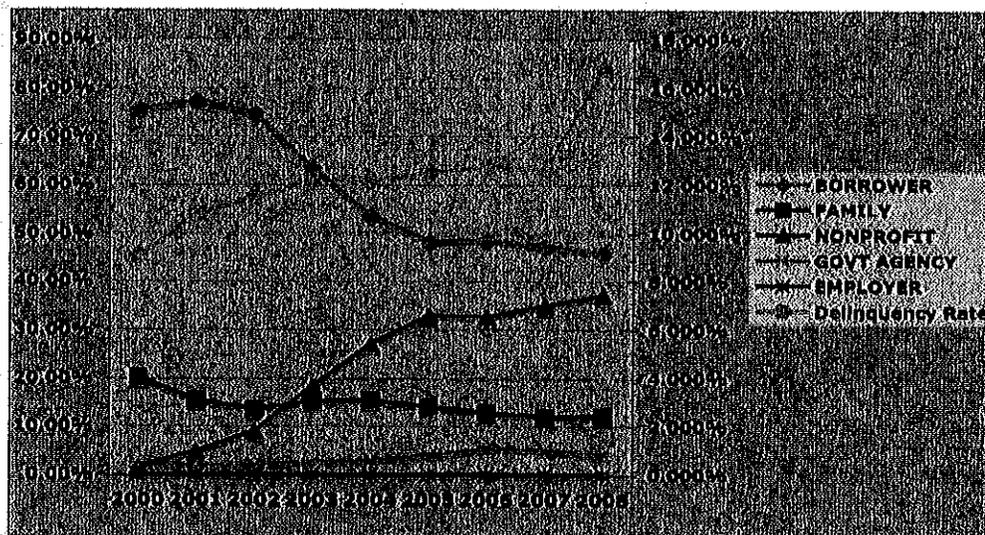
However, not to be dissuaded from the seller-funded down payment assistance business, Russell and Hill are already working on an alternative program through the Down Payment Grant Alliance which is a URL Russell states he founded in 2001. Their idea is to create a network of non profit companies and grant providers and have one party provide the grant while another party receives the donation. According to Russell, the seller contribution would not be tax deductible as a charitable contribution and would be considered a sale expense. This grant alliance sounds more like convoluted down payment shell game than a down payment assistance program due to the stated purpose to circumvent public law.

When asked about the adverse effects of seller-funded down payment grants and what could be done to mitigate risks to borrowers and the FHA fund, Russell stated that "Some steps that can be taken to mitigate risk include requiring the seller to sign a certification that the sales price was not increased for the grant, implementing strict appraisal controls, and limiting borrower credit scores to a minimum of 580." *When asked whether limiting credit scores might displace low income and ethic groups who traditionally have lower scores as well as multiple borrowers, Russell stated "it required some thought."* Russell did assert that seller-funded down payment assistance loans had a 92-94% success rate, however, I cannot confirm this information.

It is no secret that FHA's delinquency and default rate are rising dramatically. As I have outlined in a prior entry, currently, 1 in 6 borrowers are delinquent or in default on their FHA loan and that number is increasing. Furthermore, there is a clear correlation between the expanding FHA delinquency rate and the rise in seller funded down payment grants. As you can see from this chart, the FHA delinquency rate rose in tandem with the increase use of non profit down payment grants as the source of down

payment.

### FHA Purchase Endorsements by Downpayment Source 2000-2008 and FHA Historical Delinquency



While many who argue the merits of seller funded down payment grants cite the negative impact on sales prices and values that eliminating the programs will have on the market, the reality is that the economy needs inflation relief. **Lower sales prices actually benefit homebuyers who have been displaced by astronomical home prices and rents.** Considering that incomes did not rise in tandem with price increases caused in recent years by irresponsible lending, a little inflation relief is exactly what Americans need to improve their quality of life. The last thing that Americans and the economy need is anything that sustains continued housing inflation. While adding 3-5% to the sales price may not sound like much, the increases gradually add up in areas where these types of grants are prevalent resulting in higher overall prices.

Furthermore, the current proposal, H.R. 6694, which is sponsored by the Representatives Al Green, Gary Miller, Christopher Shays, Maxine Waters along with Ameridream and Nehemiah Corporation, proposes increases in mortgage premiums to offset the risk of SFDPA's to the FHA insurance fund. H.R. 3221 included a provision which placed a moratorium on risk based premiums that are based on borrower credit decision scores. However, credit score based premiums or eligibility create a barrier for racial minorities and socioeconomically disadvantaged borrowers who typically have lower scores. The proposal of risk based credit scores along with higher prices caused by seller funded down payment grants could displace the very borrowers that seller funded down payment grant providers claim to help. The taxpayers and FHA should not be forced to sponsor continued lending abuse via seller funded down payment grant schemes.

Posted in [Uncategorized](#) |

#### FHA Licensing Exemptions

FHA/HUD and Mortgage Broker/Banker Licensing Nationwide (800) 948-0970

[www.lenderlicense.com](http://www.lenderlicense.com)

Ads by Google

## 1. **8 Responses to “What the SFDPA Administrators Don’t Want You To Know: Part 1, The Penobscot Indian Tribe Down Payment Grant Program”**

2. As an underwriter I had my dealings with this “sovereign nation” grant. I did not allow them as I believe that this is not a municipality of the US Government which is what they were trying to deal under.  
Since they are SOVEREIGN and have their own government this was my “semi-legal” conclusion.

By **Elizabeth** on Sep 16, 2008

3. This came as a surprise to you? You are just now seeing this smoke and mirror scam? Anyone with two weeks in the industry figured that out long ago.

By **Ron Scribner** on Sep 16, 2008

4. Ameridream and these SCAMMERS are a couple of sue-happy criminals. Where the f\*\*k is the FBI when you need them??

By **BlowmeChrisRussell** on Sep 16, 2008

5. Chris is an embarrassment to the human race.

By **SteveP** on Sep 18, 2008

6. good sleuthing.

insiders may say what they like, the idea is this info belongs to the public @ large.

don't rest with a smug comment, spread some knowledge to the ignorant.

explain it to a layman!

By **chuck beef, coo** on Sep 18, 2008

7. Bravo! I thought I was the only one that compiled the facts about this never-ending fraud.

Since you are such an astute observer of this debacle, I offer a tidbit entitled “Motion to Seal Motion - Denied”

I wonder why Syphax and Harris wanted to seal this? Maybe this is the offending language:

“Plaintiff contends that defendant has not complied with a prior court order to produce documents sufficient to identify what happened to the \$7 million Don Harris received from Invision from 1998 through 2002.”

<http://www.autoaccident.com/filings/06/may24d53.05>

Rollin' in the dirt fightin' over the loot. Enjoy!

By **Winston Smith** on Sep 18, 2008

8. It never ceases to amaze me the lengths to which people will go in order to attempt to siphon off some of the transaction cashflow from home sales to unsuspecting and unsophisticated buyers.

Call it what you will - whether it fits the legal definition of fraud isn't really the point.

The point is that the unsophisticated thinks he's getting a "deal" when in fact nothing of the sort of is happening. When you look at the various "DPA" web sites and "information" from the seller's point of view (how they pitch them to the sellers) you will hear how they will encourage full-price offers and in fact may encourage people with "fewer resources" (that's shorthand for "can't afford the house") to buy anyway.

How does this promote SUSTAINABLE housing? It doesn't, but it sure as hell makes the folks in the middle rich!

HUD was right to try to ban this crap and I hope on the second go-around they are successful. Every one of these firms needs to take a dirtnap.

By **Karl** on Sep 18, 2008

9. Elizabeth, we need more underwriters like you. Lenders could shut don't this insanity in an instant by simply refusing to accept SFDPA's. By the way, carefully check the non profit status of participating companies if you receive one of these, and when I say check the status, I mean call the IRS and have the organizations verified name and Tax ID in hand (even if it is a religious organization).

Ron, everyone knows SFDPA's are a "scheme" (IRS' words), but not everyone knows what is going on behind the SFDPA's and what is going on behind the scenes with the companies. This is the purpose of this series on SFDPA providers.

Chuck Beef, need bloggers and You Tuber's to pick up this stuff and feed it to the layman. This is a more of a research report than anything. Most of the bold lettering is links to articles, reports, filings, and websites and is not there for effect. This blog is as much as a resource for other bloggers and journalists as it is for commentary. Spread the word!!

Winston Smith, again. Thank you for the link. I still need about 10 cases from Sacramento. I appreciate your comments and I appreciate you taking the time to visit the site and read the information.

Karl, its an honor to have you visit the blog. I reposted your comment from the first entry that was deleted. Also signed the new petition you have up:

<http://financialpetition.org/petition-nobail.shtml>

As always, I appreciate the comments. I also appreciate information tips and links. Please feel free to share You Tube videos!!!

By **Do the math** on Sep 18, 2008

## Post a Comment

Name (required)

E-mail (will not be published) (required)

Website



**First Time Home Buyer?**

Special Low Rates For You Free  
Quote, No Obligations  
myFHAhomeloan.com

**First Time Home Loans**

100+ Different Loan Programs 24 Hour  
Approval. Apply Online Now!  
www.BestRateLoans.com



Ads by Google

**• Pages**

- o [About Do the Math](#)
- o [The FHA Seller-Funded Down Payment Grants Information Page](#)
  - [FHA Seller Funded Down Payment Grants: Reference Page](#)
  - [H.R. 6694: A proposal to "save" Seller-Funded DPA's](#)
    - [House Financial Services Committee Approves Markup of H.R. 6694](#)
    - [Talking Points on H.R. 6694: Who's Line Is it, Anyway?](#)
  - [The Seller-Funded DPA Organizations](#)
    - [The Penobscot Indian Tribe Down Payment Grant Program](#)

**• Recent Comments**

- o [Graham Reinders on FHA Says No to Buy-and-Bail!](#)
- o [dick on FHA Says No to Buy-and-Bail!](#)
- o [Do the math on FHA Says No to Buy-and-Bail!](#)
- o [harry on FHA Says No to Buy-and-Bail!](#)
- o [Mortgage Loan Blog » Blog Archive » Is this really the right direction to go.... on The FHA Delinquency Crisis: 1 in 6 Borrowers in Default](#)

## • Recent Posts

- o [FHA Says No to Buy-and-Bail!](#)
- o [Talking Points on H.R. 6694: Who's Line Is it, Anyway?](#)
- o [FHA Terminates Non-FHA Approved Brokers for HECM Program](#)
- o [House Financial Services Committee Approves Markup of H.R. 6694](#)
- o [What the SFDPA Administrators Don't Want You To Know: Part 1, The Penobscot Indian Tribe Down Payment Grant Program](#)

## • Archives

- o [September 2008](#)
- o [August 2008](#)
- o [July 2008](#)
- o [June 2008](#)
- o [April 2008](#)
- o [March 2008](#)

## • Categories

- o [Uncategorized](#)

## • Agencies

- o [Department of Housing and Urban Development](#)
- o [FHA - Federal Housing Administration](#)
- o [The Federal Trade Commission](#)
- o [VA Loan Guaranty - Department of Veterans Affairs](#)

## • Blogroll

- o [Mr. Mortgage](#)
- o [The Market Ticker](#)
- o [WordPress Planet](#)

## • Forums

- o [Implode-O-Meter FHA Forum](#)
- o [Mortgage Lender Implode-O-Meter Forum](#)

## • Meta

- o [Log in](#)
- o [Entries RSS](#)
- o [Comments RSS](#)
- o [WordPress.org](#)

The Mortgage Whistleblower is proudly powered by [WordPress](#) [Entries \(RSS\)](#) and [Comments \(RSS\)](#).  
Theme by [Bob](#) as modded by [Justin](#). »



**Forum Index**  
RSS   
Got info?

**Implode-O-Meter:**  
Mortgage Lender  
Hedge Fund  
Home Builder  
Bank

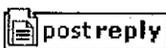
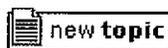
**IEHI sites:**  
Bernanke  
Panky  
Fed Gallery of Shame  
Chavez Watch  
AnarchyWARE

**Ads by Google**  
[Mortgage Calc](#)  
[EMC Mortgage](#)  
[Arm Mortgage](#)  
[Mortgage Leads](#)

[FAQ](#) | [Search](#) | [Memberlist](#) | [Usergroups](#) | [Register](#) | [Profile](#) | [Log in to ch](#)

## FHA Licensing Exemptions - FHA/HUD and Mortgage Licensing Nationwide (800) 948-0970 [www.lenderlicense.com](http://www.lenderlicense.com)

### What SFDPA Admins don't want you to see



#### Implode-Explode Forums Forum Index Meter

Author

Message

**title\_gal**  
Wrecking crew



Joined: 13 Dec 2007  
Posts: 1615  
Location: Texas

**What SFDPA Admins don't want you to see**

Posted: Thu Sep 18, 2008 1:22 am

If you haven't seen this yet it is a GREAT read! Way to

<http://whistleblower.ml-implode.com/?p=142>

(Now, if I could just find the blog from Aaron that I re-read it but now I can't find it!)

In America, through pressure of conformity, 1 to choose from.- Peter Ustinov

[profile](#) [pm](#) [email](#)

**Own your local FSBO site**

Attn: Real Estate & Mortgage Pro's. Help Fsbo's in your exclusive city.



Ads by Google

**Do\_the\_math**  
The WhistleBlower

**Re: What SFDPA Admins don't want you to see**

Posted: Thu Sep 18, 2008 5:50 pm

Thanks Title Gal. I appreciate the encouragement.

"Now the Fed wants to be the systemic risk n

Ads by Google



**Better than a Net Branch**

225 FHA Lenders.  
Licensed 50 states  
Branch network. Training provided  
www.alliedmortgagecorp.com/



Joined: 14 Mar 2007  
Posts: 1531

**Own your local FSBO site**

Attn: Real Estate & Mortgage Pro's. Help Fsbo's in your exclusive city.  
www.HomesByOwner.com

**FIXMYLOAN**

Consigliere



Joined: 27 Dec 2007  
Posts: 3442  
Location: Jersey

**Fastest REO Sales Period.**

Great Track Record.  
Proven Results. ONLINE Auctions = Easier Sales!  
www.bid4assets.com

**Short Sale Foreclosures**

Step-by-Step Guide  
Getting Banks To Discount Mortgages up to 40%!  
www.ShortSaleMagic.com

**title\_gal**

Wrecking crew



Joined: 13 Dec 2007  
Posts: 1615  
Location: Texas

**Become a Foreclosure Pro**

How to Profit from Foreclosures Even if You Have no Cash or Credit.  
RealEstateForeclosuresInvesting.

risk. Giving the Fed more power is like giving window playing baseball in the street a bigger problem." -Kentucky Senator Jim Bunning

"I believe everything I say" Henry Paulson

[profile](#) [pm](#)

**Re: What SFDPA Admins don't want you to see**

Posted: Thu Sep 18, 2008 7:26 pm

Now, how do we get this on the six o'clock news?

2016

"If they'll lie FOR you, they'll lie TO you"

[profile](#) [pm](#)

**Re: What SFDPA Admins don't want you to see**

Posted: Fri Sep 19, 2008 5:38 am

**FIXMYLOAN wrote:**

Now, how do we get this on the six o'clock news?

Hmmm.. how many stations do you think we need to c

In America, through pressure of conformity, t to choose from.- Peter Ustinov

[profile](#) [pm](#) [email](#)

Display posts from previous:  All Posts  Oldest

[new topic](#) [post reply](#)

**Implode-Explode Forums Forum Index Meter**

Jump to: Mortgage Lender Implode-O-Meter



Powered by phpBB 2.0.22-2 (Deblan) © 2001, 2002 phpBB Group :: FI Theme :: ,

**Michael Braunstein**

**From:** Christopher Russell [Russell@IncentOvation.com]  
**Sent:** Friday, September 26, 2008 12:58 PM  
**To:** mbraunstein@kgglaw.com  
**Subject:** You may want to include this one

**Do\_the\_math**

Posts: 282  
Incept: 2007-08-09  
★  
San Diego



Story is up on the Penobscot Sovereign Grant program and the guys that are running the program- Christopher Russell and Ryan Hill. These guys are the ones who founded Ameridream.

Lets see if really costs me \$250k to post the truth.

<http://whistleblower.ml-implode.com/?pag...>

I am doing a series on the DPA providers.

Realistic, here are some links on reports for DPAs:

2002: Down Payment Assistance Program Operated by Non Profit Entities, OIG Report # 2002-SE-0001, dated September 25, 2002

<http://www.hud.gov/offices/oig/reports/i....>

2003: FHA Case File Review: Underwriting Practices and Loan Characteristics Contributing to FHA Loan Performance Report # 2003-SE-0001

<http://www.hud.gov/offices/oig/reports/i....>

2005: An Examination of Downpayment Gift Programs Administered by Non-Profit Organizations: March 1, 2005

<http://www.hud.gov/offices/hsg/comp/rpts....>

2005: GAO Report: Additional Action Needed to Manage Risks of FHA-Insured Loans with Down Payment Assistance GAO-06-24 November 9, 2005.

<http://www.gao.gov/docsearch/abstract.ph...>

HUD Proposed Rule: Standards for Mortgagors Investment in Mortgaged Property June 2008:

<http://portal.hud.gov/fha/investment/508....>

Please also check out some stats on this post:

<http://whistleblower.ml-implode.com/?p=2....>

Credit scores do not mitigate risk. Sound underwriting, prepared borrowers, and

programs that contribute to sustainable ownership mitigate risk. Forcing FHA to accept seller funded down payment schemes is a bureaucratic form of agency date \*\*\*\*.

Understand, however, that the lobbyists, PACs, organizations, and DPA providers are paying a lot of money to keep this game going and are investing heavily in grass roots campaigns which spew propaganda and obfuscation of the truth.

-----  
"Now the Fed wants to be the systemic risk regulator. But the Fed is the systemic risk. Giving the Fed more power is like giving the neighborhood kid who broke your window playing baseball in the street a bigger bat and thinking that will fix the problem." -Kentucky Senator Jim Bunning

*Last modified: 2008-09-22 20:42:53 by do\_the\_math*

<http://www.tickerforum.org/cgi-ticker/akcs-www?post=60262&page=1>

Total Control Panel

Login

To: [mbraunstein@kgglaw.com](mailto:mbraunstein@kgglaw.com) Remove this sender from my allow list  
From: [russell@incentovation.com](mailto:russell@incentovation.com)

*You received this message because the sender is on your allow list.*

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND

GLOBAL DIRECT SALES, LLC, PENOBSCOT )  
INDIAN NATION, CHRISTOPHER RUSSELL )  
and RYAN HILL, )

Case No.: 8:08-cv-02468

Plaintiffs, )

**ATTORNEY  
CERTIFICATION**

-v- )

AARON KROWNE, individually and d/b/a THE )  
MORTGAGE LENDER IMPLD-O-METER and )  
ML-IMPLD.COM, KROWNE CONCEPTS, )  
INC., IMPLD-EXPLODE HEAVY )  
INDUSTRIES, INC., JUSTIN OWINGS, KRISTA )  
RAILEY, STREAMLINE MARKETING, INC. and )  
LORENA LEGGETT, )

Assigned:  
Hon. Deborah K. Chasanow

Defendants. )

MICHAEL L. BRAUNSTEIN, hereby certifies:

1. I am an attorney licensed to practice law in the States of New York, associated with the law firm of Kantrowitz, Goldhamer & Graifman, P.C. and counsel for Plaintiffs.

2. This action was commenced on September 18, 2008 by the filing of the complaint (Dkt. 1). Summonses have been issued, but service has not yet been effectuated on Defendants.

3. On September 18, 2008, I emailed and mailed a cease and desist letter to Defendant Aaron Krowne ("Krowne"). A true copy of the cease and desist letter and email are attached collectively as Exhibit "O".

4. On September 18, 2008, I received a response from Defendant Krowne stating "thanks, you'll hear from our attorney". A true copy of Defendant's email is attached as Exhibit "P".

5. On September 22, 2008, I emailed Defendants Krowne, Justin Owings, Krista Railey and Lorena Leggett (collectively "Defendants") advising of the instant lawsuit and providing a courtesy copy of the electronic receipt for the filing of the complaint. A true copy of my September 22, 2008 email is attached as Exhibit "Q".

6. On September 24, 2008, I emailed Defendants a letter advising that Plaintiffs would be seeking a temporary and preliminary injunction and providing copies of Plaintiffs' Notice of *Ex Parte* Motion and Motion for a Temporary Restraining Order, Notice of Motion for a Preliminary Injunction and supporting Memorandum of Law. A true copy of my September 24, 2008 letter and email are collectively attached as Exhibit "R".

7. On September 25, 2008, I received a letter from Julie S. Turner, Esq. from The Turner Law Firm advising that she was writing on behalf of the Defendants. A true copy of Ms. Turner's letter is attached as Exhibit "S".

8. I responded on September 25, 2008 and, in light of Ms. Turner's correspondence, advised that I would not file the instant motions for preliminary injunctive relief until today, September 26, 2008. A true copy of my September 25, 2008 letter is attached as Exhibit "T".

8. On September 26, 2008, prior to filing the instant motions, I spoke with Ms. Turner who agreed to accept service on behalf of Defendants in exchange for additional time to respond to Plaintiffs' complaint. This was agreed upon and copies Summons, Complaints and the motions papers are being overnighter to Ms. Turner today.

9. Based on the foregoing, it is respectfully requested that Plaintiffs' Motions for Preliminary Injunctive Relief be granted in their entirety.

Dated: September 26, 2008



MICHAEL L. BRAUNSTEIN

# **EXHIBIT O**

LAW OFFICES

**KANTROWITZ, GOLDHAMER & GRAIFMAN, P.C.**  
747 CHESTNUT RIDGE ROAD - SUITE 200  
CHESTNUT RIDGE, NEW YORK 10977-0210

(845) 350-2570  
FAX # (845) 350-4935  
www.kgglaw.com

AFFILIATE  
KANTROWITZ, GOLDHAMER & GRAIFMAN  
NEW JERSEY  
210 SUMMIT AVE.  
MONTVALE, N.J. 07846  
(201) 391-7000  
FAX # (201) 307-1086

PAUL B. GOLDHAMER\*  
BARRY S. KANTROWITZ\*  
GARY S. GRAIFMAN\*  
RANDY J. PERLMUTTER\*  
  
WILLIAM T. SCHIFFMAN\*  
REGINALD H. RUTISHAUSER\*  
JOHN M. CHAKAN\*  
RISA K. JAMESON\*  
MICHAEL L. BRAUNSTEIN\*  
DANIEL B. SCHWARTZ\*

OF COUNSEL  
STEVEN B. ROTHSCHILD

September 18, 2008

\*N.Y. & N.J. BAR  
\*FLA. BAR

**BY EMAIL AND  
CERTIFIED MAIL**

Mr. Aaron Krowne  
The Mortgage Lender Implode-O-Meter  
15 Saratoga  
Trabuco Canyon, CA 92679

Dear Mr. Krowne:

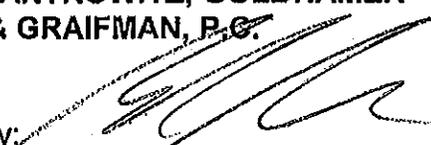
I am an attorney for the Penobscot Indian Nation, Penobscot Indian Nation Enterprises, Global Direct Sales, LLC, Christopher Russell and Ryan Hill. I write to demand that you cease and desist publishing knowingly false and defamatory information regarding my clients and immediately withdraw all articles and/or blog postings. If you fail to immediately cease and desist, I have been authorized to commence suit against you in Federal Court.

In order to avoid litigation, I need written confirmation that you will cease and desist, and immediately withdraw all of the published materials.

If you have any questions, or would like to discuss this matter, please feel free to contact the undersigned.

Very truly yours,

**KANTROWITZ, GOLDHAMER  
& GRAIFMAN, P.C.**

By: 

Michael L. Braunstein

MLB:mim

**Michael Braunstein**

**From:** Michael Braunstein [mbraunstein@kgglaw.com]  
**Sent:** Thursday, September 18, 2008 5:20 PM  
**To:** 'akrowne@ml-implode.com'  
**Subject:** Penobscot v. Krowne

Please see attached.

---

*Michael L. Braunstein*  
KANTROWITZ, GOLDHAMER & GRAIFMAN, P.C.  
747 Chestnut Ridge Road  
Chestnut Ridge, New York 10977  
Tel: (845) 356-2570  
Fax: (845) 356-4335  
www.kgglaw.com

CONFIDENTIALITY: This e-mail transmission and any accompanying or attached documents may contain confidential information which is legally protected by the attorney-client privilege or attorney work product doctrine. The information contained in or accompanying this message is intended only for the use of the person to whom addressed. Any disclosure, copying, distribution, or taking of any action in reliance on or regarding this information is prohibited, unless specifically authorized by the sender. If you have received this e-mail in error, or if you are not the intended recipient of this message, please notify us immediately by telephone at 845-356-2570 and destroy this e-mail and any attached documents.

TAX ADVICE DISCLOSURE: To ensure compliance with requirements imposed by the IRS under Circular 230, we inform you that any U.S. federal tax advice contained in this communication (including any attachments), unless otherwise specifically stated, was not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing or recommending to another party any matters addressed herein.

9/25/2008

# **EXHIBIT P**

**Michael Braunstein**

**From:** Aaron Krowne [akrowne@gmail.com]  
**Sent:** Thursday, September 18, 2008 5:24 PM  
**To:** mbraunstein@kgglaw.com  
**Subject:** Re: Penobscot Indian Nation

Thanks, you'll hear from our attorney

On 9/18/08, **Michael Braunstein** <mbraunstein@kgglaw.com> wrote:

Please see attached.

---

*Michael L. Braunstein*

KANTROWITZ, GOLDHAMER & GRAIFMAN, P.C.

747 Chestnut Ridge Road

Chestnut Ridge, New York 10977

Tel: (845) 356-2570

Fax: (845) 356-4335

www.kgglaw.com

CONFIDENTIALITY: This e-mail transmission and any accompanying or attached documents may contain confidential information which is legally protected by the attorney-client privilege or attorney work product doctrine. The information contained in or accompanying this message is intended only for the use of the person to whom addressed. Any disclosure, copying, distribution, or taking of any action in reliance on or regarding this information is prohibited, unless specifically authorized by the sender. If you have received this e-mail in error, or if you are not the intended recipient of this message, please notify us immediately by telephone at 845-356-2570 and destroy this e-mail and any attached documents.

TAX ADVICE DISCLOSURE: To ensure compliance with requirements imposed by the IRS under Circular 230, we inform you that any U.S. federal tax advice contained in this communication (including any attachments), unless otherwise specifically stated, was not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing or recommending to another party any matters addressed

9/25/2008

# **EXHIBIT Q**

**Michael Braunstein**

**From:** Michael Braunstein [mbraunstein@kgglaw.com]  
**Sent:** Monday, September 22, 2008 8:20 AM  
**To:** 'Aaron Krowne'; 'justinowings@gmail.com'; 'lorena@ml-implode.com'; 'kraileyus2@aol.com'  
**Subject:** Penobscot Indian Nation et al v. Krowne et al

Due to your publishing of untrue and defamatory statements, and failure to cease and desist, suit has been commenced against you. A courtesy copy of the electronic receipt is provided below.

---

**From:** MDD\_CM-ECF\_Filing@mdd.uscourts.gov [mailto:MDD\_CM-ECF\_Filing@mdd.uscourts.gov]  
**Sent:** Friday, September 19, 2008 6:00 PM  
**To:** MDDdb\_ECF@mdd.uscourts.gov  
**Subject:** Activity in Case 8:08-cv-02468-DKC Russell et al v. Russell et al Complaint

This is an automatic e-mail message generated by the CM/ECF system. Please **DO NOT RESPOND** to this e-mail because the mail box is unattended.  
**\*\*\*NOTE TO PUBLIC ACCESS USERS\*\*\*** Judicial Conference of the United States policy permits attorneys of record and parties in a case (including pro se litigants) to receive one free electronic copy of all documents filed electronically, if receipt is required by law or directed by the filer. PACER access fees apply to all other users. To avoid later charges, download a copy each document during this first viewing. However, if the referenced document is a transcript, the free copy and 30 page limit do not apply.

**U.S. District Court**

**District of Maryland**

**Notice of Electronic Filing**

The following transaction was entered by Mason, Gary on 9/19/2008 at 6:00 PM EDT and filed on 9/19/2008

**Case Name:** Russell et al v. Russell et al  
**Case Number:** 8:08-cv-2468  
**Filer:** Christopher M. Russell  
Ryan Hill  
Global Direct Sales  
Penobscot Indian Nation

**Document Number:** 1

**Docket Text:**

**COMPLAINT against Krowne, Justin Owings, Krista Railey, Streamline Marketing Inc, Lorena Leggett, filed by Christopher M. Russell, Ryan Hill, Global Direct Sales, Penobscot Indian Nation. (Attachments: # (1) Civil Cover Sheet)(Mason, Gary)**

**8:08-cv-2468 Notice has been electronically mailed to:**

Gary E Mason gmason@masonlawdc.com, adicocco@masonlawdc.com, dsolen@masonlawdc.com, mdicocco@masonlawdc.com

**8:08-cv-2468 Notice will not be electronically delivered to:**

The following document(s) are associated with this transaction:

**Document description:**Main Document

**Original filename:**n/a

**Electronic document Stamp:**

[STAMP dcecfStamp\_ID=1046883720 [Date=9/19/2008] [FileNumber=1967683-0]  
] [35c209203a67a66aab52205dfd0972e5192600a802a24c84d19db509697024d5a5e  
bd04d1d51ad9f1e34029f7875c028e4909022e52d3f034c2bc5dc286f5c91]]

**Document description:**Civil Cover Sheet

**Original filename:**n/a

**Electronic document Stamp:**

[STAMP dcecfStamp\_ID=1046883720 [Date=9/19/2008] [FileNumber=1967683-1]  
] [6a94bfee3a2dc6d72d98ec2949d9cc15f204e22d809f807c265c8fed2ae05eb8d7e  
9ec25f76a65b142cb95dde1ef9de288cfb78fa3bfa1a197d84416206548be]]

---

*Michael L. Braunstein*

KANTROWITZ, GOLDHAMER & GRAIFMAN, P.C.

747 Chestnut Ridge Road

Chestnut Ridge, New York 10977

Tel: (845) 356-2570

Fax: (845) 356-4335

www.kgglaw.com

CONFIDENTIALITY: This e-mail transmission and any accompanying or attached documents may contain confidential information which is legally protected by the attorney-client privilege or attorney work product doctrine. The information contained in or accompanying this message is intended only for the use of the person to whom addressed. Any disclosure, copying, distribution, or taking of any action in reliance on or regarding this information is prohibited, unless specifically authorized by the sender. If you have received this e-mail in error, or if you are not the intended recipient of this message, please notify us immediately by telephone at 845-356-2570 and destroy this e-mail and any attached documents.

TAX ADVICE DISCLOSURE: To ensure compliance with requirements imposed by the IRS under Circular 230, we inform you that any U.S. federal tax advice contained in this communication (including any attachments), unless otherwise specifically stated, was not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing or recommending to another party any matters addressed herein.

9/25/2008

# **EXHIBIT R**

**Michael Braunstein**

**From:** Michael Braunstein [mbraunstein@kgglaw.com]  
**Sent:** Wednesday, September 24, 2008 5:46 PM  
**To:** 'Aaron Krowne'; 'justinowings@gmail.com'; 'lorena@ml-implode.com'; 'kraileyus2@aol.com'  
**Subject:** Penobscot Indian Nation et al v. Krowne et al

Please see attached.

---

*Michael L. Braunstein*  
KANTROWITZ, GOLDHAMER & GRAIFMAN, P.C.  
747 Chestnut Ridge Road  
Chestnut Ridge, New York 10977  
Tel: (845) 356-2570  
Fax: (845) 356-4335  
www.kgglaw.com

CONFIDENTIALITY: This e-mail transmission and any accompanying or attached documents may contain confidential information which is legally protected by the attorney-client privilege or attorney work product doctrine. The information contained in or accompanying this message is intended only for the use of the person to whom addressed. Any disclosure, copying, distribution, or taking of any action in reliance on or regarding this information is prohibited, unless specifically authorized by the sender. If you have received this e-mail in error, or if you are not the intended recipient of this message, please notify us immediately by telephone at 845-356-2570 and destroy this e-mail and any attached documents.

TAX ADVICE DISCLOSURE: To ensure compliance with requirements imposed by the IRS under Circular 230, we inform you that any U.S. federal tax advice contained in this communication (including any attachments), unless otherwise specifically stated, was not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing or recommending to another party any matters addressed herein.

9/25/2008

LAW OFFICES

**KANTROWITZ, GOLDHAMER & GRAIFMAN, P.C.**  
747 CHESTNUT RIDGE ROAD - SUITE 200  
CHESTNUT RIDGE, NEW YORK 10977-6216

(845) 356-2570  
FAX # (845) 356-4335  
www.kgglaw.com

AFFILIATE  
KANTROWITZ, GOLDHAMER & GRAIFMAN  
NEW JERSEY  
210 SUMMIT AVE.  
MONTVALE, N.J. 07845  
(201) 391-7000  
FAX # (201) 307-1086

PAUL B. GOLDHAMER\*  
BARRY S. KANTROWITZ\*  
GARY S. GRAIFMAN\*  
RANDY J. PERLMUTTER\*  
  
WILLIAM T. SCHIFFMAN\*  
REGINALD H. RUTISHAUSER\*  
JOHN M. CHAKAN\*  
RISA K. JAMESON\*  
MICHAEL L. BRAUNSTEIN\*  
DANIEL B. SCHWARTZ\*  
  
OF COUNSEL  
STEVEN B. ROTHSCHILD

September 25, 2008

\*N.Y. & N.J. BAR  
†FLA. BAR

VIA EMAIL

Mr. Aaron Krowne @ akrowne@gmail.com  
Mr. Justin Owings @ justinowings@gmail.com  
Ms. Krista Railey @ lorena@ml-implode.com  
Ms. Lorena Leggett @ kraileyus2@aol.com

Re: Penobscot Indian Nation et al v. Krowne et al  
Case No.: 8:08-cv-02468-DKC

Dear Litigants:

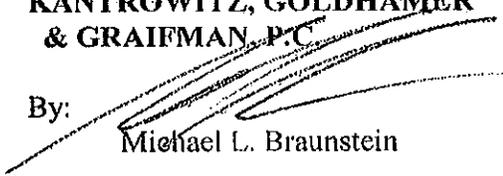
As I have previously provided you with a link to the electronic filing of the action commenced against you in United States District Court for the District of Maryland, you are aware that suit has been commenced against you as a result of the untrue and defamatory article you are publishing regarding my clients, the Penobscot Indian Nation, Global Direct Sales, LLC, Christopher Russell and Ryan Hill.

Please be advised that tomorrow, September 25, 2008, we will be making motions for a temporary and preliminary injunction to prohibit your publishing and dissemination of untrue, false and/or misleading statements regarding plaintiffs, their business and their business dealings. I have attached courtesy copies of plaintiff's Notice of Ex Parte Motion and Motion for a Temporary Restraining Order and Notice of Motion for a Preliminary Injunction, along with the supporting Memorandum of Law. I will provide you with a copy of the supporting certification and attached exhibits under separate cover.

Very truly yours,

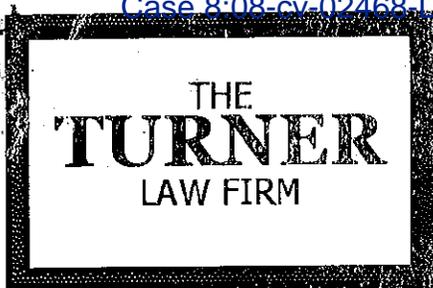
**KANTROWITZ, GOLDHAMER  
& GRAIFMAN, P.C.**

By:

  
Michael L. Braunstein

Attachments

# **EXHIBIT S**



JULIE S. TURNER, ESQ.

THE TURNER LAW FIRM

344 TENNESSEE LANE

PALO ALTO, CA 94306

DIRECT DIAL: 650-494-1530

FACSIMILE: 650-472-8028

VIA FACSIMILE TRANSMISSION TO (845) 356-4335

VIA EMAIL TO MBRAUNSTEIN@KGGLAW.COM

September 25, 2008

Michael L. Braunstein  
Kantrowitz, Goldhamer & Graifman P.C.  
747 Chestnut Ridge Road  
Suite 200  
Chestnut Ridge, NY 10977

**RE: Case No. 8:08-cv-02468-DKC**

Dear Mr. Braunstein:

I write on behalf of the defendants in your lawsuit, Case No. 8:08-cv-02468-DKC. We are in receipt of your letter regarding your intention to file an ex parte motion for a temporary restraining order.

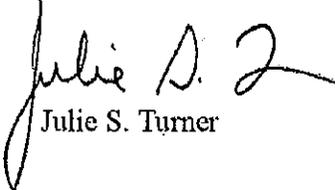
As an initial matter, you have not yet served my clients with any complaint in this matter. Consequently, any motion for a TRO is premature since no jurisdiction has yet attached to my client. Emailing of an electronic record of your filing does not constitute service. Nor does any knowledge my clients might have as a result of such an email suffice to confer jurisdiction over them.

If you nevertheless decide to proceed with your ex parte motion, prior to properly serving my clients, we shall ask, and the court shall order, that you pay all my clients costs and fees in connection with our special appearance to oppose on jurisdictional grounds.

Mr. Michael L. Braunstein  
September 22, 2008  
Page 2 of 2

By the way, and for your information, I had been in the middle of preparing a letter of cooperation to you and your clients last week. However, your filing of a lawsuit obviated that effort. I thought you should know.

Cordially,

  
Julie S. Turner

# **EXHIBIT T**

LAW OFFICES

**KANTROWITZ, GOLDHAMER & GRAIFMAN, P.C.**

747 CHESTNUT RIDGE ROAD - SUITE 200  
CHESTNUT RIDGE, NEW YORK 10977-6216

(845) 366-2670

FAX # (845) 366-4336

www.kgglaw.com

AFFILIATE

KANTROWITZ, GOLDHAMER & GRAIFMAN  
NEW JERSEY

210 SUMMIT AVE.

MONTVALE, N.J. 07846

(201) 391-7000

FAX # (201) 307-1088

PAUL B. GOLDHAMER\*  
BARRY S. KANTROWITZ1\*  
GARY S. GRAIFMAN\*  
RANDY J. PERLMUTTER\*

WILLIAM T. SCHIFFMAN\*  
REGINALD H. RUTISHAUSER\*  
JOHN M. CHAKAN\*  
RISA K. JAMESON\*  
MICHAEL L. BRAUNSTEIN\*  
DANIEL B. SCHWARTZ\*

OF COUNSEL  
STEVEN B. ROTHSCHILD

\*N.Y. & N.J. BAR  
\*FLA. BAR

September 25, 2008

**BY FACSIMILE (650)472-8028**

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

Dear Ms. Turner:

I am in receipt of your September 25, 2008 letter. Be advised that I believe your jurisdictional argument is meritless. Nonetheless, I will be sure to include a copy of your September 25, 2008 letter with the papers submitted in support of plaintiffs' motions for preliminary injunctive relief. In light of your communication, I will refrain from filing our motions until tomorrow, September 26, 2008. Before then, if you would like to attempt to reach an agreement on this matter, please feel free to contact me.

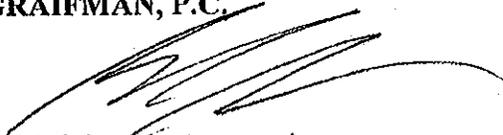
While I trust your representation that you were "in the middle of preparing a letter of cooperation", your clients' actions were inconsistent with the same. As you are certainly now aware, in response to our cease and desist letter, defendant Railey began actively soliciting other websites to republish defendants' false, misleading and defamatory article. As a result of your client's conduct, plaintiffs had no choice but to commence suit and move for preliminary injunctive relief.

If you have any questions, or would like to discuss this matter, please feel free to contact the undersigned.

Very truly yours,

**KANTROWITZ, GOLDHAMER  
& GRAIFMAN, P.C.**

By:

  
Michael L. Braunstein

# **EXHIBIT U**

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND

GLOBAL DIRECT SALES, LLC, PENOBSCOT )  
INDIAN NATION, CHRISTOPHER RUSSELL )  
and RYAN HILL, )  
 )  
Plaintiffs, )

Case No.: 8:08-cv-02468

-v-

**[PROPOSED] ORDER  
GRANTING TEMPORARY  
INJUNCTIVE RELIEF**

AARON KROWNE, individually and d/b/a THE )  
MORTGAGE LENDER IMPLD-O-METER and )  
ML-IMPLODE.COM, KROWNE CONCEPTS, )  
INC., IMplode-EXPLODE HEAVY )  
INDUSTRIES, INC., JUSTIN OWINGS, KRISTA )  
RAILEY, STREAMLINE MARKETING, INC. and )  
LORENA LEGGETT, )  
 )  
Defendants. )

Assigned:  
Hon. Deborah K. Chasanow

WHEREAS, this Court has presided over the above-captioned action (the “Action”) and has reviewed all of the pleadings and has reviewed the papers submitted on plaintiffs’ motion a temporary injunction; and it appearing from those materials and argument that:

1. Defendants Aaron Krowne, individually and d/b/a The Mortgage Lender Implod-O-Meter and ML-Implode.com, Krowne Concepts, Inc., Implode-Explode Heavy Industries, Inc., Justin Owings, Krista Railey, Streamline Marketing, Inc. and Lorena Leggett (collectively “Defendants”) have disseminated false and misleading statements regarding the regarding Plaintiffs Global Direct Sales, LLC, Penobscot Indian Nation, Christopher Russell and Ryan Hill (collectively “Plaintiffs”) their business and their business dealings.

2. Defendants’ conduct is causing immediate and irreparable harm to Plaintiffs and will continue to cause such immediate and irreparable harm unless and until Defendants are temporarily enjoined from continuing the acts complained of in the Motion

IT IS HEREBY ORDERED as that Plaintiffs' motion is granted as follows:

1. Pursuant to Federal Rule of Civil Procedure 65, Defendants and their agents, servants and employees and those persons in active concert and participation with Defendant who receive actual notice of this Temporary Restraining Order, are restrained and enjoined from directly or indirectly from disseminating false or misleading statements regarding Plaintiffs, their business or their business dealings, for a period of time not to exceed ten (10) days, pending further briefing and oral argument in this Court on Plaintiffs' currently filed Motion for Preliminary Injunction.

Dated this \_\_\_ day of September, 2008

SO ORDERED:

---

HONORABLE DEBORAH K. CHASANOW

Presented by:

**THE MASON LAW FIRM, LLP**

Gary E. Mason  
Attorneys for Plaintiffs  
1225 19<sup>th</sup> Street Northwest  
Washington, D.C. 20036  
(202) 429-2290

**KANTROWITZ, GOLDHAMER  
& GRAIFMAN, P.C.**

Attorneys for Plaintiffs  
747 Chestnut Ridge Road  
Chestnut Ridge, N.Y. 10977  
(845) 356-2570