

2018-CI-13094

408TH JUDICIAL DISTRICT COURT

CECIL G ABREA ETAL VS ARMANDO MONTELONG

DATE FILED: 07/17/2018

CECIL G. ABREA, ESTRELLITA ACCAD, PEDRO § IN THE DISTRICT COURT OF
 ACCAD, MARIE AGUIRRE, TAHERA AHMED, §
 PAUL AHRENS, ANDREA ALLBRIGHT, §
 KIMBERLY ALLEN-BECK, DIANA ALVARADO- §
 HARRIS, JOSEPHINE AMAEFULE, RICK §
 AMATO, MARLENE ANDERSON, SHARON §
 ANDERSON, JACQUELINE ANTEAU, § _____ JUDICIAL DISTRICT
 HERNANDO ARCE, TAMIKA ARCHER, KIM §
 ARENDT, MICHELLE ARLINE, GAIL ARNAULT, §
 THOMAS ARRIOLA, ROBERT ARRIOLA, §
 CHARLENE AVILA, BARBARA BACK, JAMES §
 BACK, LEOTA BALTZELL, MARY BANDY, §
 CLAUDIA RUVALCABA-BANUELOS, CORINA §
 BARBU, BRANDON BARNES, FRIZZET BARNES, § BEXAR COUNTY, TEXAS
 BRUCE BARTELT, DEVIN BATES, TIM BAUER, §
 VI BECKER, KATHRYN BERGAMI, DENNIS §
 BERKLEY, GEORGIA BERKLEY, ROGER BIRT, §
 TANIA BIRT, ELIZABETH BOWNE, VINNIE §
 BRANCH, AARON BREITMAN, JONATHAN §
 BREITMAN, KAREN BRODIE, JESSICA §
 BROWER, CAROL BROWN, JUSTIN WILLIAM §
 BROWN, MARY BUCKLEY, RICHARD BUCKLEY, §
 CECILIA BUNNELL, TIFFANY BUNNELL, §
 FRANCIS BURKE, TRINADH BYLIPUDI, §
 HEATHER CALLAHAN, DANIEL CALLAWAY, ED §
 CALLAWAY, ERROL J. CAMPBELL, TERESA §
 CAMPBELL, BRAD CARVER, CYNTHIA CASEY, §
 DENA CASTELLO, NEFTALI CASTENEDA, SONIA §
 CHAPA, CECILIA CHAVEZ, KUM-LOK CHIA, §
 ROBERT CLAYPOOLE, THERESA COLEMAN, §
 ALYSSA COLINA, SHAWNNA CONNER, GREGG §
 CONTRERAS, DANETTE COOK, ROBERTO §
 CORREA, SHERILYN CORREA, JOAN COVER, §
 KAREN COX, STEVE COX, MIKE CRABTREE, §
 SUSAN CRABTREE, PAMELA CREEK, STEVE §
 CREEK, JANET CRISTALLO, JORY CUMMINS, §
 HEATHER DAMON, TOM DALTON, VERONICA §
 DAVILA, BRUCE DAWSON, CATHERINE DEL §
 FERRARO, RON T. DENISEN, PAMELA DENNY, §
 NOEL DEWVEALL, BRIDGETT DILL, MAURICIO §
 DILL, AYESHA DINKINS, STACY DINTER, ELTON §

FILED
 DOMINICA KAY HEKIMNEY
 DISTRICT CLERK
 BEXAR COUNTY
 2018 JUL 17 P 2:26
 LEROUX

DOXIE, ROBERT DRAKE, SUSAN DRAKE, §
 TANYA DRAKE, GREG DUNCAN, PAMELA §
 DUQUE, ALFRED LAWRENCE DURAN, LINDA §
 DURAN, KRISTINE EBONA, GENEVIEVE §
 EDWARDS, JANICE EDWARDS, KEITH ELAM, §
 DAWN ELROD, JAMES ELROD, LOUIS §
 ENGLISH, ALEX ESCALANTE, GRICELA §
 ESPINOZA, JAMES FAJARDO, PATTY FARKAS, §
 BRIAN FARRIS, COLLEEN FARRIS, JAN §
 FAVORITE, JAMARIA FERNANDEZ, WALTER §
 FERNANDEZ, TINA FERRERO, JOE FILIPPO, §
 AGNES FLORENDO, JOSE FLORES, PHILLIP §
 FLORES, JENNIFER FLOWERS, KELLY FLOYD, §
 JAMES FORD, RAVAE FORD, STEPHANIE FREE, §
 CUAHUTE FUENTES, KATHY FUENTES, KAREN §
 FURLOW, GARRETT GARCIA, MICHELLE §
 GARCIA, ROSALIE GARCIA, GARLANDE GARRY, §
 JAMES W. GAVIN, CYNTHIA GEBHARDT, §
 JOSEPH GEBHARDT, MARY GERHART, SUE §
 GERTH, SUSAN GLASS, DOUGLAS GLENN, §
 JOSE GONZALEZ, MANUEL GONZALEZ, ROSA §
 GONZALEZ, AARON GORDON, TARA GREEN, §
 VICTOR GUTIERREZ, ERIC HANSEN, NANCY §
 HANSEN, RHONDA HANSEN, SUSAN §
 HARBOLT, ROBIN HARMON-TATUM, §
 KARENINA HARRIS, KEIDRA HARVEY, RONALD §
 HARVEY, NOREEN HAWORTH, TED §
 HAWORTH, CHRISTINA HEADINGTON, DAWN §
 HENIG, THERESA HENTON, CHRIS HEPBURN, §
 NICOLE HEPBURN, DEBE HICKMAN, JAMES §
 HIGGINS, JOAN HIGGINS, JAN HIGHMAN, §
 LAWRENCE HIGHMAN, DONNA HIRTH, §
 SHARRI HOFFMAN, KIM HOLSTEIN, MONICA §
 HOLTZHAUER , LEONARD HUEBNER, TARA §
 HUEBNER, CHRISTINE HUMPHREY, GREGORY §
 HUNTER, JUDY HUNTER, RON IMBACH, CURT §
 JABLIN, ROB JANESH, BARBARA §
 JOHANNABER, EARL JOHANNABER, JILL §
 JOHNSON, JOHN PAUL JOHNSON, KRANDALL §
 JOHNSON, MONICA JOHNSON, RANDY §
 JOHNSON, RONN JOHNSON, CATHY §
 JOHNSTON-FRIEDMAN, CHUCK JONES, §
 CYNTHIA JONES, GALE JONES, TERRI JONES, §
 SHIRLEY JOSEPH, JOHN KACHNOWSKI, §

MAUREEN KACHNOWSKI, KELLI KAESTLER, §
MITCH KAUFMAN, MICHAEL SHANE KING, §
HOWARD KINSEY JR., SHERRIE KINSEY, DAWN §
KLAPCUNIAK, KENNETH KLAPCUNIAK, BRIAN §
KLOSS, ROBERT KNIGHT, SHANNON KNIGHT, §
TAMMY KNUTSON, HEATHER KOHL, KIRK §
KREMPEL, DONALD KRUTA, EDWIN J. KULM, §
MARLEEN A. KULM, TAMMY KURTZ, LIANA §
KUTEJOVA, CAROLE LALLANDE, THOMAS §
LAM, CHERYL LARDINOIS, GREGG LARDINOIS, §
GLORIA LAU, SHARON LOUROS, MARIAN §
LEBEN, ANTHONY LEDESMA, ELIZABETH §
LEDESMA, HEATHER LE VINE, GLADYS LEVY, §
JANELLA LEVY, KAREN LEWIS, MIKE LEWIS, §
PEIYIN LIAO, VOIDREY LINDSAY, SHARON §
LOUROS, JANINE LU, YASMINE LU, HEIDI §
LUNDGREN, RANDY MACK, HAROLD §
MAHONEY, LUCY MAHONEY, SUSAN MALBIN, §
ALEX MALDONADO, MARK MANIS, SHERRY §
MARLER, BRIAN MARTIN, WENDY MARTIN, §
MANUEL MATA, GINGER MCCURRY-MILLER, §
FRAN MCFARLAND, RICHARD MCFARLAND, §
CHRIS MCHATTON, CHRISTINE MCKAIN, §
MICHAEL MCKAIN, FIDEL MEDINA, ELLEN §
MENTER, WILLIAM MENTER SR., STEVEN L. §
MILLS, KIMBERLEE MITCHELL-TONETTI, §
NICHOLE MOLLIKA, ANDY MONSON, LEANNA §
MOORE, ROBERT MOORE, STEVEN MOORE, §
CINDY MORRIS, CLAIR MORRIS, DONNA §
MORRIS, BARBARA MOWERY, SHEILA §
MULLINS-BRILL, CONNIE MUSILEK, MECHELLE §
MYLES, YOSHI NAKAYAMA, ELIZABETH NASH, §
KEITH NASH, RIZALINA NAVARRO, WILFREDO §
NAVARRO, MICHAEL NERI, BRIDGETTE §
NEWSOME, CHAUNCE PHOENYX NGUYEN, §
DONALD NICOLAS, CHARLOTTE CHRISTINE §
NOONAN, DARYL NOONAN JR., CINDY §
NORBUT, JEAN NORTON, LINDA OATES, §
CLAUDIA OCORO, KAREN OKERMAN, ALMA §
ORTIZ, CARLOS ORTIZ, JONATHAN ORTIZ, §
CRISTINE OSBORNE, LAUREE OTERO, DIANE §
OTTOLENGHI, DONNA OWEN, JOHNNIE §
PARKER, JOHNETTE PARMELEE, HARI PATEL, §
GABRIELA PEREZ, NANCY PEREZ, JENNIFER §

PIGG, GARY PLUMMER, LORENE PLUMMER, §
 RICH POPKO, KNICOLE PORTER, STACEY §
 PRICE-BROWN, LINDA QUELET, MARIO §
 RAMIREZ, ANTHONY RANGEL, TINA RASALLA, §
 TONY RASALLA, BORN RASHINE, CECILIA §
 REDMOND, BARBARA REYES-RODRIGUEZ, §
 SANDY RHEINECKER, CHERYL RICH, DAN §
 RIOUX, LAURIE RIOUX, KRISTY RITZ, ROBERT §
 RITZ, JOHN ROBERTS, VIVIAN ROBERTS, §
 DIEGO RODRIGUEZ, SUSAN ROGGE, LISA §
 ROMEO, ISRAEL ROSALES, COLLEEN RUPPE, §
 SANDY RUTHRUFF, THOMAS SABATINO, §
 CARLENE SAELG, REHAB SALEM, ELIZABETH §
 SCEARCE, JIM SCEARCE, VICKI SCHACHTER, §
 ANGIE SCHLECHTER, DARLENE SCHMICK, §
 SHAWN SCHNOOR, GWENDOLYN SCOTT, LA §
 RON SCOTT, ROSALEE SCOTT, RANDALL §
 SCOVILLE, JORIE SCULL, LAURA SERRANO, §
 MOISES SERRANO, SHERRY SETZER, LEATRICE §
 SHEPHERD, BROOKS SILVA, VICKI SIMMONS, §
 DAVID SISNETSKY, CYNDY SKALA, DR. RICK §
 SKALA, CHAD SKURKIS, MICHELLE SKURKIS, §
 KAREN SKYLER, RYAN SLOTTO, BARBARA §
 SMITH, EDWARD JOSEPH SMITH III, LY SMITH, §
 CHRISTY STACY, MICHAEL STACY, SUZAN §
 STARKEY, DALE STARKS, ALAN ORLANDO §
 STAYTON, TONYA SPRADLIN, CARLA STRAND, §
 JOE STRAND, KAREN SUING, LAURIE TATUM, §
 JOSHUA TAYLOR, SUZANNE TERPAK, §
 COLLETTE TERRY, CAROL THOMAS, §
 ELIZABETH THORNTON, ANDY TIEU, JILL §
 TORRES, MARTINA TORRES, TERRI TORRES, §
 LOANN TRAN, ANNE TRAVIS, RICHARD SCOTT §
 TRAVIS, CHUNG MAI TSENG, SUZANNE §
 TUSKEY, KIMBERLEY TUTEN, GREG TUTTLE, §
 TRISHA TUTTLE, DUANE VADNAIS, LINDA VAN §
 ORSDOL, NANCY VANDELOOP, CHRISTIAN §
 VANDERFORD, DOVIE VEJARANO, LUIS §
 VEJARANO, SOCORRO VELAZQUEZ, TERESA §
 VELAZQUEZ, GORDON VERBERKMOES, §
 SUSAN VESEL, NICOLE VILIUNAS, MICHAEL §
 VORONKOV, LAURA VORONKOVA , DOROTHY §
 WALCOTT, JEAN LYNN WALKER, WAYLON §
 WEBBON, TK WECK, JEMILA §

WELDENHAWARYAT, MICHELLE WESTSTEYN, §
LINDA WHEELER, ROBERT WHEELER, PHILIP §
WHITE, JERRY WIEBUSCH, CLARENCE §
WILKERSON, CYNTHIA WILKERSON, CHARLES §
WILLISON, JANET WILLISON, JENNIFER §
WILSON, LINDA WILSON, MICHELLE WILSON, §
TIM WILSON, LINDA WOODS, KIM WOZNAK, §
GLEN YOUNG, MARK ZAKREZEWSKI, SHARON §
ZAKREZEWSKI, RENEE ZELENOY, LORI §
ZUANICH, AUGUST A. ZUANICH III, THE §
ESTATE OF GAIL COX, THE ESTATE OF LESLEY §
O'NEAL, THE ESTATE OF MARGARET §
MONSON §

Plaintiffs, §

v. §

ARMANDO MONTELONGO JR., REAL ESTATE §
TRAINING INTERNATIONAL, LLC, §
PERFORMANCE ADVANTAGE GROUP, INC., §
LICENSE BRANDING, LLC., §

Defendants. §

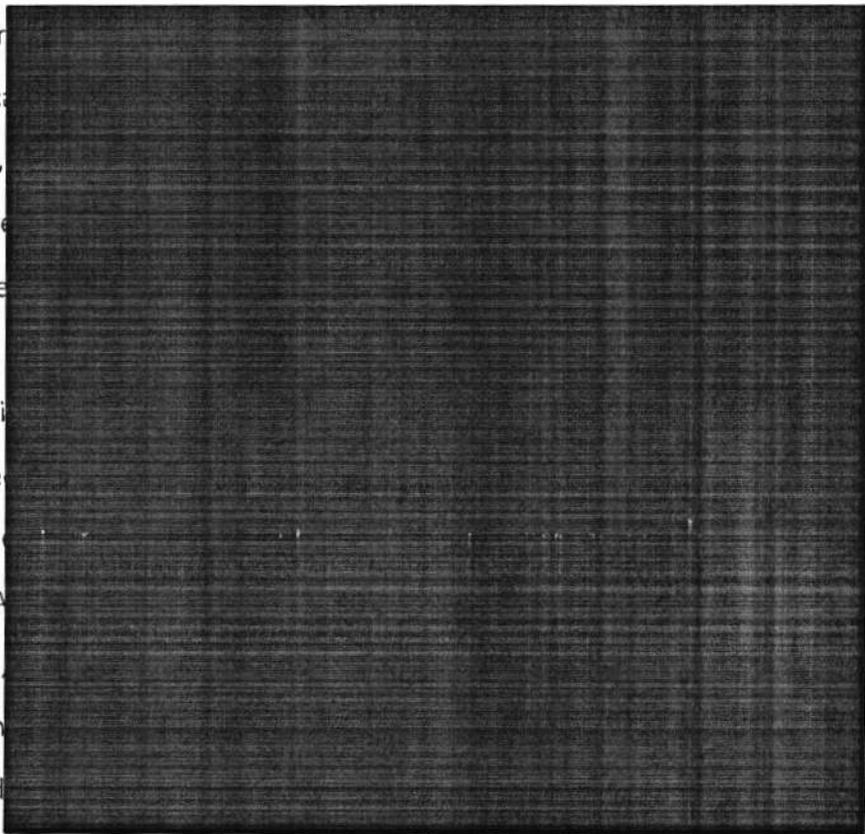
PLAINTIFFS' ORIGINAL PETITION

TO THE HONORABLE JUDGE OF THIS COURT, now comes 422 Individually Named Plaintiffs listed below, file this their Original Petition against Defendants Armando Montelongo Jr. ("Montelongo"), Real Estate Training International, LLC ("RETI"), Performance Advantage Group, Inc. ("PAG"), and License Branding, LLC ("LB") (collectively hereinafter called "Defendants") for claims including violations of the Texas Deceptive Trade Practices Act ("DTPA"), Negligence, Negligent Misrepresentations, and other causes to be identified as set out herein. The 422 Individually Named Plaintiffs are complaining of Armando Montelongo Jr., Real Estate Training International LLC, Performance Advantage Group, Inc., License Branding, LLC, and their fraudulent educational real estate scheme, who as a result of Defendants' actions and omissions have suffered, continue to suffer, and will suffer monetary and other special damages into the foreseeable future.

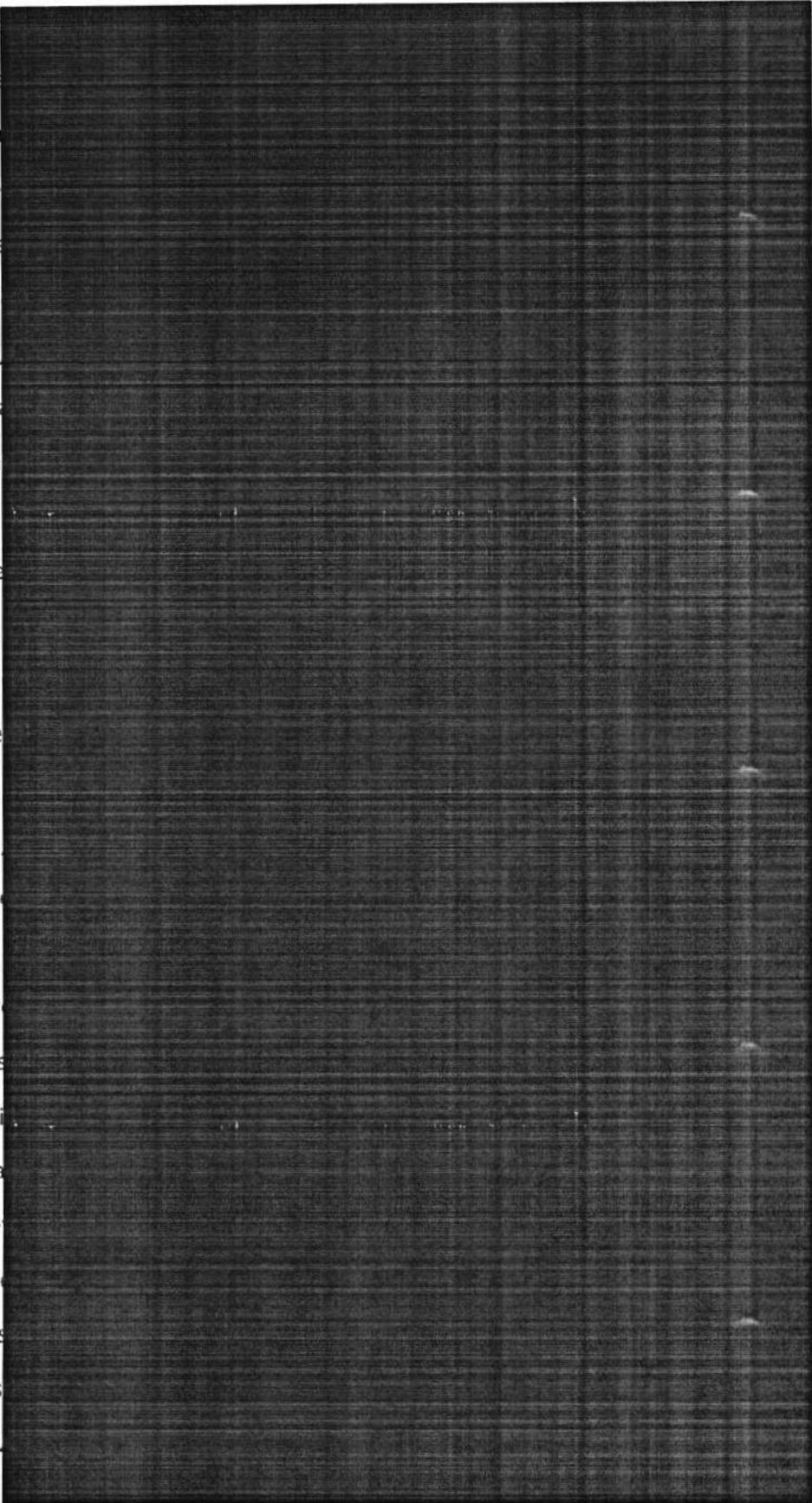
I. PARTIES

1. Plaintiffs are individuals and listed as follows:

- (1) Cecil Abrea, r
- (2) Estrellita Acc
- (3) Pedro Accad,
- (4) Marie Aguirre
- (5) Tahera Ahme
- (6) Paul Ahrens,
- (7) Andrea Allbri
- (8) Kim Allen-Be
- (9) Diana Alvara
- (10) Josephine A
- (11) Rick Amato,
- (12) Marlene An
- (13) Sharon And

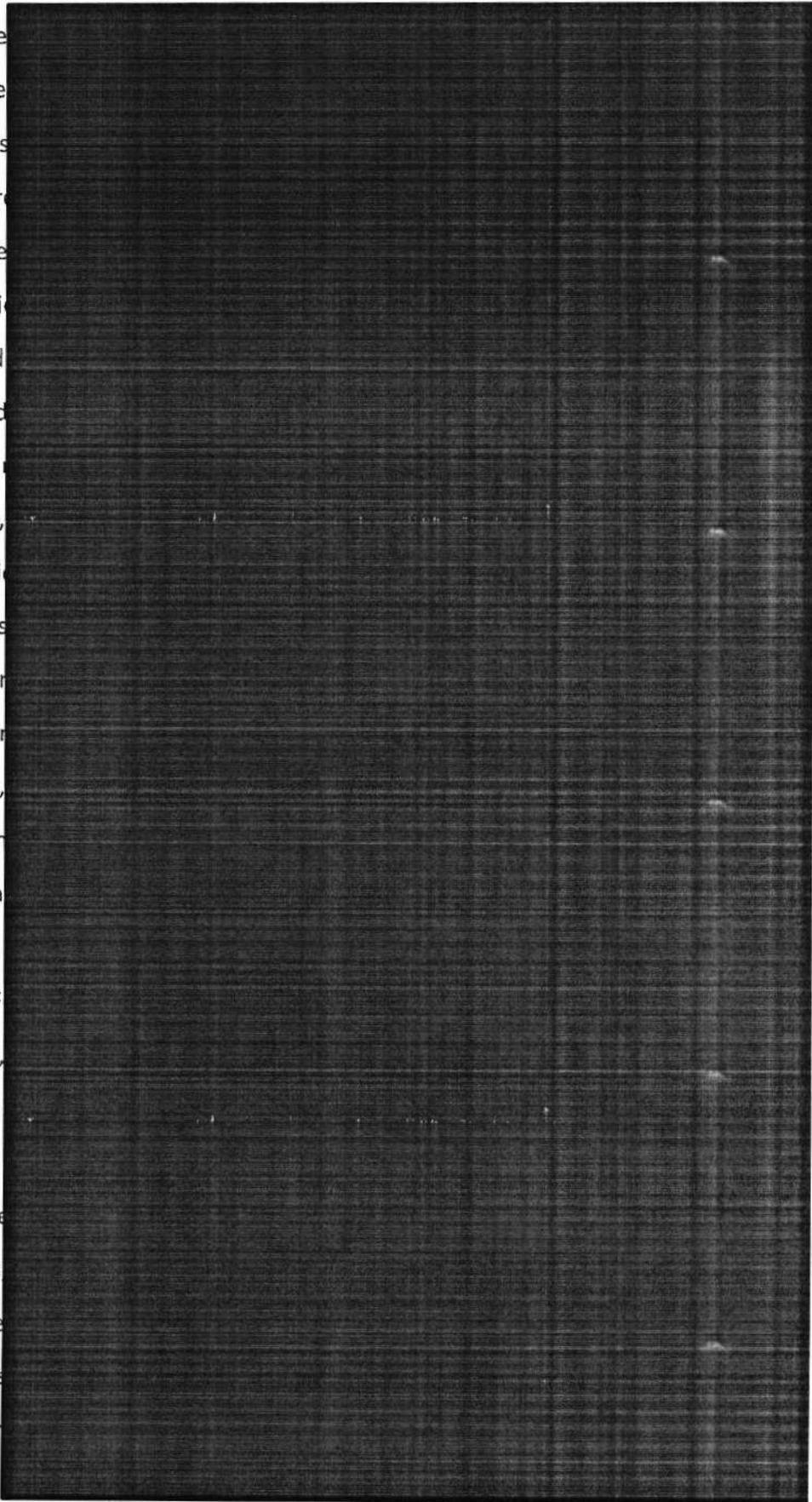


- (14) Jacqueline Ant
- (15) Hernando Arce
- (16) Tamika Archer
- (17) Kim Arendt, re
- (18) Michelle Arline
- (19) Gail Arnault, 2
- (20) Robert Arriola,
- (21) Thomas Arriola
- (22) Charlene Avila
- (23) Barbara Back,
- (24) James Back, re
- (25) Leota Baltzell,
- (26) Mary Bandy, r
- (27) Claudia Banue
- (28) Corina Barbu,
- (29) Frizzet Barnes
- (30) Brandon Barn
- (31) Bruce Bartelt,
- (32) Devin Bates, r
- (33) Tim Bauer, res
- (34) Vi Becker, resi
- (35) Kathryn Berga
- (36) Dennis Berkle
- (37) Georgia Berkl
- (38) Roger Birt, res
- (39) Tania Birt, res
- (40) Elizabeth Bow

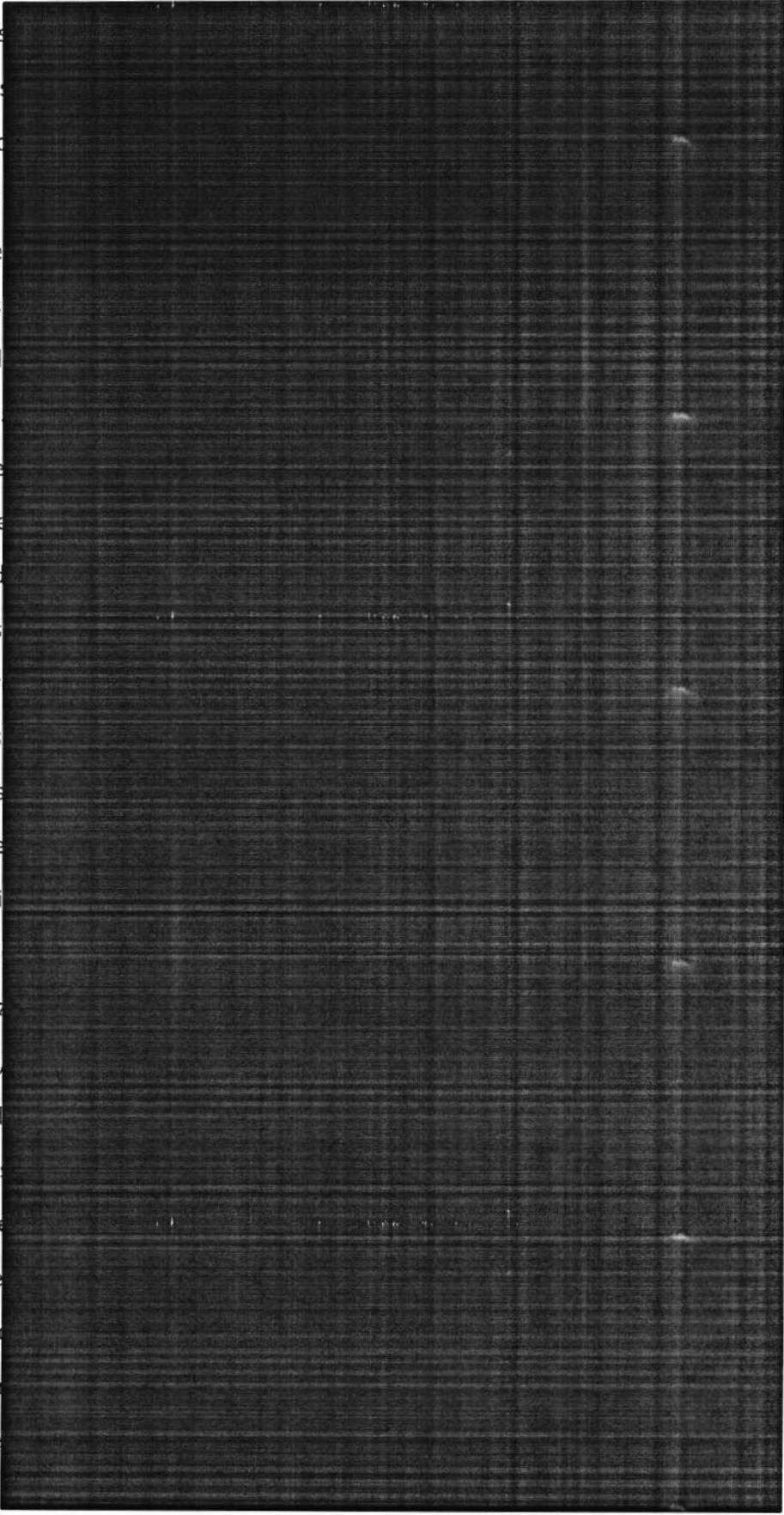


- (41) Velnilda "Vinnie" [REDACTED]
- (42) Aaron Breitman, r [REDACTED]
- (43) Jonathan Breitma [REDACTED]
- (44) Karen Brodie, resi [REDACTED]
- (45), Jessica Brower, re [REDACTED]
- (46) Justin William Bro [REDACTED]
- (47) Carol Brown, resid [REDACTED]
- (48) Mary Buckley, res [REDACTED]
- (49) Richard Buckley, r [REDACTED]
- (50) Cecilia Bunnell, re [REDACTED]
- (51) Tiffany Bunnell, re [REDACTED]
- (52) Frances Burke, res [REDACTED]
- (53) Trinadh Bylipudi, [REDACTED]
- (54) Heather Callahan, [REDACTED]
- (55) Daniel Callaway, r [REDACTED]
- (56) Edward Campbell [REDACTED]
- (57) Teresa Campbell, [REDACTED]
- (58) Errol J. Campbell, [REDACTED]
- (59) Brad Carver, resid [REDACTED]
- (60) Cynthia Casey, re [REDACTED]
- (61) Dena Castello, res [REDACTED]
- (62) Neftali Casteneda [REDACTED]
- (63) Sonia Chapa, resi [REDACTED]
- (64) Cecilia Chavez, re [REDACTED]
- (65) Kum-Lok Chia, re [REDACTED]
- (66) Robert Claypoole [REDACTED]
- (67) Theresa Coleman [REDACTED]

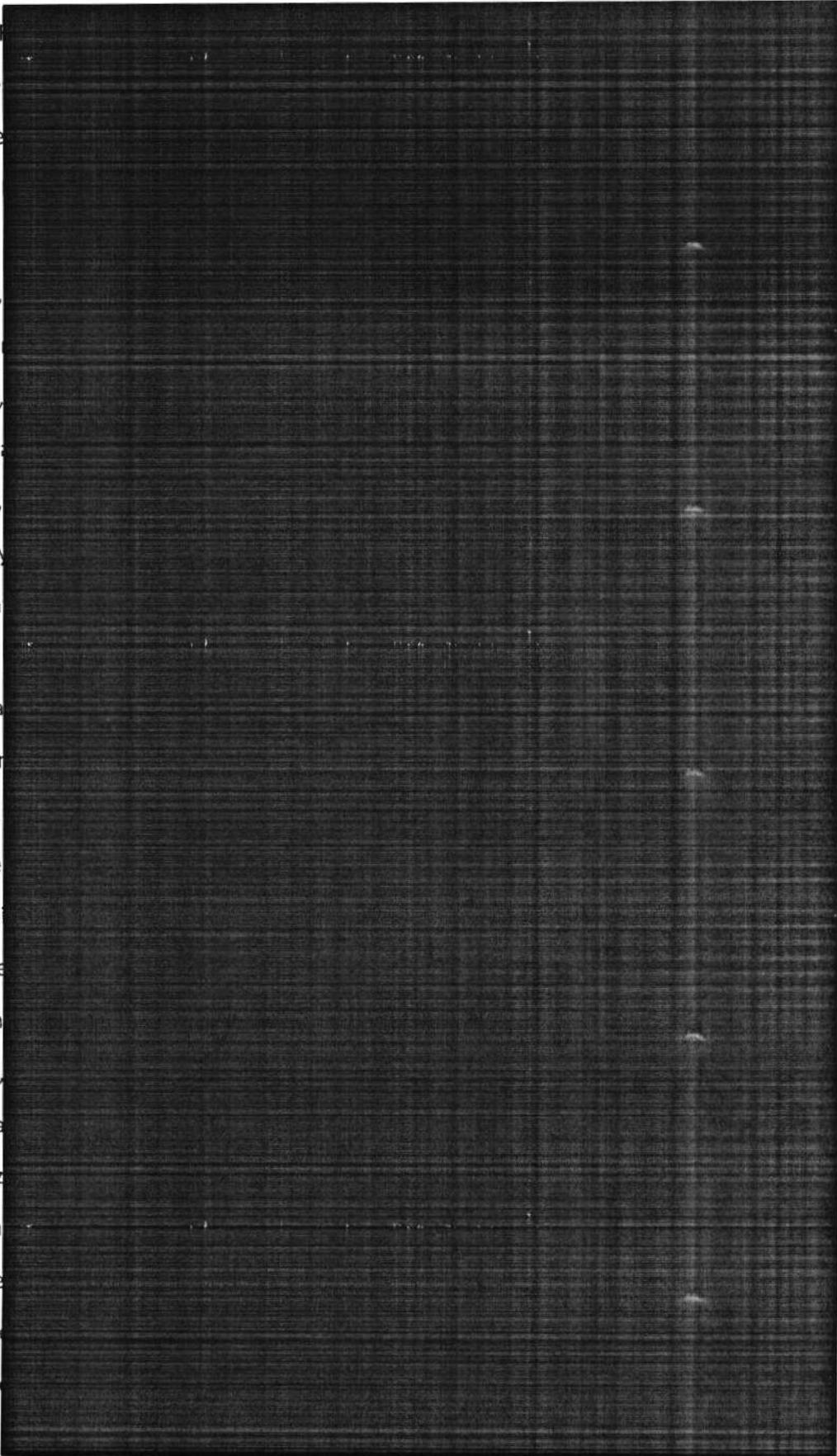
- (68) Alyssa Colina, re
- (69) Shawna Conne
- (70) Gregg Contreras
- (71) Danette Cook, r
- (72) Sherilyn & Robe
- (73) Joan Cover, resi
- (74) Steve Cox, resid
- (75) Karen Cox, resid
- (76) Mike Crabtree, r
- (77) Susan Crabtree,
- (78) Pam Creek, resi
- (79) Steve Creek, res
- (80) Janet Cristallo, r
- (81) Jory Cummins, r
- (82) Thomas Dalton,
- (83) Heather Damon
- (84) Veronica Davila
- (85) Bruce Dawson,
- (86) Catherine Del F
- (87) Ron T. Denisen,
- (88) Pamela Denny,
- (89) Noel Dewveall,
- (90) Mauricio Dill, re
- (91) Ayesha Dinkins
- (92) Stacy Dinter, re
- (93) Elton Doxie, res
- (94) Robert Drake, r



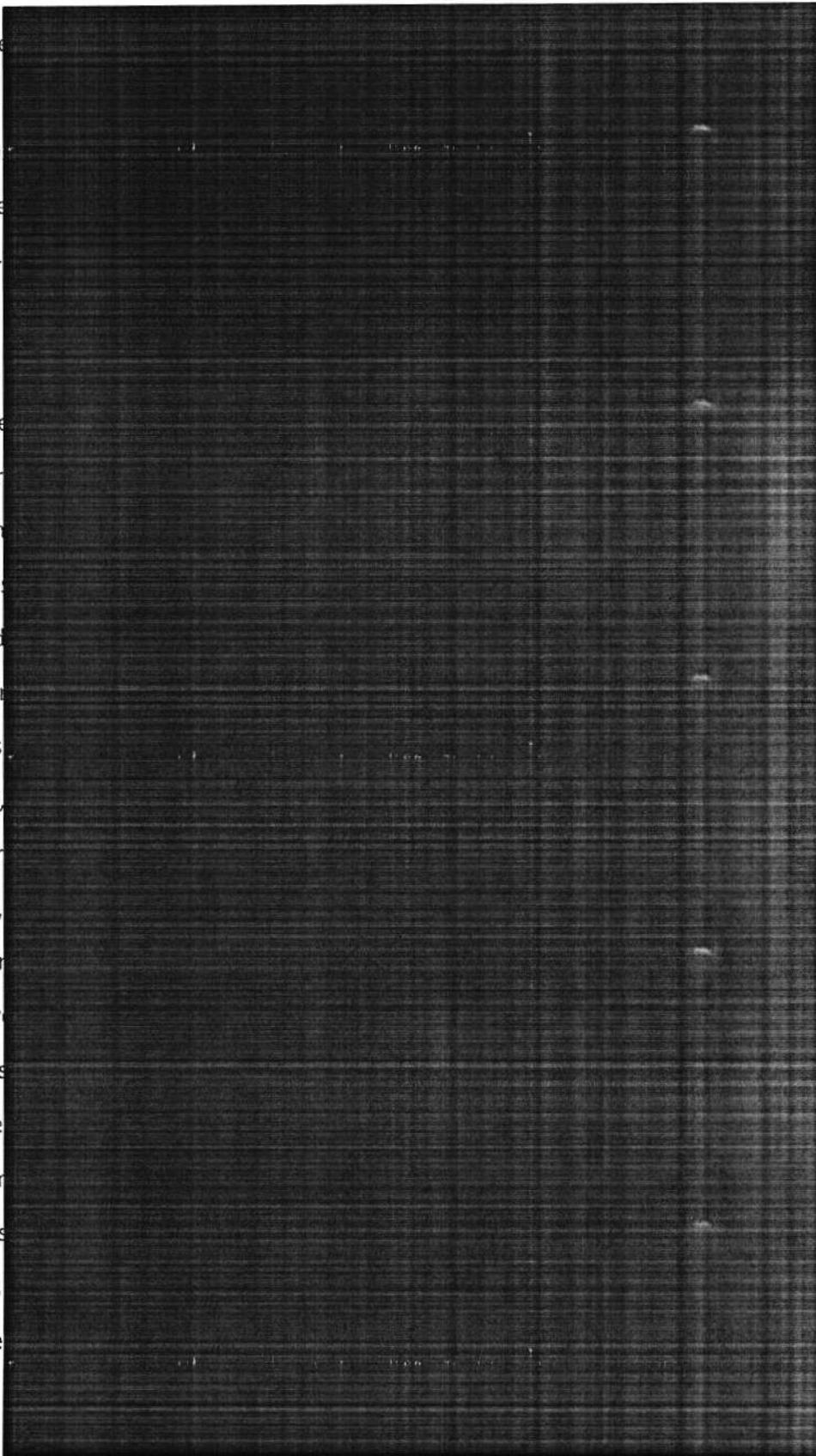
- (95) Susan Drake, resides
- (96) Tanya Drake, resides
- (97) Pamela Duque, reside
- (98) Al Duran, resides at
- (99) Linda Duran, reside
- (100) Kristine Ebona, res
- (101) Genevieve Edward
- (102) Janice Edwards, re
- (103) Dawn Elrod, reside
- (104) James Elrod, reside
- (105) Louis English, reside
- (106) Alex Escalante, res
- (107) Gricela Espinoza, r
- (108) James Fajardo, res
- (109) Patricia Farkas, res
- (110) Brian Farris, reside
- (111) Colleen Farris, resi
- (112) Jan Favorite, resid
- (113) Jamaría Fernandez
- (114) Walter Fernandez,
- (115) Tina Ferrero, resid
- (116) Joe Filippo, reside
- (117) Agnes Florendo, re
- (118) Jose Flores, reside
- (119) Phillip Flores, resi
- (120) Jennifer Flowers, r
- (121) Kelly Floyd, reside



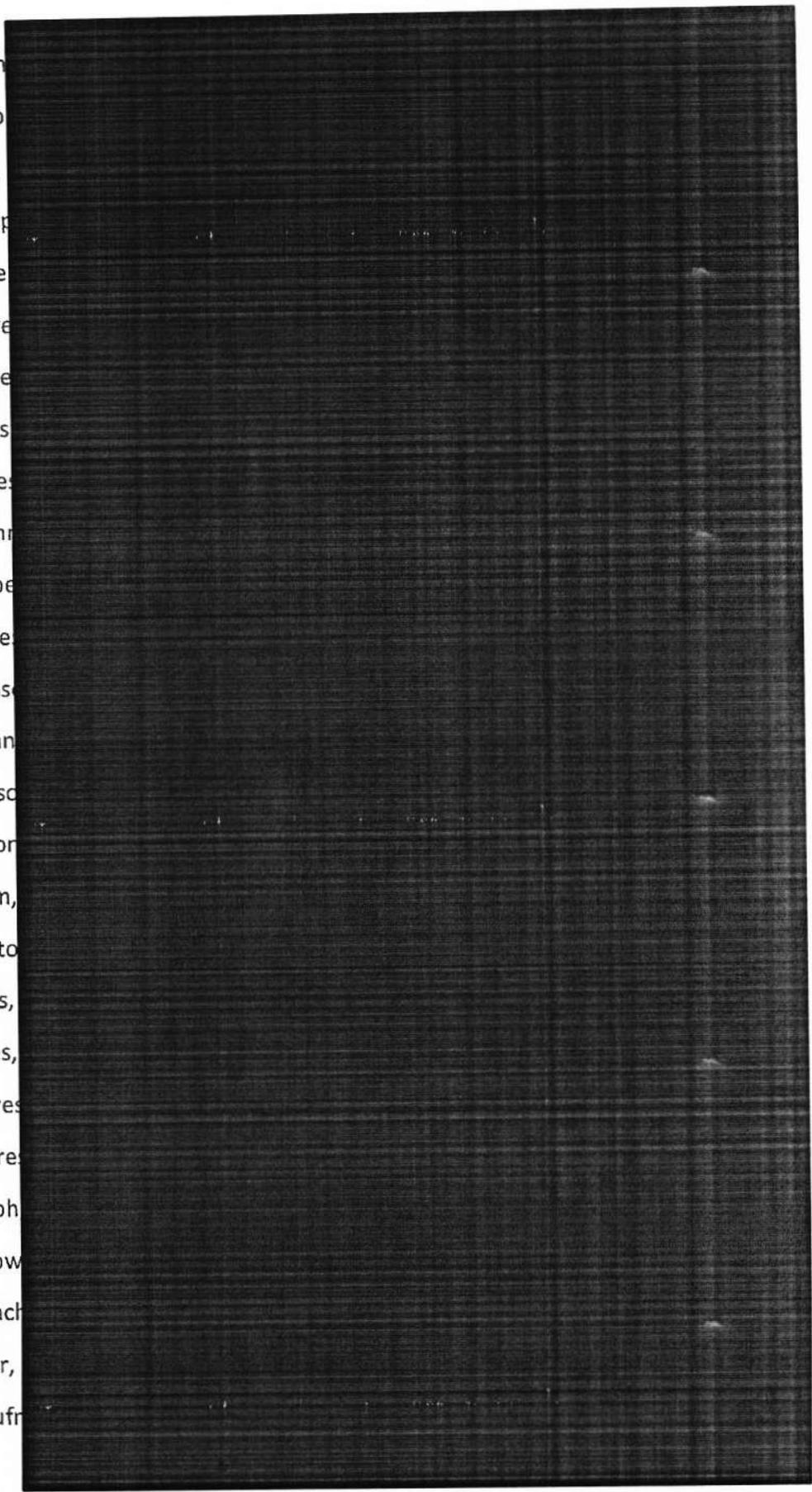
- (122) James "Chris" P
- (123) RaVae Ford, re
- (124) Stephanie Free
- (125) Cuahutemoc
30044;
- (126) Kathy Fuentes,
- (127) Karen Furlow, r
- (128) Garrett Garcia,
- (129) Michelle Garcia
- (130) Rosalie Garcia,
- (131) Garlande Garry
- (132) James W. Ga
87122;
- (133) Cynthia Gebha
- (134) Joseph Gebhar
- (135) Mary Gerhart,
- (136) Greg Gerth, re
- (137) Sue Gerth, res
- (138) Susan Glass, re
- (139) Douglas Glenn
- (140) Jose Gonzalez,
- (141) Manuel Gonza
- (142) Rosa Gonzalez
- (143) Aaron Gordon
- (144) Tara Green, re
- (145) Victor Gutierr
- (146) Eric Hansen, r



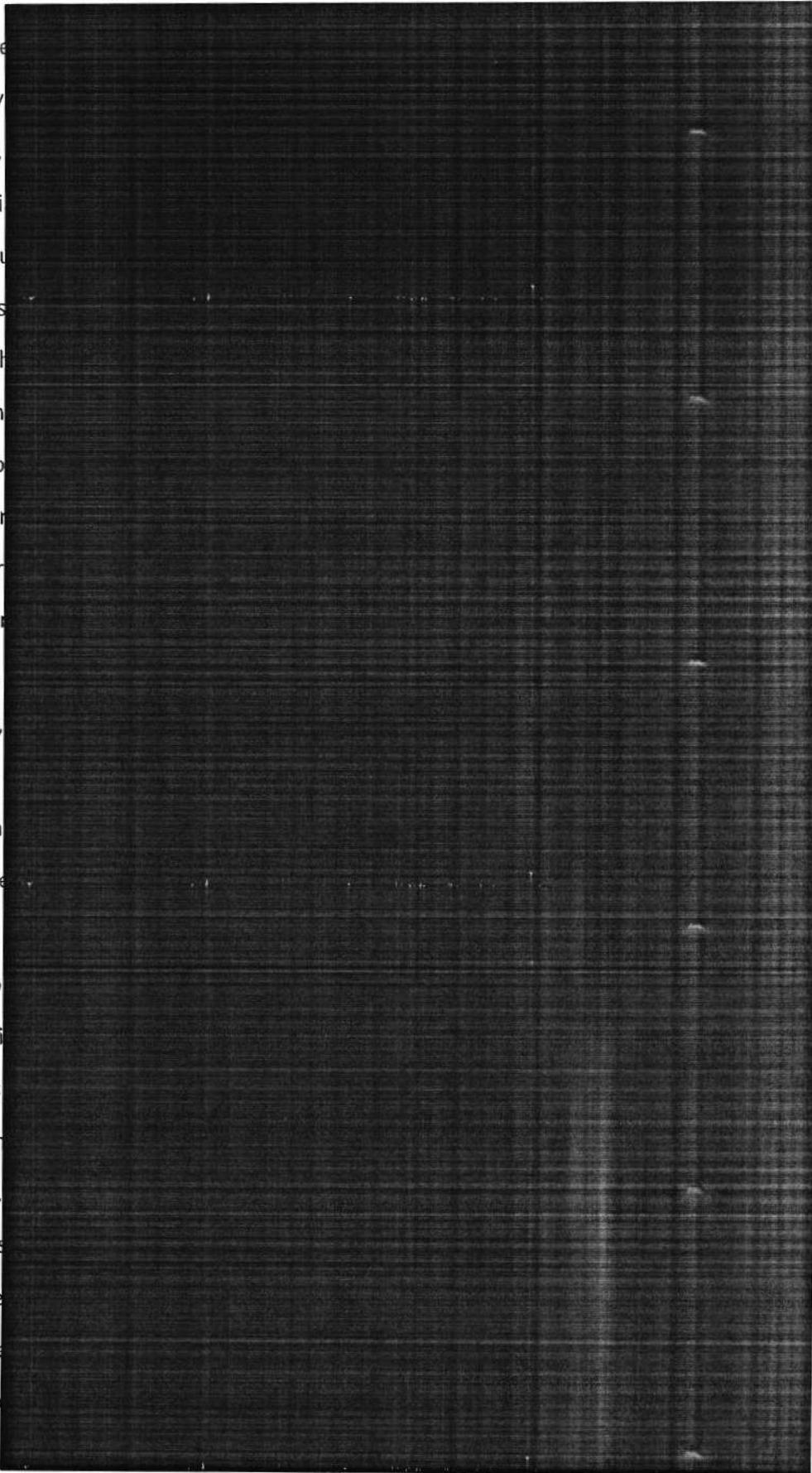
- (147) Nancy Hansen, re
- (148) Rhonda Hansen,
- (149) Mark Harbolt, re
- (150) Susan Harbolt, re
- (151) Robin Harmon-
80016;
- (152) Karenina Harris,
- (153) Keidra Harvey, re
- (154) Ronald Harvey, r
- (155) Noreen Haworth
- (156) Ted Haworth, re
- (157) Keith Elam, resid
- (158) Christina Headie
- (159) Dawn Henig, res
- (160) Theresa Henton,
- (161) Chris Hepburn, r
- (162) Nicole Hepburn,
- (163) Debe Hickman, r
- (164) James Higgins, r
- (165) Joan Higgins, res
- (166) Jan Highman, re
- (167) Lawrence Highm
- (168) Donna Hirth, res
- (169) Sharri Hoffman,
- (170) Kim Holstein, re



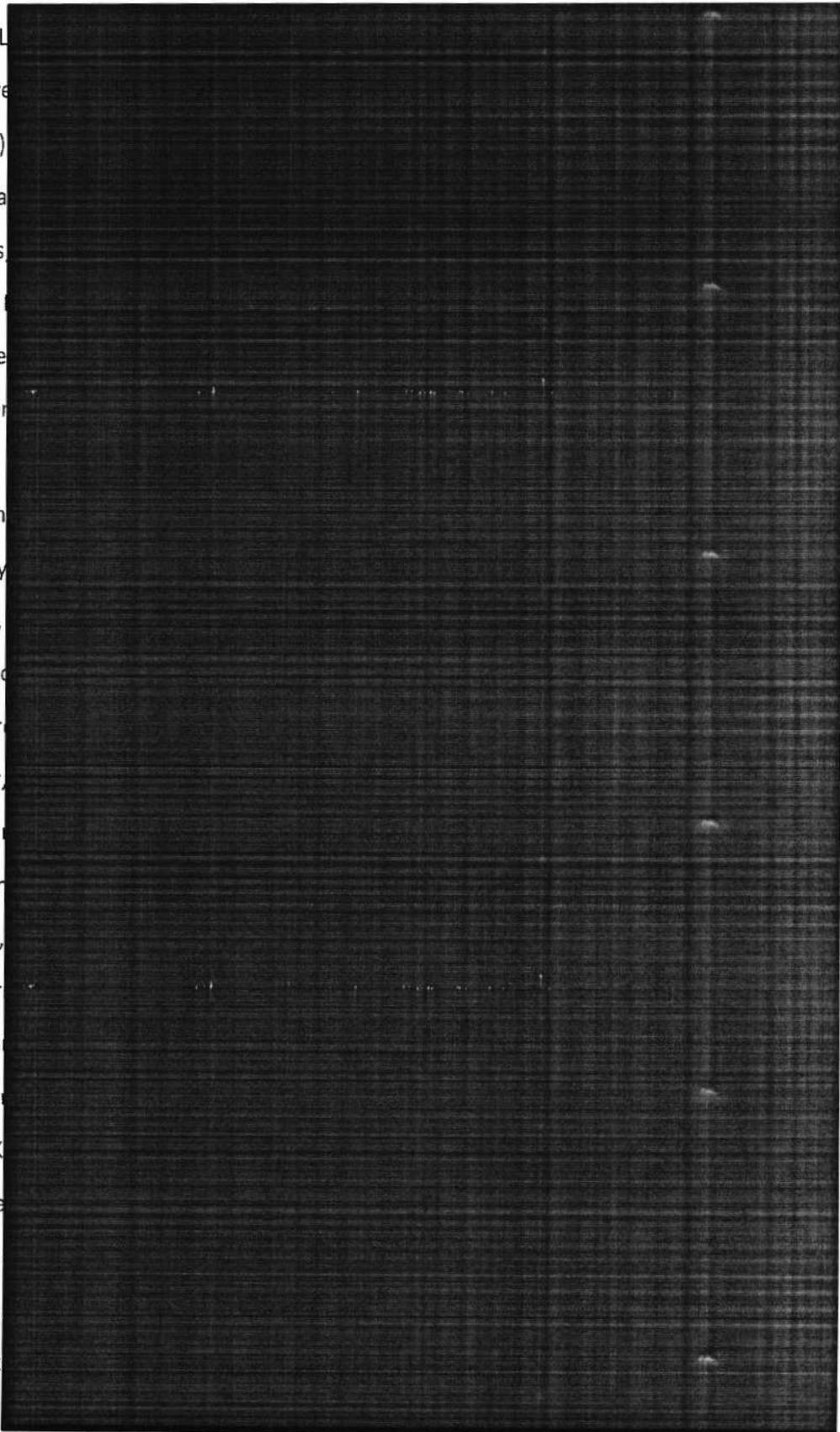
- (171) Monica Holtzh
- (172) Leonard Hueb
- (173) Tara Huebner,
- (174) Christine Hump
- (175) Gregory Hunte
- (176) Judy Hunter, re
- (177) Ron Imbach, re
- (178) Curt Jablin, res
- (179) Rob Janesh, res
- (180) Barbara Johann
- (181) Earl Johannabe
- (182) Jill Johnson, re
- (183) Krandall Johnse
- (184) John Paul John
- (185) Monica Johnsc
- (186) Randy Johnson
- (187) Ronn Johnson,
- (188) Cathy Johnsto
- (189) Charles Jones,
- (190) Cynthia Jones,
- (191) Gale Jones, res
- (192) Terri Jones, re
- (193) Shirley Joseph
- (194) John Kachnow
- (195) Maureen Kach
- (196) Kelli Kaestler,
- (197) Mitchell Kaufr



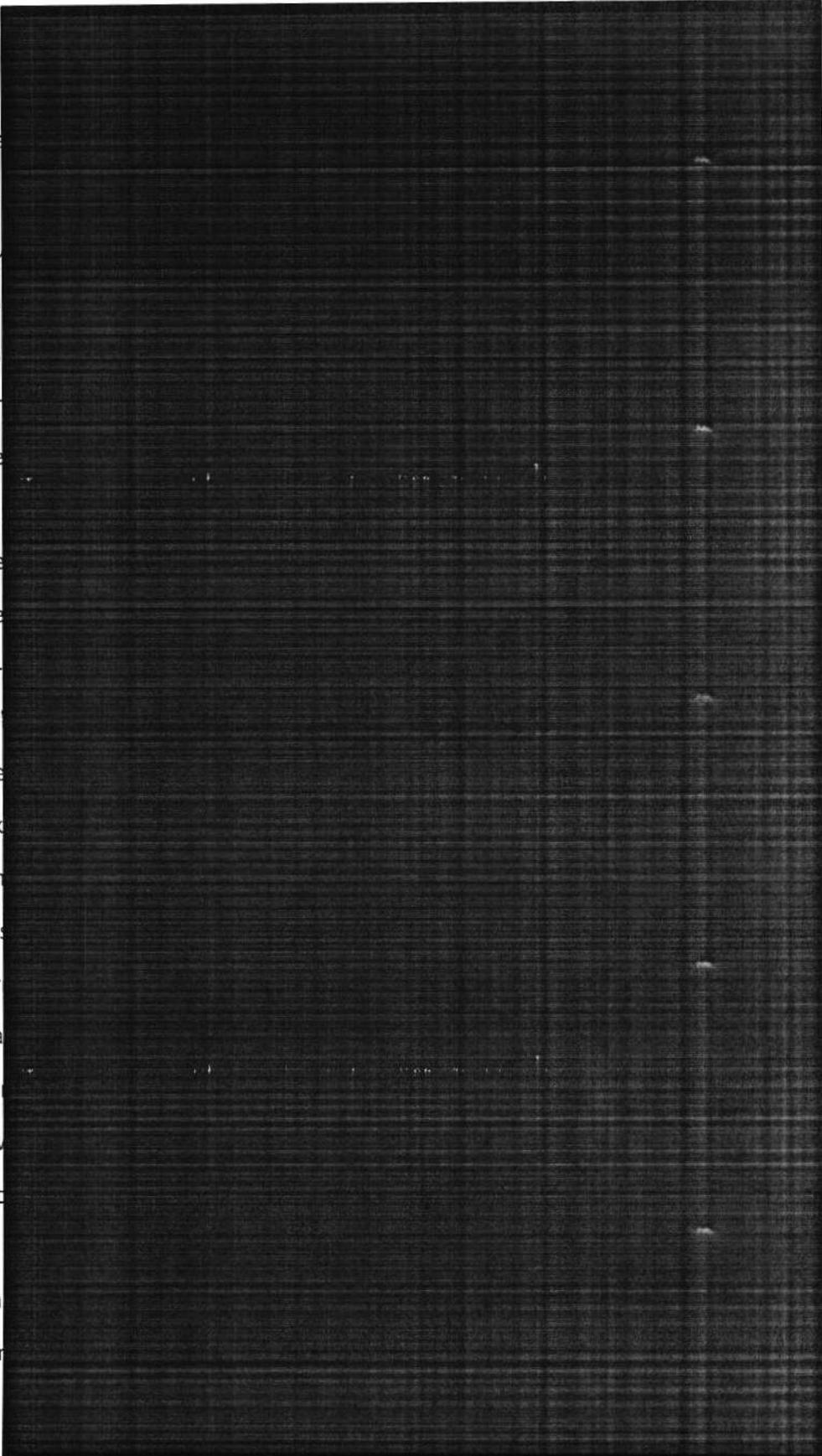
- (198) Michael "Shane"
- (199) Howard Kinsey
- (200) Sherrie Kinsey,
- (201) Dawn Klapcuni
- (202) Kenneth Klapcu
- (203) Brian Kloss, res
- (204) Robert A. Knigh
- (205) Shannon Knigh
- (206) Tammy Knutso
- (207) Heather Kohl, r
- (208) Kirk Krempel, r
- (209) Donald Kruta, r
- (210) Edwin J. Kulm,
- (211) Marlena Kulm,
- (212) Tamara Kurtz,
- (213) Liana Kutejova
- (214) Carole Lallande
- (215) Thomas Lam,
- (216) Cheryl Lardino
- (217) Gregg Lardinoi
- (218) Gloria Lau, res
- (219) Heather Le Vir
- (220) Marian Leben,
- (221) Anthony Ledes
- (222) Elizabeth Ledes
- (223) Gladys Levy, re
- (224) Janella Levy, re



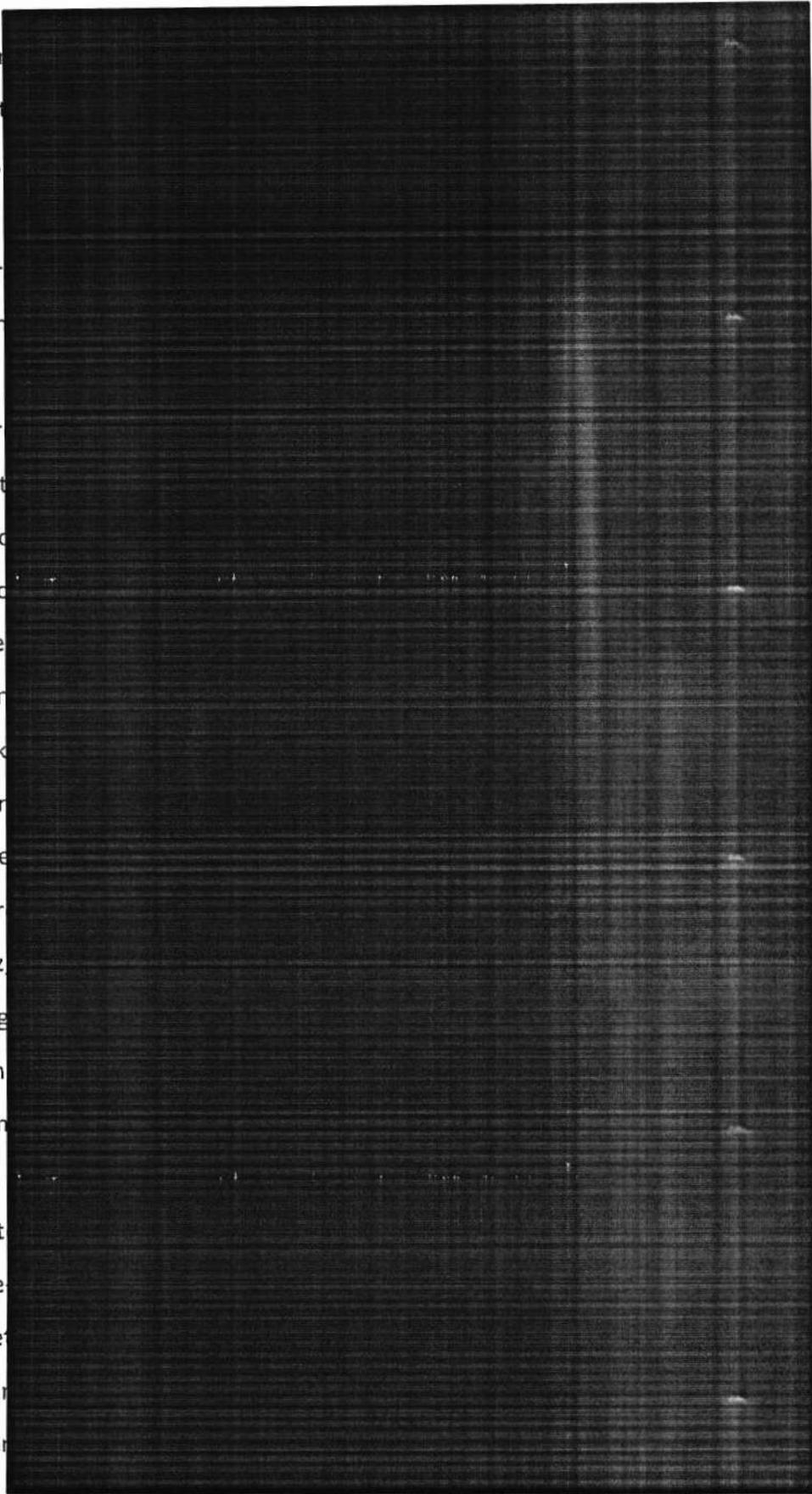
- (225) James (Mike) L
- (226) Karen Lewis, re
- (227) Peiyin (Peggy)
- (228) Voidrey Lindsa
- (229) Sharon Louros
- (230) Chun (Janine) E
- (231) Yasmine Lu, re
- (232) Heidi Lundgren
- (233) Randy Mack,
- (234) Harold Mahon
- (235) Lucy Mahoney
- (236) Susan Malbin,
- (237) Alex Maldonac
- (238) Mark Manis, r
- (239) Sherry Marler,
- (240) Brian Martin, e
- (241) Wendy Martin
- (242) Manuel Mata,
- (243) Ginger McCur
- (244) Frances McFa
- (245) Richard McFa
- (246) Christine McK
- (247) Michael McKa
- (248) Fidel Medina,
- (249) Ellen Menter,
- (250) William Ment



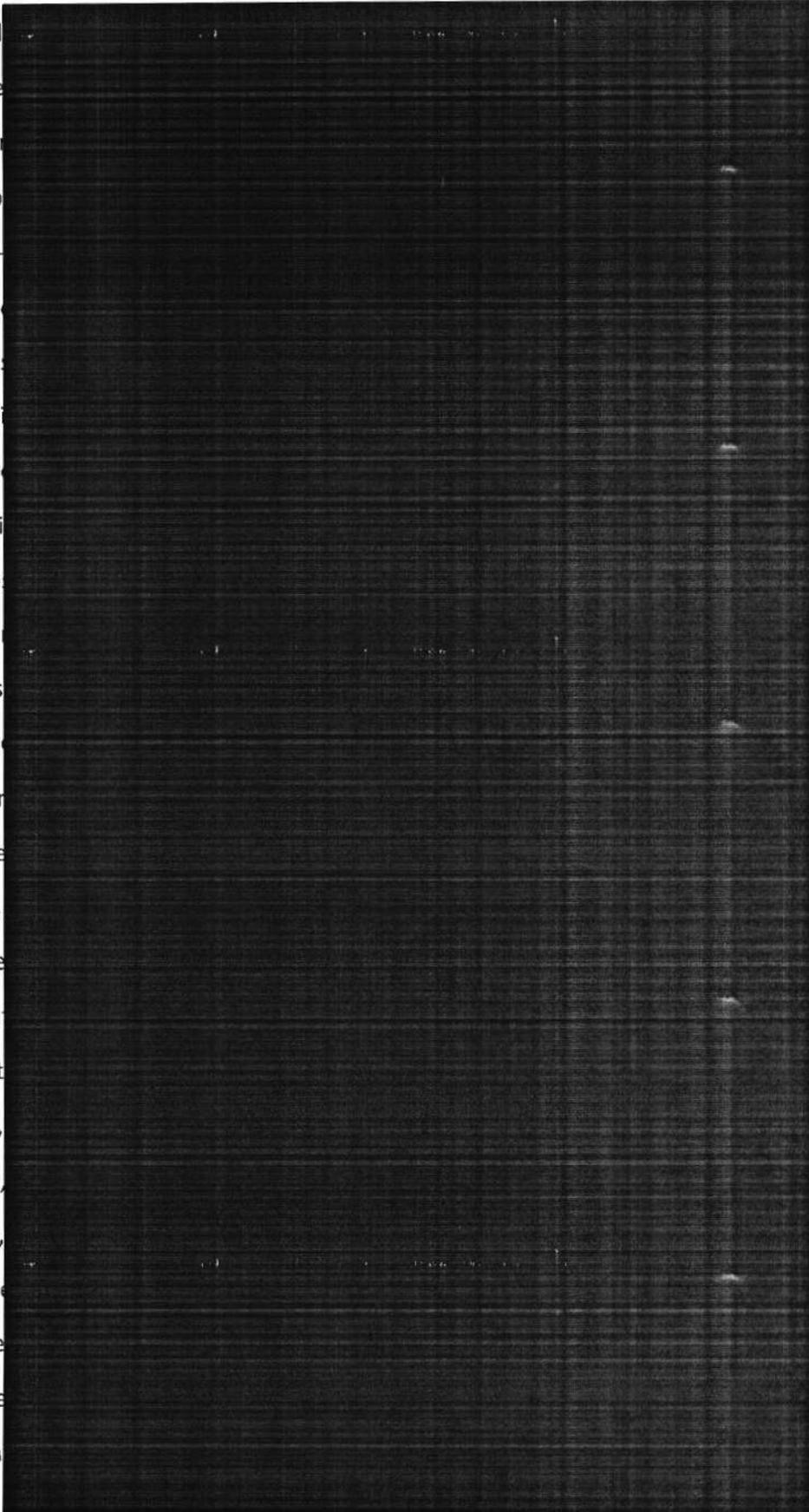
- (251) Steven L. Mill
30176;
- (252) Nichole Mollica
- (253) Andy Monson,
- (254) Leanna Moore,
- (255) Robert Moore,
- (256) Steven Moore,
- (257) Cindy Morris, r
- (258) Clair Morris, re
- (259) Donna Morris,
- (260) Clair Morris, re
- (261) Barbara Mowe
- (262) Sheila Mullins-
- (263) Connie Musile
- (264) Mechelle Myle
- (265) Yoshinari Nak
- (266) Elizabeth Nash
- (267) Keith Nash, re
- (268) Rizalina Navar
- (269) Wilfredo Nava
- (270) Michael Neri, e
- (271) Bridgette New
- (272) Chaunce "Pho
95125;
- (273) Donald Nicola
- (274) Charlotte Chr
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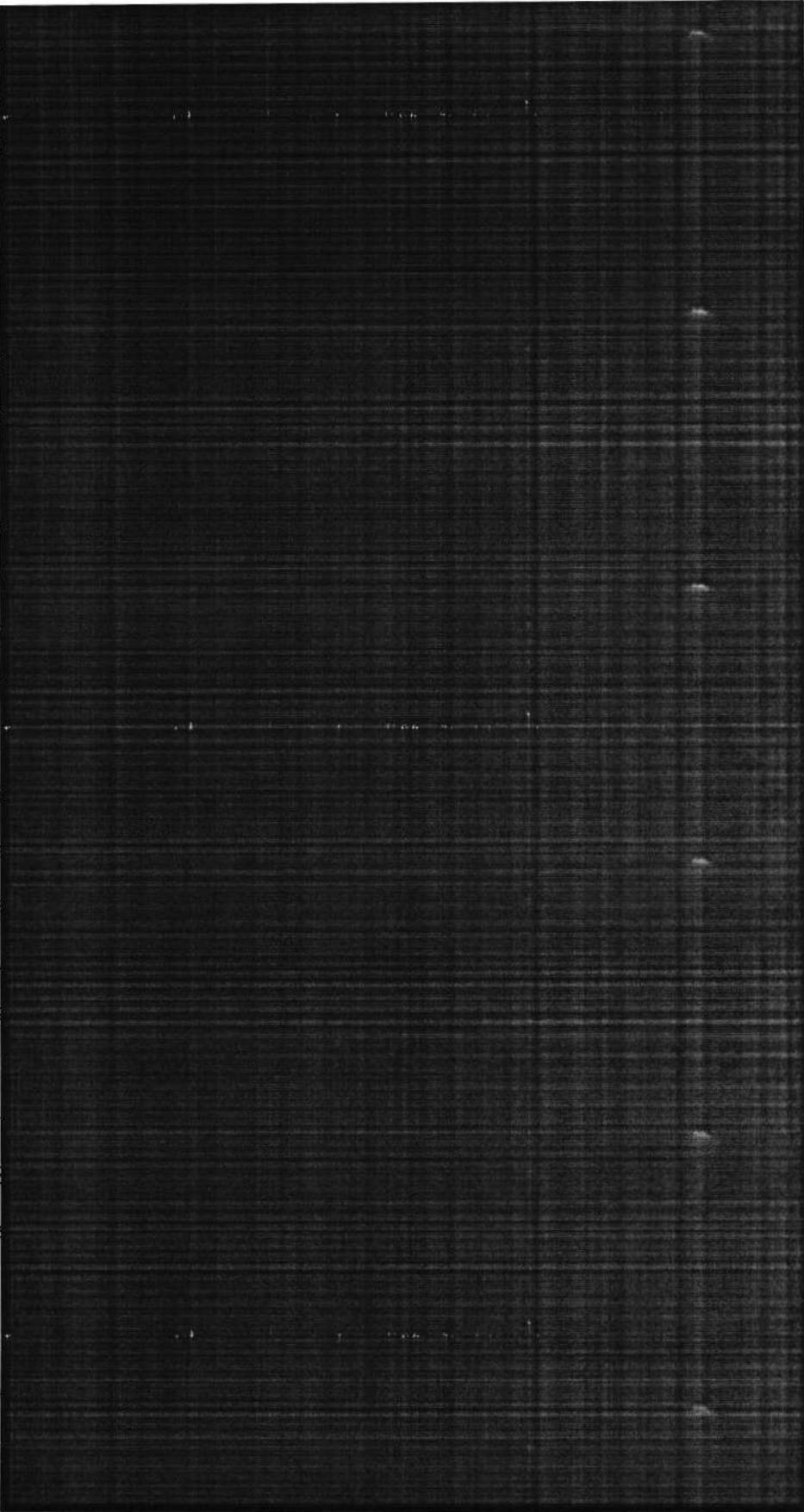
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- (281) Carlos Ortiz,
- (282) Alma Ortiz, r
- (283) Jonathan Ort
- (284) Cristine Osbo
- (285) Lauree Otero
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- (287) Donna Ower
- (288) Johnnie Park
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- (290) Hari Patel, re
- (291) Gabriela Per
- (292) Nancy Perez,
- (293) Jennifer Pigg
- (294) Gary Plumm
- (295) Lorene Plum
- (296) Rich Popko,
- (297) Knicole Port
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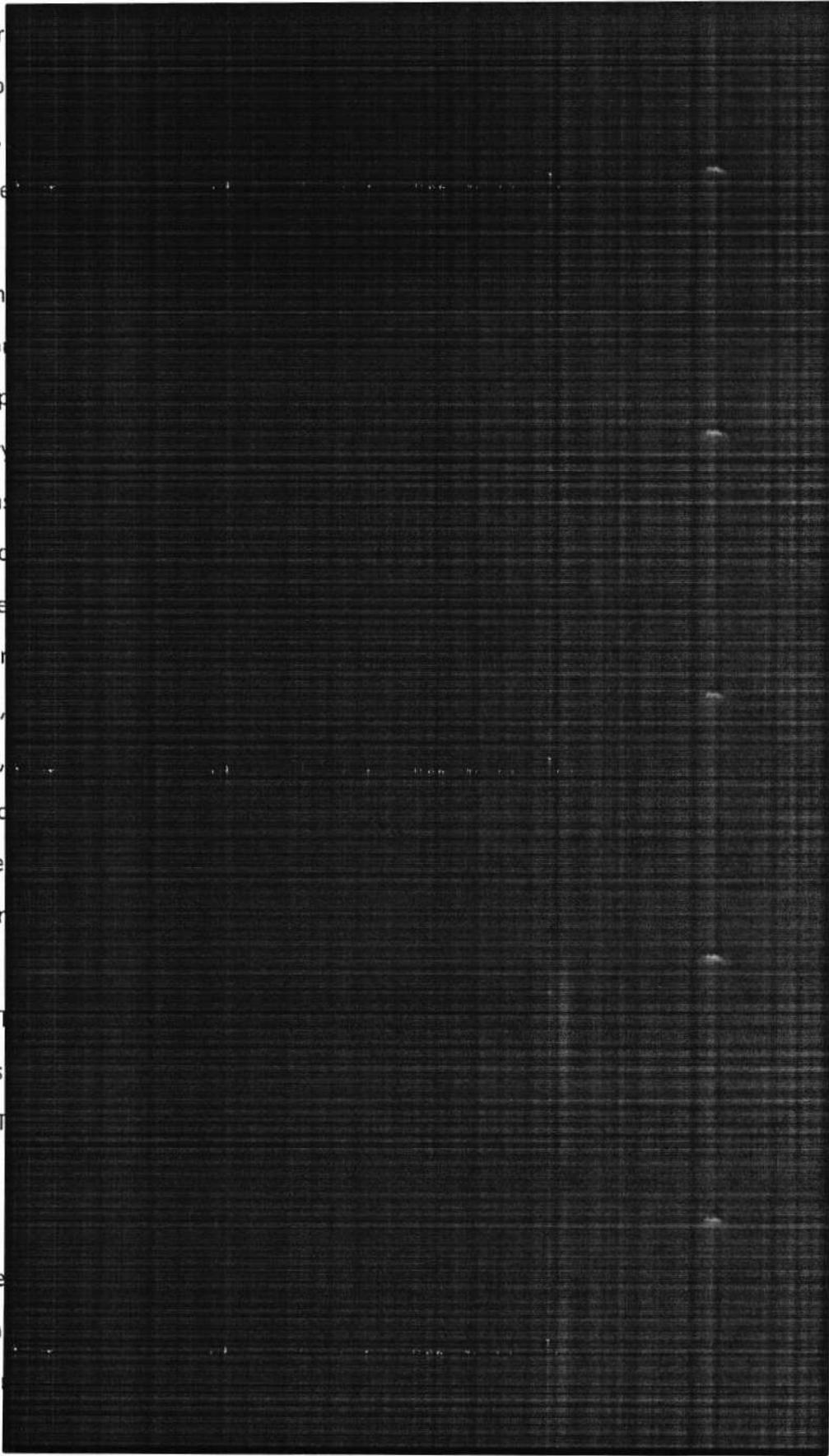
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- (308) Cheryl Rich, re
- (309) Dan Rioux, res
- (310) Laurie Rioux, r
- (311) Kristy Ritz, resi
- (312) Robert Ritz, re
- (313) John Roberts,
- (314) Vivian Roberts
- (315) Diego Rodrigu
- (316) Susan Rogge, r
- (317) Lisa Romeo, re
- (318) Israel Rosales,
- (319) Colleen Ruppe
- (320) Sandy Ruthru
- (321) Thomas Sabat
- (322) Carlene Saelg,
- (323) Rehab Salem,
- (324) Nicole Salone,
- (325) Jim Searce, re
- (326) Liz Searce, re
- (327) Vicki Schachte
- (328) Angie Schlech



- (329) Darlene Schmick
- (330) Shawn Schnoor,
- (331) Gwendolyn Scott
- (332) La Ron Scott, res
- (333) Rosalee Scott, re
- (334) Randall Scoville,
- (335) Jorie Scull, reside
- (336) Laura Serrano, re
- (337) Moises Serrano,
- (338) Sherry Waters-Se
- (339) Leatrice "Jenne"
- (340) Brooks Silva, resi
- (341) Vicki Simmons, r
- (342) David Sisnetsky,
- (343) Cyndy Skala, resi
- (344) Dr. Richard Skala
- (345) Chad Skurkis, res
- (346) Michelle Skurkis
- (347) Karen Skyler, res
- (348) Ryan Slotto, resi
- (349) Barbara Smith, r
- (350) Edward Joseph S
- (351) Ly Smith, resides
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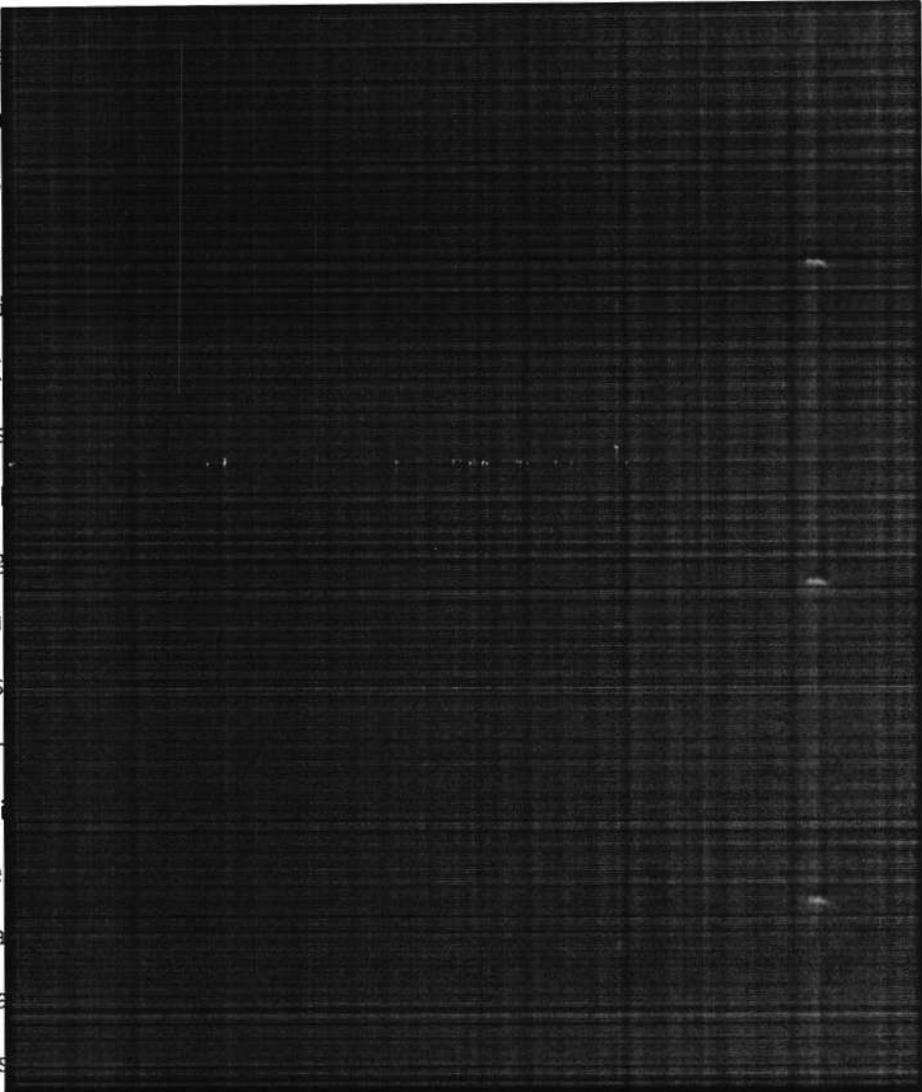


- (356) Dale Starks, r
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- (360) Karen Suing,
- (361) Laurie Tatum
- (362) Joshua Taylor
- (363) Suzanne Terp
- (364) Collette Terry
- (365) Carol Thomas
- (366) Elizabeth Tho
- (367) Andy Tieu, re
- (368) Loann Tran, r
- (369) Anne Travis,
- (370) Scott Travis,
- (371) Kimberlee To
- (372) Jill Torres, re
- (373) Martina Torr
- (374) Terri Torres,
- (375) Chung-Mai T
- (376) Suzanne Tus
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- (378) Greg Tuttle,
- (379) Trisha Tuttle
- (380) Duane Vadn
- (381) Linda Van O



- (382) Nancy Vandello
- (383) Christian Vander
- (384) Dovie Vejarano,
- (385) Luis Vejarano, re
- (386) Socorro Velazqu
- (387) Teresa Velazque
- (388) Gordon Verberk
- (389) Susan Vesel, resi
- (390) Nicole Viliunas, r
- (391) Michael Voronk
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- (392) Laura Voronkova
- (393) Dorothy Walcott
- (394) Jean "Lynn" Wa
- (395) Waylon Webbor
- (396) TK Weck, reside
- (397) Jemila Weldeha
- (398) Michelle Westst
- (399) Linda Wheeler,
- (400) Robert "Bob" W
- (401) Philip White, res
- (402) Jerrold Wiebusc
- (403) Clarence Wilker
- (404) Cynthia Wilkers
- (405) Charles Williso
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- (406) Janet Willison, re
- (407) Jennifer Wilson, r
- (408) Linda Wilson, res
- (409) Michelle Wilson,
- (410) Tim Wilson, resid
- (411) Linda Woods AK
- (412) Kim Wozniak, res
- (413) Bridgett Wynne-
- (414) Glenwood Young
- (415) Mark Zakrzewski
- (416) Sharon Zakrzews
- (417) Renee Zelenoy, r
- (418) Lori Zuanich, res
- (419) Tony Zuanich, re
- (420) The Estate of Ga
- (421) The Estate of Ma
- (422) The Estate of Les



2. On information and belief, Armando Montelongo Jr. is a resident of San Antonio, Texas and may be served through their Counsel Davis & Santos P.C., 719 S. Flores Street, San Antonio, Texas 78204.
3. On information and belief, Real Estate Training International, LLC (hereinafter "RETI") is a Delaware limited liability company with its principal place of business in San Antonio, Texas, and may be served through their Counsel Davis & Santos P.C., 719 S. Flores Street, San Antonio, Texas 78204.
4. On information and belief, Performance Advantage Group, Inc. (hereinafter "PAG") is a Nevada corporation with its principal place of business in San Antonio, Texas and may be served through their Counsel Davis & Santos P.C., 719 S. Flores Street, San Antonio, Texas

78204.

5. On information and belief, License Branding, LLC (hereinafter "LB") is a limited liability company with its principal place of business in San Antonio, Texas and may be served through their Counsel Davis & Santos P.C., 719 S. Flores Street, San Antonio, Texas 78204.

I. JURISDICTION AND VENUE

6. Venue is proper in Bexar County, Texas under TEX. CIV. PRAC. & REM. CODE § 15.001 because one or more of the Defendants reside in Bexar County, Texas. In addition, venue for this case under the Deceptive Trade Practices Act ("DTPA") is proper in Bexar County pursuant to TEX. BUS. & COM. CODE § 17.56, because this action is filed in the county where Defendants, and their authorized agents, solicited transactions underlying the suit.

7. This Court has jurisdiction because the amount in controversy exceeds the jurisdictional limits of this Court. TEX. GOV'T CODE, § 24.007(b).

II. DISCOVERY PLAN

8. Plaintiffs intend to conduct discovery under Level 3 of the Texas Rules of Civil Procedure 190.3.

III. STATEMENT OF RELIEF

9. Plaintiffs seek monetary relief over \$1,000,000, which is within the jurisdictional limits of this Court.

IV. PROCEDURAL HISTORY

10. This case was originally brought in the United States District Court for the Western District of Texas (No. 5:16-cv-01278-RCL). The federal district court dismissed the related federal claims but not the attendant state law claims. As such, prosecution of the Texas causes of action has never been interrupted, and the pendency of the federal claims provided adequate notice of the causes of action contained herein.

V. INTRODUCTION & FACTUAL BACKGROUND AND CASE HISTORY

11. Each purchased one or more of the AMS foundation event, bus tour, master mentor, asset protection, market domination, and cash flow products; attended those events and

attempted to employ the “education” they received; and suffered financial injury as a result, including the money they paid directly to Defendants, the expenses they incurred to attend the events, the investments they lost due when they followed Defendants’ “system,” predation by Defendants’ allies, penalties from their use of retirement funds, interest on consumer debt used to purchase AMS seminars, damage to their credit rating, bankruptcy, and (in some cases) mental anguish and severe emotional distress.

12. Plaintiffs are part of a larger group of individuals victimized by Defendants who have chosen to work together to pursue claims against Defendants for their fraudulent scheme.

13. Attached as Exhibit A to this petition is a spreadsheet containing the following information regarding the 412 named Plaintiffs:

- a. Name of each student and partner
- b. Seminars taken and dates of attendance
- c. Amounts paid for each seminar

14. Montelongo has made hundreds of millions of dollars selling real estate education programs to Americans who long for financial security in uncertain times. Montelongo styles himself as the “epitome of the American dream.” For his students, however, he is a nightmare.

15. Acting through his many corporate shells, Montelongo sells worthless, dangerous, and unlawful information, education, and consultation about real estate investing; takes advantage of the students’ trust to loot their accounts; sells them properties at inflated prices without disclosing his stake in them; encourages them to pursue their real estate investments using his allies, who also victimize the students; and harasses those who dare to speak out against him.

16. By this action, 412 former students now seek to remedy the financial devastation Montelongo’s predation has wreaked.

A. **Montelongo and His Seminars**

17. Montelongo began his career as a real estate investor in Texas in 2001 and began offering real estate investment seminars in 2005. He rose to national prominence between 2006 and 2008 as a star on the cable television reality show “Flip This House,” and when he

departed the show used his stardom to expand his seminar offerings nationwide. He now offers his seminars and receives revenue from these seminars through a web of companies, including defendants RETI, PAG, and LB. Montelongo and these entities, along with other entities and individuals not yet known to the plaintiffs, operate together an enterprise called in this complaint the “Armando Montelongo Seminars,” or “AMS.”

18. What Defendants claim to offer through AMS’s education programs is a “methodical step-by-step system for building wealth in real estate” purportedly modeled on Montelongo’s own experiences. One of their websites (armandomontelongo.com) claims: “I was fortunate enough to find millionaire mentors without whom I would have lost a lot of time, money, and hope. They helped me accomplish my goals and reach my dreams. This is why I am happy to share my secrets and help others succeed. Coming from living in my in-law’s garage and \$50,000 in debt, I know what it’s like to struggle. I am the epitome of the American dream. I turned my misfortunes into millions, and I can help you do the same.” That same website also claims the AMS system is bulletproof: “Armando’s step-by-step methodical system works in any financial market, at any given time.”

19. Defendants offer the AMS system through several education seminars, or “events.” According to their website, they sell the following products, all of which they falsely describe:

- a. The “Preview Event,” “taught by Armando’s personal partners, provides an inside look at the house flipping business and teaches about proven house flipping techniques. Network with successful partners and learn why anytime is the time for real estate. Learn about how to make money by flipping houses, build a retirement income through cash flow properties, and about how to keep your wealth through asset protection. At the Preview Events, you will: Network with Armando’s hand-picked partners; See the options you can begin in real estate; Learn Armando’s step-by-step system to investing...and so much more!”
- b. The “Foundation Event” (sometimes called the “Three-day event”) is “an intensive, information packed workshop that gives you the foundation to build

your own house flipping business. Learn all about how to find and fund your deals, how to use the techniques and rules Armando actively uses, and how to overcome common difficulties in real estate. The three[-]day event covers all important topics for beginning real estate investors. You will learn the ABC's of real estate investing, such as: After repair value vs. fair market value[;] The 1% Rule versus Mixed Rate[;] Various options for fixing and flipping[.] Upon completion of this in-depth, accelerated seminar, you'll be equipped [with] all the groundwork necessary for flipping properties."

- c. The "Bus Tour" is a "three[-]day event filled with Armando's most successful and exclusive partners and students. At the bus tour, you will learn first-hand about house flipping techniques and easy fixes for profit and personal tips and advice from Armando Montelongo. This is your opportunity to network with other investors, money lenders, and students from all across the US. Learn how to properly assess properties with Armando and his most successful students as your guide. A one-of-a-kind event taught by Armando himself[;] Get hands-on training from a team of mentors[;] Network with other investors, money lenders, & students[;] Learn how to have a successful business[.] It took Armando a decade to establish his phenomenal house-flipping system. Learn it from the bus tour in just 3 days!"
- d. The "Master Mentor" program provides "access to Armando's real estate hotline for any question you may have now or in the future. Call to update your knowledge on rehabbing different types of rental properties, tips on how to work with the constant changing commercial market, and guidance whenever, wherever. Do you want to increase your cash flow and maximize your capital investment? Are you ready to strengthen your real estate portfolio with big commercial flips? YOUR VERY OWN MASTER MENTOR CAN HELP GET YOU THERE! Your Master Mentor[] will teach you how to effectively connect with

investors specializing in commercial properties, lay out contracts, and much, much more.”

- e. “Continuing Education” services, including the “Asset Protection” program, which teaches “the most essential tools for protecting your finances,” “healthy, strategic, and beneficial business planning,” “[i]nformation on corporate structure and management,” and “the latest information on how to save tax money for your business”; the “Market Domination” program, which provides “the most efficient ways to flip in any market at this two[-]day event,” “training on how to flip and find deals in the smallest markets” and “where the top real estate markets in the nation are,” and the chance for students to “[n]etwork with sellers and investors to get tips from markets nationwide”; and the “Cash Flow” program, which teaches students “to manage rental properties,” “the system for rehabbing different types of rental properties[,]” “how to work with the always changing commercial market[,]” and how to “[a]ccelerate your real estate portfolio with commercial flips[.]”

20. The AMS enterprise has been hugely successful for Defendants. In 2011, Inc. 500 listed Montelongo’s group of companies as the 19th fastest growing business in the nation. Montelongo claimed to Forbes magazine in 2013 that his seminars would bring in \$100 million that year alone from 350,000 students attending over 3,500 events. On his prolific Facebook page, Twitter feed, and Periscope channel, Montelongo trumpets his wealth—expensive cars, flashy jewelry, extravagant vacations—using the hashtag #millionaire.

B. Defendants’ Fraudulent Scheme

21. Although the ostensible purpose of the AMS programs is to educate students about how to gain economic security and independence by flipping houses, their real aim and result is to enrich Montelongo and his related entities and allies at the expense of the students, including the Plaintiffs herein. The “seminars” or “events” are not genuine educational offerings. They do not impart the information, skills, and techniques AMS promotes them as conveying and

are, instead, ruses to sell more AMS products, engage in self-dealing transactions with the students (whose trust Montelongo cultivates), and expose the students, including Plaintiffs herein, to predation at the hands of AMS allies.

C. Defendants' Coercive and Deceptive Sales Tactics

22. Defendants market the AMS programs extensively through websites, email campaigns, television, radio, and social media in the hopes of luring students to attend the programs, where they will be deceived into purchasing additional AMS products and services. These programs include free preview events, foundation courses, bus tours, and master mentor programs held throughout the United States. While outwardly appearing to be one unified entity, under Montelongo's control and direction, RETI operates the bus tours, PAG operates the master mentor program, and LB claims ownership of the websites Defendants use to promote seminars and events.

23. The AMS system is a series of upsells. At the free preview event, the students are sold the approximately \$1,500 to \$2,700 "Foundation" course (as well as a \$797 to \$997 "Tax Lien" product); at the foundation course they are sold "Bus Tour" packages priced between \$18,000 and \$54,000, usually held within the next few weeks in the same area; and on the bus tours they are sold the \$25,000-plus "Master Mentor" program, as well as the \$25,000 "Market Domination," \$5,000 to \$27,000 "Asset Protection," and \$5,000 "Cash Flow" courses.

24. Defendants sell their products using coercion and deception. At the group events, students are crowded together into rooms or buses, where they are pounded with loud music, flashing lights, and chanting; told not to take breaks or leave the room lest they miss a critical piece of information; and deprived of food and sleep by seminars that run until late in the night without end, and which begin again early the next morning.

25. At the end of the events, when the students are physically and mentally exhausted, they are promised that, if they purchase the next AMS product in line that very day, they will finally get the information that will make them successful in real estate investing (*i.e.*, the information they were told they would get in the event they already purchased). They are also typically told

that a discounted rate is available to them only if they buy the next offering the same day, and given misleading information regarding why a lower price can only be provided for that limited period. Having committed thousands of dollars to the AMS programs, and desperate to recoup their investment, many students comply and purchase more high-priced products. Defendants deliberately cultivate this sense of desperation: Former employees report that Montelongo coaches them to ensure the students “feel like they have received some content, but do not actually know what to do on Monday.”

26. Defendants also engage in outright lies to sell their products, for example, creating fake personal success stories—different employees reuse the same slides of rehabilitated houses, each claiming them as his or her own—and planting employees at events to pose as students who have taken the courses before, and have returned for more “valuable education.”

27. As another example of Defendants’ sales tactics, they claim to offer students a “Triple Your Money Back Limited Guarantee,” under which Defendants purportedly promise to refund students’ money if they follow the AMS system and yet do not make three times their purchase price back from real estate investments. This guarantee is persuasive, and a significant factor in convincing many students to purchase AMS programs. However, AMS insiders report that Defendants do not intend to honor these guarantees, and direct their sales agents not to sign the guarantees on behalf of Defendants in the belief the lack of signature will render them unenforceable.

28. To further their scheme, Defendants encourage students, as part of the educational seminars, to contact their credit card companies and report that they already have the income that they hope to make from flipping houses—hundreds of thousands of dollars that they are not earning, and that Defendants know the students have no realistic chance of earning—in order to raise their credit limits to purchase more AMS products. Montelongo justifies this practice to his students as incurring “education debt,” which he claims is “good debt.”

29. Defendants also encourage students to transfer money in their employer-controlled or other secure retirement accounts to self-directed IRAs held by companies allied with

Montelongo and the Defendant entities. Until at least mid-2015, Defendants' chosen company was Preferred Trust Company, LLC ("Preferred Trust"), run by Kurt "the Shirt" Weinrich. After that time, Weinrich continued to be Defendants' chosen self-directed IRA provider, apparently through a new entity the identity of which Plaintiffs do not yet know.

30. Defendants' alliance with Preferred Trust benefited them, Preferred Trust, and Weinrich at the expense and deception of the students. Preferred Trust charges extremely high fees for its services. As but one example of many, a San Diego resident put \$5,000 in a Preferred Trust self-directed IRA and, within three years, was charged \$4,200 in fees—even though she had done nothing with her account.

31. Weinrich also permits Montelongo access to confidential information about the students' finances that Defendants then use to prey upon them. During the asset protection events, Montelongo's employees ask students to share their financial information (including about their Preferred Trust accounts) ostensibly as part of the educational process. The employees then share that information with Montelongo, whose response to a positive account balance is visceral: Multiple former employees report that he shouts angrily, saying, "That's my money! You're not doing your job to get that in my pocket!" The employees comply, using their knowledge of the students' finances to sell them more AMS "education" or encourage them to invest in properties with AMS-allied developers.

32. To hide their deception, Montelongo and his employees instill fear in the students to discourage them from questioning the AMS system, and attack or silence those who attempt to speak out. For example, early on in a group event, when someone asks a question, Montelongo will berate the speaker, deriding him or her for wasting the other students' time. Cowed, few others will dare to interrupt again. At other points in an event, Montelongo will mention his in-house legal team, and claim that no one could possibly sue him and win. The crux of these remarks is that anyone who would cross Montelongo on a business deal would lose, and that any student who would cross him would lose, too.

33. Defendants also carefully monitor the private Facebook groups to which they invite their past and present students, immediately deleting anything critical of not only AMS or Montelongo, but also of anyone else who is a member of the group—even if that person is known to have cheated other students of money—and forcing out those who continue to dissent.

34. When pressed to prove their claims, Defendants have resorted to harassment. In late 2013, the news show *20/20* taped an interview with a student who complained that she and her husband had been cheated by Montelongo's seminars. Montelongo had her followed by a private investigator (as one of his employees later admitted). When Montelongo provided a student who was a "success story" to the news show, that student began recounting the wealth he had earned by following the AMS system, and then broke down and admitted it was a lie. Montelongo pursued this student, too—calling him personally and demanding he sign a declaration affirming that he had been successful.

D. Defendants' Worthless, Dangerous Offerings

35. Defendants' high-pressure sales tactics and promises of future fortune do not come with any educational substance. The core of AMS's "methodical step-by-step system" is so simple it can be taught in a sentence: Take out high-interest debt to purchase dilapidated homes, make cosmetic repairs, and then quickly flip them to the next investor. It is also a recipe for financial disaster. As just a partial list of the system's failings:

- a. A central tenet of the AMS sales pitch is that students do not need their own money to purchase, rehabilitate, and sell houses, and can instead obtain funding from private and hard money lenders. But these lenders generally require that the borrower front at least 20% of the project cost.
- b. The "65% rule" Montelongo claims provides the ideal price for any property (take 65% of the planned sale price of the property once it has been rehabilitated, and then deduct repairs and holding costs to determine your offer

price) does not account for local variations in market conditions, material prices, or labor prices, making it useless (or worse) in many regions of the country.

- c. The similarly central “price reduction strategy”—submit an all-cash, no-contingency offer with a very short closing period, and then, once the property is in contract, demand a price reduction based on a new inspection and announce that, instead of cash, the deal will be funded by a hard money lender—has become anathema to realtors, who will often not even submit students’ bids once the realtors realize the students are using the AMS system. This ethically questionable strategy also cannot be used at all with certain types of properties (*e.g.*, auction sales).
- d. Homes cannot reliably be sold quickly enough and for prices high enough to cover the debt on them (especially when that debt is financed by high-interest hard money lenders, as the AMS system directs), leaving students with either unsaleable homes that end up in foreclosure or losses on their deals.
- e. Federal and state regulations (*e.g.*, a Fannie Mae requirement prohibiting sales of homes to FHA buyers unless the property has been held for 90 days) have altered the legality and profitability of house-flipping, but the AMS system—which has reportedly not been updated in 10 years—does not reflect them.
- f. So many investors have entered the rehabilitation market (both the thousands of students AMS churns out annually and well-funded private equity investors) that prices for properties have increased, and margins have decreased. As a result, many students are unable to find suitable investment properties, and are left with mountains of debt from the AMS seminars and their account withdrawals, and no potential of recouping their losses.

36. Thus, contrary to Defendants’ central claim, and as Defendants well know, the “system” does not “work[] in any financial market, at any given time.”

E. Defendants’ Self-Interested Business Dealings with their Students

37. Defendants also victimize their students by engaging in self-dealing transactions with them, frequently without disclosing their own interests. For example, before a bus tour event, Montelongo will use an affiliate to purchase properties in the area where the event will occur, and then, during the event, sell the properties to students at inflated prices without disclosing that he has an interest in the sales or receives a share of the profits. (One student, Barbara Reyes-Rodriguez, fortuitously overheard Montelongo discussing this scheme when she dialed in early to a planned group call for AMS students.)

38. As another example, Montelongo solicited large amounts of student money for an investment in a marina near Sarasota, Florida called the Olde Fish House Marina. It may have reaped benefits for Montelongo—the AMS website describes it as a “successful casual dining establishment”—but the students who invested with him, including plaintiff Kim Arendt, sustained heavy losses.

F. Defendants’ Exposure of Students to Predation by their Allies

39. Defendants also harm students by encouraging them to work with AMS allies—“mentors” who are paid to provide the students with supposedly in-depth education and consultation on rehabilitating particular types of properties and changing market conditions, but who often lack the experience to provide insight, take advantage of the students’ trust to enrich themselves, or simply fail to respond to student questions; “hard money lenders” or “gap funders” who lend money to the students to purchase their homes at extremely high rates; and “developers” who solicit investments from students to be used in rehabilitation deals, which frequently end in inadvertent disaster or outright embezzlement.

40. Although Defendants handpick mentors, lenders, and developers, recommend to students that they work with those particular individuals, and benefit from these recommendations by appearing to offer students a comprehensive, practical program for real estate investing, Defendants refuse to take responsibility when those allies cause students harm. Some of these allies have even been criminally prosecuted for their conduct involving students; their identities will be revealed in the course of this case.

G. The Harm to the Students

41. Defendants' conduct has damaged their students, including Plaintiffs herein, in multiple ways.

42. First, the students pay thousands of dollars (and often tens of thousands of dollars) for real estate investment education that, contrary to Defendants' promises, does not give them the skills necessary to succeed "in any financial market, at any given time," but is instead a jumble of empty, contradictory aphorisms and outdated, risky strategies that might have been useful in 2005, when Montelongo launched his seminars, but that have failed to keep up with the changing market and legal landscape; and that ignores critical distinctions between various states' treatment of mortgages, costs of construction, taxes, and insurance requirements. Sometimes, Defendants even fail to provide the promised services at all, charging students for AMS programs, and then providing neither the purchased services nor refunds.

43. Second, the students pay significant travel and meal expenses to attend the AMS seminars (as Defendants would reasonably foresee given the markets they target and the locations of the events).

44. Third, the students incur interest on the credit card debt that Defendants encourage them to incur, and penalties and fees on the self-directed IRAs that Defendants encourage them to use (as Defendants would reasonably foresee given their knowledge of the students' overall financial situations and chances of achieving quick success in real estate investing).

45. Fourth, Defendants engage in self-dealing transactions with the students in ways designed to cause the students additional pecuniary harm.

46. Fifth, this accumulation of losses and unpayable debts destroys the students' credit ratings, and pushes many of them into bankruptcy.

47. Sixth, Defendants provide dangerous and unlawful tax information—for example, that the students can reduce their tax burden by naming their infant children and elderly parents as "employees" in order to deduct their "salaries" from their house-flipping revenues, or that the AMS seminars are fully tax deductible because they are "educational debt."

48. Seventh, Defendants recommend that the students work with particular mentors, contractors, realtors, developers, property managers, and lenders, even when they know or should know that these third parties are likely to cause the students harm through their negligence or intentional wrongdoing.

49. Eighth, the financial devastation wrought by the AMS programs has taken a heavy emotional toll, destroying friendships, wrecking marriages, driving students into clinical depression, and even resulting in suicide.

VI. CAUSES OF ACTION

COUNT 1 – DTPA (TEX. BUS. & COM. CODE §§ 17.41—17.63)

50. Pleading in the alternative, Plaintiffs incorporate by reference paragraphs 1 through 47 above.

51. Plaintiffs are consumers. They sought and acquired educational services from AMS relating to real estate investing (i.e., AMS seminars, events, programs, and materials), paying money to AMS in exchange for such services, in order to use the information, skills, and techniques those services were to provide to invest in real estate. At no time pertinent to this action were any of Plaintiffs business consumers with assets of \$25 million or more, or controlled by entities with assets of \$25 million or more.

52. Defendants, in marketing, selling, and providing educational goods and services to Plaintiffs, variously engaged in false, misleading, deceptive, and unfair acts, including: representing that AMS events, programs, and materials had characteristics, uses, and benefits that they did not; representing that instructors, mentors, and partners at AMS events and associated with AMS programs had approvals, affiliations, and connections they did not; representing that AMS events, programs, and materials were of a higher standard, quality, and grade than they were; advertising AMS events, programs, and materials with the intent not to sell them as advertised; making false or misleading statements of fact concerning price reductions relating to AMS events, programs, and materials; and representing the Triple Your Money Back Limited Guarantee conferred rights and remedies to students it did not.

53. Defendants also engaged in a course of conduct that took advantage of Plaintiffs' lack of knowledge, experience, and capacity concerning the real estate market, educational and professional services, financial products, and construction to a grossly unfair degree in marketing, selling, and providing educational services to Plaintiffs.

54. Defendants' conduct was the producing cause of Plaintiffs' injury, which resulted in the damages to Plaintiffs described herein. Such damages encompass, among other things, the amounts Plaintiffs paid for AMS events, programs, and materials, expenses students incurred attending AMS events, and mental anguish suffered as a result of Defendants' acts.

55. None of Plaintiffs' claims relate to the execution of a written contract regarding a transaction, project, or set of transactions concerning the same project involving total consideration by him or her of more than \$100,000 and that was negotiated by an attorney.

56. Similarly, none of Plaintiffs' claims involve a transaction, project, or set of transactions regarding the same project for total consideration by him or her of more than \$500,000.

57. In engaging in the false, misleading, deceptive, unfair, and unconscionable conduct they did, Defendants acted "knowingly" and/or "intentionally," as those terms are defined in the DTPA.

58. It was impracticable for Plaintiffs to comply with the DTPA's written notice requirements, because they needed to file this suit to prevent the expiration of the statute of limitations. Therefore, such written notice was not required. Further, Defendants were on notice during the pendency of the federal action of the claims and allegations against them concerning false, misleading, deceptive, unfair, and unconscionable conduct.

59. Plaintiffs, moreover, are entitled to an extension of the limitations period of up to 180 days pursuant to the DTPA, as they were delayed in bringing this action by Defendants knowingly engaging in conduct that was solely calculated to induce Plaintiffs to refrain from, or postpone, filing suit.

COUNT 2 – Negligence

60. Pleading in the alternative, Plaintiffs incorporate by reference paragraphs 1 through 57

above.

61. Defendants owed Plaintiffs a duty to use reasonable care in providing their services and not self-deal for their own benefit. Defendants also had a special relationship with Plaintiffs, because Montelongo encouraged Plaintiffs to treat him and his employees, who are also employees of the entity Defendants, as mentors, and to put trust in Defendants' superior expertise in real estate investment.

62. Defendants breached their duties to Plaintiffs. They charged Plaintiffs thousands of dollars (and frequently tens of thousands of dollars) for real estate investment education, but did not use reasonable care to ensure that the AMS seminars and events gave Plaintiffs the skills necessary to succeed "in any financial market, at any given time," as Defendants promised; failed to use reasonable care to avoid engaging in self-dealing; knew or should have known, but failed to warn Plaintiffs, that the individuals and entities with whom Defendants recommended Plaintiffs do business were likely to cause harm to Plaintiffs through incompetence or intentional misconduct; and failed to use reasonable care to ensure that Plaintiffs received the promised services at all.

63. Defendants' conduct has damaged Plaintiffs as described herein.

64. Montelongo and the other Defendants' breaches of their duties proximately caused Plaintiffs' injuries.

65. Plaintiffs seek millions of dollars in damages, above and beyond the jurisdictional limits of this court.

COUNT 3 – Negligent Misrepresentation

66. Pleading in the alternative, Plaintiffs incorporate by reference paragraphs 1 through 63 above.

67. Defendants owed Plaintiffs a duty to use reasonable care in representing their products and services. Defendants also had a special relationship with Plaintiffs, because Montelongo encouraged Plaintiffs to treat him and his employees, who are also employees of the entity Defendants, as mentors, and to put trust in Defendants' superior expertise in real estate

investment.

68. Defendants represented to Plaintiffs that the AMS seminars, events, and related products would give them the skills necessary to succeed “in any financial market, at any given time,” that the properties sold by Defendants at their events were good investment opportunities, and that the individuals and entities with whom Defendants recommended Plaintiffs do business were skilled in their respective fields and trustworthy.

69. Defendants failed to disclose to Plaintiffs that the AMS seminars were not genuine educational offerings, but instead ruses to sell more seminars and products; that the properties sold at Defendants’ events were owned by Defendants or others in league with them, and were being offered at prices that made them poor investment opportunities; and that they knew or should have known of the risks that the AMS allies to whom they referred the students were likely to harm Plaintiffs through incompetence or intentional misconduct. The truth of these matters were material facts that, had they been disclosed to Plaintiffs, would have prevented Montelongo and the other Defendants from engaging in their improper sales tactics, self-dealing, and referrals to their allies at the expense of Plaintiffs.

70. Defendants made the false representations, affirmatively and by omission, in the course of Defendants’ businesses and in transactions in which Defendants had pecuniary interests, and supposedly for the guidance of Plaintiffs in their real estate activities, investments, and financial transactions. Defendants’ misrepresentations were concerted tactical and specific failures to disclose information when Defendants had a duty to do so.

71. Defendants did not exercise reasonable care or competence in obtaining or communicating the information they presented to Plaintiffs.

72. Plaintiffs justifiably relied on Defendants’ false information and false representations by enrolling in and paying for Defendants’ phony and fraudulent programs, unknowingly participating in financial and real estate transactions in which Defendants were engaged in self-dealing, and engaging in transactions with individuals and businesses they did not know were likely to cause them harm.

73. Montelongo's and the other Defendants' false information and false representations proximately caused, continue to cause, and will continue to cause the injuries and damages to Plaintiffs specifically pled in this complaint, which damages are above and beyond the jurisdictional limits of this court.

VII. REQUEST FOR DISCLOSURE

74. Under the provisions of Texas Rule of Civil Procedure 194, Plaintiffs request that Defendants disclose, within 50 days of the service of this request, the information or material described in Rule 194.2.

VIII. JURY TRIAL IS DEMANDED

75. Plaintiffs demand a jury trial and tender the appropriate fee with this petition.

X. PRAYER

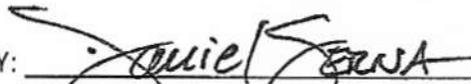
76. WHEREFORE, PREMISES CONSIDERED, Plaintiff prays this Court to grant all relief requested herein, and all such other and further relief, in law or in equity, to which Plaintiffs may show themselves to be justly entitled, including:

- a. Monetary damages in the amount of at least \$15,000,000;
- b. Mental anguish damages pursuant to the DTPA, as Defendants acted knowingly and/or intentionally;
- c. Treble economic damages in accordance with the DTPA, as Defendants acted knowingly;
- d. Treble economic and mental anguish damages pursuant to the DTPA, as the Defendants acted intentionally;
- e. Attorneys' fees under the DTPA.

Respectfully submitted,

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