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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION**

IN RE WOODBRIDGE  
INVESTMENTS LITIGATION

Case No. 2:18-cv-00103-DMG (MRWx)

**FIRST AMENDED  
CONSOLIDATED CLASS ACTION  
COMPLAINT**

DEMAND FOR JURY TRIAL

REDACTED VERSION - FILED  
UNDER SEAL PURSUANT TO  
COURT'S ORDERS OF OCTOBER 1  
AND DECEMBER 5, 2019 [DOC. ## 89,  
118]

1 Plaintiffs Mark Baker, Jay Beynon Family Trust DTD 10/23/1998, Alan and  
2 Marlene Gordon, Joseph C. Hull, Lloyd and Nancy Landman, Albert M. and Freda B.  
3 Lynch, Robert J. Prince, and Lilly A. Shirley on behalf of themselves and all others  
4 similarly situated, allege as follows against Defendant Comerica Bank (“Comerica”).

5 **I. SUMMARY OF THE ACTION**

6 1. This case arises out of a massive, multi-year Ponzi scheme operated by  
7 Robert H. Shapiro through a series of entities purportedly operating as a real estate  
8 investment company (collectively, “Woodbridge”). Plaintiffs invested in securities  
9 offered by Woodbridge. Woodbridge’s owner and operator, Robert H. Shapiro,  
10 individually and through his affiliates, marketed promissory notes and other offerings as  
11 low-risk, high-yield investments backed by high-interest real-estate loans to third-party  
12 commercial borrowers. But Woodbridge made very few loans to independent borrowers  
13 and had minimal revenue other than money raised from new investors. Lacking the  
14 income to pay returns owed to Plaintiffs and other investors, Shapiro paid the returns  
15 using new investor money, raising more than \$1.22 billion before the Ponzi scheme  
16 collapsed.

17 2. By December 2017, after a lengthy investigation, the SEC was on the verge  
18 of filing suit against Woodbridge and Shapiro. With his Ponzi scheme unraveling and  
19 the SEC poised to act, Shapiro caused most of the Woodbridge companies to file for  
20 bankruptcy on December 4, 2017. Shapiro was eventually charged with various federal  
21 offenses, including conspiracy to commit money laundering, and pleaded guilty in  
22 August 2019 to conspiracy to commit wire and mail fraud and tax evasion. The  
23 investors face several hundred million dollars in losses.

24 3. Woodbridge raised at least \$1.22 billion from investors—but earned only  
25 \$13.7 million in interest payments from independent borrowers. Even though it  
26 generated almost no income, Woodbridge returned \$368 million in new investor funds  
27 disguised as principal and interest to existing investors.

28 4. Comerica maintained all the Woodbridge accounts. Comerica executed

1 \$1.66 billion in transfers, exceeding 10,700 transactions, between related Woodbridge  
2 accounts. Most of these transfers involved monies swept out of investment accounts  
3 and commingled within a single operating fund. Comerica used a range of investigation  
4 and monitoring tools to detect fraud, illegal transactions, and other suspicious activities  
5 in its accounts. Woodbridge's banking activity triggered *hundreds* of internal alerts on  
6 these sophisticated monitoring systems warning Comerica of suspicious activity in  
7 Woodbridge accounts. These alerts notified Comerica of banking activity in  
8 Woodbridge accounts associated with Ponzi schemes, money laundering, and bank  
9 fraud.

10 5. Despite the alerts triggered by Woodbridge's frenzied related party transfer  
11 activity—itself a significant marker of fraud—Comerica bankers repeatedly signed off  
12 on the transfers as consistent with Woodbridge's business model, even after these  
13 systems showed that state regulators had fined Woodbridge for selling unregistered  
14 securities and ordered it to cease its operations. At least one alert triggered by  
15 Woodbridge was escalated to Comerica's President of Community Banks, who ordered  
16 that no further action be taken. The Texas Securities Commission notified Comerica  
17 that it had sanctioned Woodbridge. Comerica continued servicing the Woodbridge  
18 accounts. Even news of a pending SEC investigation of Woodbridge did not deter  
19 Comerica from continuing to accept investors funds and carry out transfer orders at  
20 Shapiro's direction.

21 6. The only business model consistent with Woodbridge's banking activity  
22 was—as Comerica's own internal systems repeatedly warned—the operation of a Ponzi  
23 scheme. Had Woodbridge operated a legitimate business, Comerica would have  
24 processed deposits of investor funds into accounts associated with discrete offerings,  
25 executed transfers from those accounts to make loans to borrowers and pay overhead  
26 expenses, received incoming payments of interest from borrowers, and processed  
27 checks drawn on the surplus to pay returns to investors. Comerica instead received  
28 hundreds of large round number deposits of new investor funds; executed transfers

1 comingling funds between and among separate Woodbridge affiliates; serviced “pass  
2 through” accounts, which began and ended each month with a similar balance but had  
3 tens of millions in interim activity; carried out large and numerous transactions with  
4 attorney trust accounts; processed millions in transfers from investor accounts to  
5 Shapiro’s spouse; facilitated the dissipation of millions in investor funds on luxury  
6 goods and private jet travel; and processed thousands of outgoing checks each month  
7 (each personally signed by Shapiro) to pay interest and principal to earlier investors.

8 7. Early on, Comerica identified Shapiro and Woodbridge a high-value  
9 relationship. Woodbridge was a lucrative customer for Comerica’s Studio City branch,  
10 generating fees through high frequency transfers, overdrafts, and other services.  
11 Woodbridge also maintained substantial balances. Comerica employees abandoned any  
12 pretense of objectivity in their dealings with Woodbridge, and assumed *a priori* that  
13 Woodbridge and Shapiro could do no wrong. Faced again and again with conduct that  
14 had no plausible explanation other than fraud, Comerica simply chose to preserve and  
15 prioritize its role as the depository for Woodbridge and Shapiro, continued to provide  
16 Shapiro critical banking services and facilitated his theft of millions in investor funds.

17 8. Comerica is liable to Plaintiffs and the other investors—who seek damages  
18 through this action—by consequence of its actual knowledge of and substantial  
19 assistance to the Woodbridge Ponzi scheme.

## 20 **II. PARTIES AND RELEVANT NON-PARTIES**

### 21 **A. Plaintiffs**

22 9. Plaintiff Mark Baker is a citizen of Florida residing in Weston, Florida. Mr.  
23 Baker invested more than \$400,000 in Woodbridge First Position Commercial Mortgage  
24 (FPCM) promissory notes and/or fund equity units directly with Woodbridge across  
25 multiple funds.

26 10. Plaintiff Jay Beynon Family Trust DTD 10/23/1998 is a California entity  
27 located in El Segundo, California. The Beynon Trust invested \$500,000 in FPCM  
28 promissory notes.

1           11. Plaintiffs Alan and Marlene Gordon are citizens of Florida residing in  
2 Sunrise, Florida. The Gordons jointly invested a total of \$200,000 in FPCM promissory  
3 notes and/or fund equity units directly with Woodbridge across multiple funds. Marlene  
4 Gordon, acting as Trustee and with durable power of attorney for the Evelyn & Carl  
5 Newmark Trust, also invested another \$100,000 in the name of that trust.

6           12. Plaintiff Joseph C. Hull is a citizen of Pennsylvania residing in Media,  
7 Pennsylvania. Mr. Hull invested a total of \$950,000 in FPCM promissory notes and/or  
8 fund equity units directly with Woodbridge across multiple funds.

9           13. Plaintiffs Lloyd and Nancy Landman are citizens of Nevada residing in Las  
10 Vegas, Nevada. The Landmans jointly invested a total of \$50,000 in FPCM promissory  
11 notes and/or fund equity units directly with Woodbridge across multiple funds.

12           14. Plaintiffs Albert M. Lynch and Freda B. Lynch are citizens of South  
13 Carolina who reside in Spartanburg, South Carolina. Mr. and Mrs. Lynch invested  
14 \$200,000 in FPCM promissory notes and/or Woodbridge fund equity units.

15           15. Plaintiff Robert J. Prince is a citizen of Pennsylvania residing in West  
16 Chester, Pennsylvania. Mr. Prince invested a total of \$820,000 in FPCM promissory  
17 notes and/or fund equity units directly with Woodbridge across multiple funds.

18           16. Plaintiff Lilly A. Shirley is a citizen of Tennessee residing in Harriman,  
19 Tennessee. Ms. Shirley invested a total of \$529,510 in FPCM promissory notes and/or  
20 fund equity units directly with Woodbridge.

21           17. Woodbridge represented to all Plaintiffs that their investments were loans to  
22 Woodbridge, for which Woodbridge would grant them security interests in, *inter alia*,  
23 Woodbridge's right, title, and interest in the underlying mortgage loan, and the  
24 promissory note evidencing the mortgage loan and represented that fund equity units  
25 were only being sold to "accredited investors." Woodbridge further represented to  
26 Plaintiffs that they would have "good and marketable title" to Woodbridge's underlying  
27 loans to the purported third-party buyers; that their funds would be used to offer loans  
28 for commercial real estate to third-party buyers; that they would have a recorded first-

1 lien position in the properties; that their interest payments would be made from the  
2 interest payments made by the buyers; and that their investments were secured by the  
3 collateral for the underlying loan. None of these representations were true when made.

4 18. At no time did Comerica, Shapiro, Woodbridge, or any agent or employee  
5 thereof inform Plaintiffs that their funds would be allocated for purposes not authorized  
6 by them. Nor did Comerica, Woodbridge, or Shapiro, or any other representative or  
7 agent thereof disclose to Plaintiffs that their investments would be unsecured; that their  
8 money would not be used for loans to third-party buyers in an arm's-length transaction;  
9 that the purported third-party borrowers would not pay interest on the "loans"; that the  
10 investments were not actually for the purchase of membership "units" in any particular  
11 investment fund; that their investments would be commingled with other investors'  
12 funds and used in furtherance of the Woodbridge Ponzi scheme; or that Woodbridge was  
13 a criminal enterprise.

14 19. If any of these facts had been disclosed to Plaintiffs, they would not have  
15 invested their money with Woodbridge.

16 20. Plaintiffs first learned that Woodbridge was not a legitimate investment  
17 concern after Woodbridge declared bankruptcy in December 2017.

18 **B. Defendant**

19 21. Defendant Comerica Bank is a Texas banking association with its principal  
20 place of business in Dallas, Texas.

21 22. Comerica Bank is chartered by the State of Texas and subject to supervision  
22 and regulation by the Texas Department of Banking under the Texas Finance Code.  
23 Comerica Bank is also a member of the Federal Reserve System under the Federal  
24 Reserve Act, and its deposits are insured by the Federal Deposit Insurance Corporation  
25 (FDIC). Comerica is thus subject to federal laws and regulations promulgated by the  
26 Federal Reserve System and the FDIC.

27 23. All Woodbridge bank accounts were maintained at Comerica.

28 24. Comerica Bank is a subsidiary of Comerica Incorporated, which is

1 incorporated under Delaware law and headquartered in Dallas, Texas. According to  
2 Comerica Incorporated’s Form 10-K filed with the SEC for 2019, “[b]ased on total  
3 assets . . . it was among the 25 largest commercial United States financial holding  
4 companies.”

5 25. As Comerica Incorporated acknowledged in its 2019 Form 10-K, it and its  
6 subsidiaries are subject to United States anti-money laundering laws and regulations.  
7 Comerica represents on its website that it “complies with the Bank Secrecy Act (BSA)  
8 and USA PATRIOT Act requirements.”

9 **C. Relevant Non-Parties**

10 26. Robert H. Shapiro served as Woodbridge’s CEO. At all relevant times,  
11 Shapiro controlled the Woodbridge entities and was the sole signatory on Woodbridge’s  
12 bank accounts at Comerica.

13 27. Woodbridge Group of Companies, LLC was a financial company based in  
14 Sherman Oaks, California. Formed in 2014, it functioned as the main company through  
15 which Shapiro operated the Woodbridge Ponzi scheme during the relevant time period.

16 28. WMF Management, LLC was a California LLC controlled by Shapiro.  
17 WMF is a holding company for companies Shapiro controlled and operated, which  
18 include Woodbridge Group of Companies, LLC, Woodbridge Mortgage Investment  
19 Fund 1, LLC, Woodbridge Mortgage Investment Fund 2, LLC, Woodbridge Mortgage  
20 Investment Fund 3, LLC, Woodbridge Mortgage Investment Fund 3A, LLC,  
21 Woodbridge Mortgage Investment Fund 4, LLC, Woodbridge Commercial Bridge Loan  
22 Fund 1, LLC, and Woodbridge Commercial Bridge Loan Fund 2, LLC.

23 **III. JURISDICTION AND VENUE**

24 29. This Court has subject matter jurisdiction over all claims in this action  
25 pursuant to the Class Action Fairness Act, 28 U.S.C. § 1332(d)(2), because Plaintiffs and  
26 Comerica are citizens of different states, the total amount in controversy exceeds \$5  
27 million, excluding interest and costs, and the class contains more than 100 members.

28 30. This Court has subject matter jurisdiction over Plaintiffs’ individual claims

1 under 28 U.S.C. § 1332(b) based on diversity of citizenship. The amounts in  
2 controversy for Plaintiffs' individual claims exceed \$75,000, exclusive of interest and  
3 costs.

4 31. The Court has personal jurisdiction over Comerica because it aided and  
5 abetted Shapiro's Ponzi scheme and misappropriation of investor funds in California.  
6 Shapiro was a resident of Sherman Oaks, California, where Woodbridge was based and  
7 had employees. Comerica's Studio City, California branch office opened, maintained  
8 and serviced the Woodbridge accounts at issue. During the relevant time period,  
9 Comerica employees at that branch repeatedly visited Woodbridge's office in Sherman  
10 Oaks. A substantial portion of the residential and commercial properties Woodbridge  
11 purchased using investor funds are located in the Los Angeles area.

12 32. Venue is proper in this District under 28 U.S.C. § 1391 because Comerica is  
13 subject to personal jurisdiction in this District for the claims alleged and a substantial  
14 part of the events and omissions giving rise to these claims occurred in this District.

#### 15 **IV. RELEVANT BANKING REGULATIONS**

16 33. Federal law requires banks to know their customers and understand their  
17 customers' banking behavior. Under applicable regulations, a bank must maintain  
18 procedures that allow it to "form a reasonable belief that it knows the true identity of  
19 each customer." 31 C.F.R. §§ 1020.220(a)(1), (2). Thus, banks are required to collect  
20 information about the holder of each account. Where an entity opens an account, the  
21 bank must obtain information concerning the individuals who control the account.

22 34. The Financial Industry Regulatory Authority (FINRA) likewise imposes  
23 know-your-customer requirements and mandates "reasonable diligence, in regard to the  
24 opening and maintenance of every account," including the obligation "to know (and  
25 retain) the essential facts concerning every customer and concerning the authority of  
26 each person acting on behalf of such customer."

27 35. Comerica is obligated to comply with the Bank Secrecy Act (BSA), 12  
28 C.F.R. § 21.21, including regulations broadening its anti-money laundering provisions.



1           36. The BSA requires Comerica to develop, administer, and maintain a program  
2 to ensure compliance. The program must be approved by the bank's board of directors  
3 and noted in the board meeting minutes. It must: (1) provide for a system of internal  
4 controls to ensure ongoing BSA compliance, (2) provide for independent testing of the  
5 bank's compliance, (3) designate an individual to coordinate and monitor compliance,  
6 and (4) provide training for appropriate personnel.

7           37. Comerica also must develop a customer due diligence program to assist in  
8 predicting the types of transactions, dollar volume, and transaction volume each  
9 customer is likely to conduct, thereby providing the bank with a means for identifying  
10 unusual or suspicious transactions for each customer. The customer due diligence  
11 program allows the bank to maintain awareness of the financial activity of its customers  
12 and the ability to predict the type and frequency of transactions in which its customers  
13 are likely to engage.

14           38. Customer due diligence programs should be tailored to the risk presented by  
15 individual customers, such that the higher the risk presented, the more attention is paid.  
16 Where a customer is determined to be high risk, banks should gather additional  
17 information about the customer and accounts, including determining: (1) purpose of the  
18 account; (2) source of funds; (3) proximity of customer's residence to the bank; and (4)  
19 explanations for changes in account activity.

20           39. Additionally, Comerica must designate a BSA compliance officer who is a  
21 senior bank official responsible for coordinating and monitoring compliance with the  
22 BSA. The compliance officer must, in turn, designate an individual at each office or  
23 branch to monitor the bank's day-to-day BSA compliance.

24           40. The federal government established the Federal Financial Institutions  
25 Examination Council (FFIEC) in 1979 to prescribe uniform principles, standards, and  
26 report forms and to promote uniformity in the supervision of financial institutions. The  
27 FFIEC's Bank Secrecy Anti-Money Laundering Manual (FFIEC Manual) summarizes  
28 BSA and anti-money laundering compliance program requirements, risks and risk

1 management expectations, industry sound practices, and examination procedures. The  
2 FFIEC Manual is based on BSA laws and regulations and BSA and anti-money  
3 laundering directives issued by federal banking agencies, such as the Federal Reserve,  
4 the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of  
5 Currency. *See* FFIEC BSA/AML Examination Manual, at p. 5 (2010).

6 41. Banks must also ensure that their employees follow BSA guidelines. Banks  
7 make compliance a condition of employment and incorporate compliance with the BSA  
8 and its implementing regulations into job descriptions and performance evaluations.  
9 Banks are therefore required to train all personnel whose duties may require knowledge  
10 of the BSA on that statute’s requirements.

11 42. Banks and their personnel must be able to identify and take appropriate  
12 action once put on notice of any of a series of money laundering “red flags” set forth in  
13 the FFIEC BSA/AML Examination Manual. These red flags include: (1) repetitive or  
14 unusual fund transfer activity; (2) fund transfers sent or received from the same person  
15 to or from different accounts; (3) transactions inconsistent with the account holder’s  
16 business; (4) transfers of funds among related accounts; (5) depositing of funds into  
17 several accounts that are later consolidated into a single master account; (6) large fund  
18 transfers sent in round dollar amounts; (7) multiple accounts established in various  
19 corporate names that lack sufficient business purpose to justify the account complexities;  
20 (8) multiple high-value payments or transfers between shell companies without a  
21 legitimate business purpose; (9) payments unconnected to legitimate contracts or  
22 revenue sources; (10) fund transfers containing limited content or related party  
23 information; (11) transacting businesses sharing the same address; and (12) an unusually  
24 large number of persons or entities receiving fund transfers from one company.

25 43. The FFIEC Manual identifies “lending activities” and “nondeposit account  
26 services”—including nondeposit investment products—as services requiring enhanced  
27 due diligence and carrying a high risk of money laundering because they facilitate a  
28 higher degree of anonymity and involve high volumes of currency. Thus, the FFIEC

1 Manual requires heightened due diligence on the part of banks when such services occur,  
2 including determining the purpose of the account, ascertaining the source and funds of  
3 wealth, identifying account control persons and signatories, scrutinizing the account  
4 holders' business operations, and obtaining explanations for account activity.

## 5 **V. FACTUAL ALLEGATIONS**

### 6 **A. The Woodbridge Investment Scheme**

7 44. Woodbridge raised more than \$1.22 billion from over 8,400 investors  
8 nationwide. At least 2,600 of these investors used their individual retirement account  
9 funds to invest nearly \$400 million.

10 45. Beginning in or about July 2012 through at least December 4, 2017, Shapiro  
11 orchestrated a Ponzi scheme through the Woodbridge entities. Woodbridge eventually  
12 employed as many as 140 people in offices in several states. Shapiro was the sole owner  
13 and maintained exclusive operational control over Woodbridge and each of its affiliates.

14 46. Woodbridge raised money by borrowing funds in connection with  
15 promissory notes that investors purchased and through private placement subscription  
16 arrangements under which investors purchased units in Woodbridge funds. The  
17 promissory notes, referred to in this complaint as FPCMs or FPCM notes—short for  
18 First Position Commercial Mortgages—typically had a term of 12-18 months and were  
19 marketed as paying a 5%-8% annual return on a monthly basis. Woodbridge's  
20 subscription offerings—the “Fund Offerings”—typically had a five-year term and were  
21 marketed as paying a 6%-10% annual return on a monthly basis and, at the end of five  
22 years, a 2% accrued dividend and share of the profits. None of the Woodbridge  
23 offerings were registered under federal or state securities laws.

24 47. Woodbridge relied in part on a network of hundreds of external sales agents  
25 to solicit investments from the public through television, radio, and newspaper  
26 advertising, cold calling, social media, websites, seminars, and in-person presentations.  
27 Virtually none of these sales agents were registered with any regulatory agency.

28 48. The purported revenue source enabling Woodbridge to pay returns to

1 investors was the interest a Woodbridge affiliate would be receiving on loans to third-  
2 party owners of commercial real estate. Woodbridge represented to investors that its  
3 affiliate would raise money from investors and lend it to a third-party borrower for a  
4 short term, and for only about two-thirds of the value of the real estate securing the  
5 transaction, thereby ensuring that the “properties that secure the mortgages are worth  
6 considerably more than the loans themselves at closing.” According to a Woodbridge  
7 FAQ document, “[y]our loan is secured by a hard asset collateral—the property itself.”  
8 Woodbridge further represented to investors that it conducted all due diligence,  
9 including title search and appraisal, on the commercial property and borrower.  
10 Woodbridge also represented that after one year, the third-party borrower would be  
11 obligated to repay Woodbridge the principal amount of the loan and that in the event of  
12 default Woodbridge had the option of foreclosing on the property to recover the full  
13 amount owed.

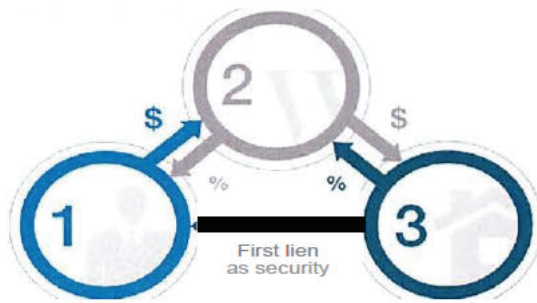
14 49. Woodbridge told investors that the third-party borrowers were paying it 11-  
15 15% in annual interest for “hard money” loans. The borrowers, Woodbridge told  
16 investors, were bona fide commercial property owners who could not obtain traditional  
17 loans and were willing to pay higher interest rates for short-term financing. Woodbridge  
18 told FPCM investors that their returns would be derived from those interest payments,  
19 falsely promising the investors a pro rata first-position “lien” interest in the underlying  
20 properties: “If you have a first position, that means you have priority over any other liens  
21 or claims on a property if the property owner defaults.” In the offering memoranda for  
22 the Fund Offerings, Woodbridge represented to investors that their funds would be used  
23 for real estate acquisitions and investments, including in Woodbridge’s FPCMs.  
24 Woodbridge instead used the incoming funds for a range of unauthorized purposes,  
25 including paying other investors’ returns.

26 50. Woodbridge also told investors that it had another revenue source from  
27 “flipping” properties, i.e., buying them to develop and then sell for a profit.  
28

1 51. Woodbridge’s marketing materials contained the following graphic  
2 regarding the FPCMs:

3 **Now is the time to forego**  
4 **old-fashioned**  
5 **wealth-building solutions.**

6 Woodbridge Wealth wants to help you  
7 diversify your portfolio by participating  
8 in the real estate revolution. What  
9 does that look like?



<p>16 <b>1 Private Lender</b> 17 You lend money 18 to Woodbridge 19 for 1 year, and 20 receive 5% monthly 21 interest payments.</p>	<p>22 <b>2 Woodbridge Wealth</b> 23 Woodbridge funds 24 the real estate 25 property loan, and 26 receives payments 27 from the owner.</p>	<p>28 <b>3 Real Estate Property</b> The property owner makes payments to Woodbridge and you receive the first lien position as a security.</p>
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Let us help you protect your retirement funds from market volatility. We succeed when you succeed. It's that simple.

23 52. Similarly, Woodbridge’s marketing materials stated that it “receives the  
24 mortgage payments directly from the borrower, and Woodbridge in turn delivers the  
25 loan payments to you under your first position documents.” That statement was false.  
26 Contrary to Woodbridge’s representations, almost all of the purported third-party  
27 borrowers—the “owner” and “property owner” in parts 2 and 3 of the above marketing  
28 graphic—were hundreds of *Shapiro*-owned and -controlled LLCs with no bank account

1 or source of income, and which never made any loan payments to Woodbridge.

2 53. Shapiro supported Woodbridge’s business almost entirely by raising new  
3 investor funds and using them to pay returns to existing investors. Woodbridge raised at  
4 least \$1.22 billion from FPCM and Fund Offering investors but issued only around \$675  
5 million in “loans” for real estate purportedly securing the investments. Instead of  
6 generating the promised 11-15% interest, the loans generated only \$13.7 million from  
7 third-party borrowers—far less than required to operate Woodbridge’s business and pay  
8 returns owed to investors. Notwithstanding this shortfall, Woodbridge paid investors  
9 more than \$368 million in interest, dividends, and principal repayments. Woodbridge  
10 spent another \$172 million on operating expenses, including \$64.5 million for sales  
11 commissions and \$44 million for payroll, and \$21.2 million to finance Shapiro’s lavish  
12 lifestyle.

13 54. To sustain these Woodbridge operations, Shapiro needed a continuous  
14 infusion of new investor funds as well as for existing FPCM investors to roll over their  
15 investments at the end of their terms (ideally into longer-term Fund Offerings) so that  
16 Woodbridge could avoid repaying the principal.

17 55. To generate the large volume of investor funds needed to sustain the  
18 Woodbridge operations, Woodbridge promoted the FPCM notes by offering incentives,  
19 such as cash bonuses, to brokers who recommended these investments to their clients.  
20 Woodbridge also established a program called “Pass It On” through which brokers were  
21 encouraged to inform their colleagues about the FPCM notes. Under that program, a  
22 referring broker would earn 25 basis points on each FPCM sale closed by a broker  
23 whom he or she referred.

24 56. On December 1, 2017, still owing more than \$961 million in principal to  
25 investors, Woodbridge missed its first interest payments to investors. On December 4,  
26 2017, Shapiro caused most of his companies to declare Chapter 11 bankruptcy.

1           **B. Comerica Aided, Abetted and Culpably Participated in the**  
2           **Woodbridge Fraud.**

3           57. Comerica's actions and inaction<sup>1</sup> were integral to Shapiro's scheme to  
4 defraud investors. It was through Comerica account transactions that Shapiro applied  
5 new investor funds to pay existing investor returns, disbursed investor funds to his wife  
6 and her company, and spent millions in investor funds for his own personal enjoyment.

7           58. Shapiro could not have carried out his scheme without first raising a large  
8 amount of funds from investors and then depositing and transferring those funds among  
9 bank accounts to conceal that Woodbridge was raising more money than the underlying  
10 properties and pledged collateral could support. Shapiro's use of Comerica accounts to  
11 shuffle money through a tangle of affiliated entities enabled him to use new money to  
12 pay older investors, in classic Ponzi fashion, instead of funding payments with interest  
13 earned from bona fide third-party mortgages. Shapiro made no effort to hide his misuse  
14 of investor funds from Comerica.

15                   **1. Comerica Was Motivated to Keep Woodbridge as a Customer**  
16                   **and Gave It Special Treatment.**

17           59. Comerica had a substantial financial interest in continuing to service the  
18 activity in the Woodbridge accounts. Approximately \$1.66 billion flowed through  
19 Woodbridge's accounts at Comerica. Comerica executed more than 11,000 transactions  
20 on the Woodbridge accounts, and the continuous activity in Woodbridge accounts made  
21 Woodbridge a highly profitable customer for Comerica.

22           60. Comerica further profited off its Woodbridge accounts by charging  
23 overdraft fees when, as happened periodically, an account became overdrawn, leading  
24 to dozens of overdraft charges. Comerica negotiated away portions of these charges,  
25 with the local branch manager playing the role of "good cop" and promising to  
26 negotiate on Shapiro's behalf with the "bad cops" beyond the branch office.

27 \_\_\_\_\_  
28 <sup>1</sup> Plaintiffs' claims are not predicated in whole or in part on whether Comerica filed or  
failed to file a Suspicious Activity Report (SAR) under the Bank Secrecy Act.

1           61. Comerica also profited from the Woodbridge accounts by investing money  
2 on deposit in them.

3           62. Comerica's branch in Studio City, California had a particularly strong  
4 interest in maintaining Shapiro as a bank customer. Shapiro opened nearly two dozen  
5 accounts at Comerica through its Studio City branch.

6           63. Shapiro and his staff developed a close relationship with the Studio City  
7 branch staff, including manager [REDACTED] and assistant manager [REDACTED].  
8 As early as February 2012, Comerica's Studio City branch staff paid visits to  
9 Woodbridge's offices to conduct business. In internal communications, these and other  
10 Comerica employees stressed the importance of maintaining Shapiro's goodwill and  
11 business. As [REDACTED] explained internally in August 2017, "Mr. Shapiro is a High End  
12 Client with a large relationship with Comerica Bank."

13           64. Comerica gave Shapiro immediate access to deposited funds instead of  
14 observing the standard hold period on funds availability. Immediate access to funds  
15 was essential to the operation of the Woodbridge Ponzi scheme, as Shapiro's accounts  
16 often ran a low or negative balance. Comerica regularly approved "no hold requests"  
17 for deposits, often of tens of thousands of dollars or more, made to Woodbridge  
18 accounts.

19           65. Even when Comerica's automated systems were unable to accommodate  
20 Shapiro's banking orders, its staff manually approved checks Shapiro had written that  
21 otherwise would have bounced. In a September 2013 email to [REDACTED], Shapiro  
22 demanded immediate access to funds that had not yet cleared so that checks he had  
23 written would not be rejected for insufficient funds. Otherwise, Shapiro threatened,  
24 "not only will i close every account tomorrow, but i will sue the bank for damages" and  
25 "you have one hour and 45 minutes to solve this problem." [REDACTED] turned for help to  
26 several colleagues, who were unable to release the hold on the funds. She then wrote to  
27 them that she would "be monitoring the client's account tomorrow to make sure any  
28 checks that come through get paid."



1           66. Likewise, in September 2016, Shapiro demanded of [REDACTED] that she lift a  
2 hold on deposits made to a Woodbridge account “like last time where I have use of the  
3 funds today.” He also asked if he “need[ed] to move any funds around” because there  
4 were “checks on return list.”

5           67. Around June 2013, Comerica gave Woodbridge access to a special  
6 commercial banking application that Comerica had “never provided . . . to any  
7 customers,” according to the bank’s Vice President for Information Security  
8 Architecture. The application was an account access tool that expedited Shapiro’s  
9 ability to make transfers, including transfers of investor funds.

10           68. Even after the Woodbridge scheme began to unravel and was subject to  
11 increasing litigation, Comerica executives sought to assist and protect Shapiro. In  
12 November 2016, Shapiro’s attorneys at Gibson, Dunn & Crutcher LLP contacted  
13 [REDACTED], Comerica’s Executive Vice President and General Counsel for  
14 California, regarding a subpoena that would be served on Comerica by the California  
15 Department of Business Oversight for documents related to Shapiro and the  
16 Woodbridge entities. [REDACTED] assured Gibson Dunn attorney Douglas Fuchs that  
17 Comerica would inform Shapiro’s attorneys when the subpoena was received and that  
18 Comerica would also seek to provide Shapiro’s attorneys with advance copies of  
19 documents to be produced to the California authorities.

20           69. And on September 29, 2017, just days after Comerica received an SEC  
21 bulletin regarding a subpoena enforcement action against Woodbridge, Comerica  
22 personnel—including two vice presidents of AML compliance—emailed about negative  
23 news articles concerning Woodbridge. One of the AML vice presidents justified  
24 Comerica’s decision to continue servicing Woodbridge as follows: “I do not think the  
25 news feeds provide us with enough evidence to confirm that our customer is involved in  
26 a criminal enterprise.” On information and belief, Comerica never requested any  
27 justification from Shapiro for his pattern of suspicious banking activity, and there is no  
28

1 indication Shapiro ever provided false information to Comerica in response to any due  
2 diligence inquiry.

3 **2. Comerica Facilitated the Woodbridge Ponzi Scheme Despite**  
4 **Numerous Indicia of Wrongdoing by Shapiro and Woodbridge.**

5 70. Applicable banking regulations (*see supra* ¶¶ 34–44), and sound banking  
6 practice required Comerica to “know its customers”—Shapiro and Woodbridge—and  
7 maintain a customer due diligence program to predict the types and volume of  
8 transactions Shapiro and Woodbridge were likely to conduct so Comerica could identify  
9 any suspicious activity. Yet Comerica continued to provide Shapiro with the banking  
10 support and account platforms needed to carry out his scheme to defraud even after  
11 state and federal proceedings brought Woodbridge’s violations to light.

12 71. Woodbridge was required to provide Comerica with its certified articles of  
13 incorporation, government-issued business license, and financial statements. Comerica  
14 was required to understand the types of transactions a customer should, and actually  
15 does, make. Thus, at a minimum, Comerica had to assign Woodbridge a “customer risk  
16 rating,” monitor Woodbridge’s accounts for anomalous or suspicious behavior, and if  
17 such behavior became too severe, stop doing business with Woodbridge.

18 72. Comerica was required to review Woodbridge’s financial statements and to  
19 collect and review information from Woodbridge about its business operations, the  
20 source of its funds, and the purpose of its accounts.

21 73. Comerica recognized that Woodbridge’s supposed business model  
22 consisted of raising money from investors and using it to make real-estate loans to  
23 borrowers. Woodbridge would earn money based on the difference between the  
24 monthly interest rate it was charging its borrowers and the rate at which it was paying  
25 investor returns. The monthly interest payments Woodbridge received from the  
26 borrowers would supply the funds used to pay the investors.

27 74. Comerica knew that Woodbridge’s operations were not consistent with its  
28 business model. Woodbridge’s banking activity should have reflected its receipt of

1 investor funds, use of those funds make loans to borrowers, receipt of interest payments  
2 from borrowers, and use of those funds to pay returns to investors. But that was not  
3 what Comerica saw. It saw a great deal of investor money entering Woodbridge  
4 accounts—and an array of other banking activities at odds with Woodbridge’s claimed  
5 business model.

6 **a. Suspicious Transfers Between Related Accounts and Other**  
7 **Banking Activity That Was Inconsistent with**  
8 **Woodbridge’s Stated Business Model**

9 75. Comerica knew that Woodbridge deposited checks from investors into its  
10 accounts at the bank. Beyond Comerica’s “know your customer” obligations, the nature  
11 of the deposits made it clear that the money came from investors, for a specified  
12 investment purpose, and was to be used for the benefit of the investor. The checks were  
13 payable to a “Woodbridge Mortgage Investment Fund” account, with the real estate  
14 purportedly securing the investment often noted on the face of the check (e.g., the  
15 address of the commercial property that supposedly secured the investment).  
16 Comerica’s Studio City personnel also frequently communicated with Woodbridge’s  
17 controller about the need to cover payments to investors.

18 76. Instead of using the money deposited from these incoming checks to extend  
19 loans to borrowers out of the “Woodbridge Mortgage Investment Fund” account,  
20 Woodbridge transferred the investor funds into operating accounts at Comerica. From  
21 there, Woodbridge paid salaries, commissions, and bonuses to employees and sales  
22 agents—and it also made large, unexplained transfers to attorney trust accounts.

23 77. The transfer or commingling of funds among related accounts is a hallmark  
24 of a Ponzi scheme, particularly where that commingling fails to comport with a  
25 customer’s business purpose. The FFIEC Examination Manual thus identifies as red  
26 flags “[u]nusual transfers of funds [that] occur among related accounts or among  
27 accounts that involve the same or related principals.”

28 78. Shapiro pooled investor money in fund entity accounts at Comerica, then

1 commingled them into a single Woodbridge operating account under his control. This  
2 commingling of funds among Woodbridge accounts occurred on a massive scale, and in  
3 contradiction of what Comerica knew to be Woodbridge’s stated business model.

4 79. Under Woodbridge’s stated business model, an investor’s money was paid  
5 into the account corresponding to the fund offering to which that investor was investing.  
6 For example, an investment in Woodbridge’s second mortgage investment fund was  
7 deposited directly into the “Woodbridge Mortgage Investment Fund 2 LLC” account.  
8 The Woodbridge investment fund was supposed to lend that money to third-party  
9 borrowers, who would then make principal and interest payments back to the  
10 investment fund. The difference between the interest rate charged to borrowers and the  
11 interest rate paid to investors would create income. The fund would use a portion of  
12 this income for operating expenses, with the remaining income distributed as profits to  
13 investors from the fund accounts. All of this activity—investor money in, loans to  
14 borrowers out, borrower payments in, operating expenses and investor profit out—  
15 should have occurred within the investment fund account.

16 80. Instead of keeping this activity within the individual funds, Woodbridge  
17 swept investor money (and comparatively small amounts of income the fund made from  
18 legitimate borrowers) into its operating account. For example, in August 2014,  
19 Woodbridge Mortgage Investment Fund 2 received \$13,756,700.82 in investor money.  
20 \$13.63 million was swept out that month. In July 2015, Woodbridge Investment Fund  
21 3 received \$14,510,295.09 in investor money, with \$15.1 million swept out.  
22 Woodbridge would also sometimes transfer money commingled in the operating  
23 account back to the fund accounts to supplement payments to investors.

24 81. This unusual account activity occurred at a high volume on a monthly basis,  
25 throughout all investment accounts, from 2012 to 2017. In total, more than \$1.3 billion  
26 in transfers from the investment fund accounts were commingled in Woodbridge’s  
27 operating accounts, with more than \$220 million transferred back to the fund  
28 accounts—a pattern in direct conflict with Woodbridge’s business model.

1           82. This commingling of funds occurred on a daily basis and was observed by  
2 Comerica’s BSA monitor and its Studio City branch manager.

3           83. As a further example of banking activity that conflicted with Woodbridge’s  
4 business model, although one would expect to see a regular flow of mortgage interest  
5 payments from borrowers reflected in Woodbridge’s bank accounts, the accounts took  
6 in only minimal cash from actual borrowers. Comerica processed the incoming interest  
7 payments and accordingly knew that only a limited number of borrowers were making  
8 interest payments to Woodbridge. *None of the Shapiro-affiliated entities that had*  
9 *received loans was paying any interest.* Moreover, Comerica knew that the incoming  
10 interest payments to Woodbridge that it was processing did not come close to matching  
11 Woodbridge’s committed outlays and purported business operations.

12           84. Although Woodbridge raised at least \$1.22 billion from investors, most of  
13 which was allegedly secured by third-party mortgage loans, it issued only \$675 million  
14 in such loans. And, instead of generating the substantial interest promised to investors,  
15 the loans generated only around \$13.7 million from bona fide third-party borrowers—  
16 much less than required to operate Woodbridge’s business and pay returns to the  
17 investors.

18           85. A forensic accountant retained by the SEC examined Woodbridge’s bank  
19 account records and found that the transactional activity in Woodbridge’s Comerica  
20 accounts was not consistent with its purported business model.<sup>2</sup>

21           86. The forensic analysis showed that as early as the third quarter of 2012, and  
22 continuing through September 2017, Woodbridge did not generate sufficient income  
23 and continuously ran at a cash-flow deficit, which by September 2017 had increased to  
24 \$250 million.<sup>3</sup> Comerica was aware of Woodbridge’s long-term lack of profitability,  
25 and, as depository for all of Woodbridge’s revenues, Comerica saw that Woodbridge’s  
26 real-estate business had no meaningful source of incoming cash apart from investor

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27 <sup>2</sup> Declaration of Soneet R. Kapila, ¶¶ 76-78, *SEC v. Shapiro*, No. 1:17-cv-24624-MGC  
28 (S.D. Fla.), [Doc. # 36-2].

<sup>3</sup> *Id.* ¶¶ 86-88.

1 funds. Gaps in the company’s funding were covered by large, one-time “bridge loans”  
2 from wealthy individuals Shapiro had personally solicited. Shapiro deposited these  
3 cash infusions keeping Woodbridge afloat in newly opened accounts at Comerica  
4 bearing the phrase “Woodbridge Commercial Bridge Loan Fund.”

5 87. Woodbridge’s ongoing unprofitability, coupled with its suspicious banking  
6 activity, which Comerica observed, constituted a red flag.

7 88. Shapiro applied \$368 million in new investor funds to pay existing  
8 investors out of Comerica accounts.

9 89. Shapiro also applied investor funds in Comerica accounts to purchase  
10 almost 200 properties in the Los Angeles and Aspen areas for around \$675 million.  
11 The net returns from those properties were nominal, with many remaining undeveloped,  
12 vacant lots. On January 26, 2017, Shapiro emailed his chief securities salesman that  
13 “the numbers this month look awful due to lack of inventory,” suggesting that  
14 Woodbridge “take money in with property pending.” The salesman complied.  
15 Comerica ignored Woodbridge’s “awful” financial numbers and the fact that its intake  
16 of investor funds was not matched by corresponding real-estate development or lending  
17 to genuine counterparties.

18 90. The number of Comerica accounts Shapiro opened for Woodbridge and its  
19 affiliated entities was alone suspect. Woodbridge opened 23 Comerica accounts from  
20 2012 to 2017, only seven of which were needed to perform Woodbridge’s mortgage  
21 investment and commercial bridge loan activities.

22 **b. Large, Round Dollar Transactions**

23 91. The FFIEC BSA/AML Examination Manual also identifies as red flags  
24 those “fund transfers [that] are sent in large, round dollar, hundred dollar, or thousand  
25 dollar amounts.”

26 92. Comerica’s BSA monitor and its Studio City branch manager knew from  
27 monitoring and observing Woodbridge’s accounts that the overwhelming majority of  
28 transfers between the operating accounts and investment fund accounts were in large,

1 round dollar transactions—averaging in the *hundreds of thousands*.

2 93. More than 99% of the more than \$1.3 billion in transfers from investment  
3 fund accounts to operating accounts were made in round numbers that ended in “0.00,”  
4 and averaged more than \$550,000. More than 87% of the more than \$220 million  
5 transferred back to the investment funds was also sent in round numbers averaging  
6 nearly \$250,000.

7 94. The check amounts were round numbers, generally ranging from \$25,000 to  
8 \$300,000, drawn on accounts of many different individuals and entities across the  
9 country.

10 95. Thus, not only did the size and frequency of the transfers and the  
11 comingling of funds raise red flags, their round-number denominations made those red  
12 flags even more apparent.

13 **c. Pass-Through Accounts**

14 96. Shapiro’s large-scale transferring and commingling of funds also relied on  
15 another highly characteristic feature of a Ponzi scheme: “pass-through” operating  
16 accounts that experienced millions or tens of millions in monthly activity but started  
17 and ended the month with similar balances.

18 97. For example, in July 2014, a Woodbridge operating account began with a  
19 balance of approximately \$517,000. Although almost \$23 million in receipts came in,  
20 the account ended the month with a balance of just \$555,126. In February 2016, that  
21 operating account started with less than \$600,000 and saw *nearly \$48 million* come  
22 through the account, yet ended with just \$785,319. And in August 2017, that operating  
23 account ended with a *negative balance* despite more than \$45 million in receipts that  
24 month.

25 98. This pass-through activity continued each month throughout the period in  
26 which Woodbridge perpetrated its fraud. Such banking activity is generally viewed by  
27 banks and outside investigators as a primary characteristic of a Ponzi scheme or other  
28 large-scale fraud.

1 **d. Suspectiously Large and Numerous Transactions with**  
2 **Attorney Trust Accounts**

3 99. Ponzi schemes commonly rely on attorney trust accounts to evade scrutiny  
4 while commingling and misappropriating investor funds.

5 100. Comerica observed unusual transactions involving attorney trust accounts  
6 on numerous occasions but failed to take further action. These red-flag transactions  
7 were instrumental to Shapiro's fraud. Woodbridge internally recorded the attorney trust  
8 transfers as an increase in assets on the books of two separate Woodbridge entities,  
9 resulting in a fraudulent, double counting of assets. As compared to actual bank  
10 records, Woodbridge overstated its assets by \$790 million during the period from July  
11 11, 2012, to April 28, 2017.

12 101. As described in paragraphs 175 to 176 below, on or around February 28,  
13 2017, Comerica conducted a review of Woodbridge Group of Companies LLC  
14 Operating Account #8192 for the period from February 22 to February 27, 2017. A  
15 Comerica analyst noted that [REDACTED]

16 [REDACTED].  
17 The analyst noted that [REDACTED]

18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED].  
23 102. Similarly, on or around August 31, 2017, a Comerica analyst conducted a  
24 review of Woodbridge Group of Companies LLC Operating Account #8192 for the  
25 period from May 16 to August 2, 2017, [REDACTED]

26 [REDACTED].  
27 The review noted [REDACTED]  
28



1                           **e. Suspicious Disbursements, Including Personal**  
2   **Expenditures of Investor Funds Deposited in Comerica**  
3   **Accounts**

4           103. Shapiro diverted investor funds from Woodbridge's Comerica accounts for  
5 such suspicious expenditures as \$1.4 million on luxury retail purchases at stores like  
6 Chanel and Louis Vuitton, \$1.6 million on home furnishings, \$1.2 million in alimony to  
7 his ex-wife, \$340,000 on luxury cars, and \$400,000 on jewelry.

8           104. The October 2014 account statement for Woodbridge Capital Investments  
9 shows a \$53,750 wire to pay for a private jet membership.

10           105. Some of Shapiro's personal expenditures were made directly out of  
11 corporate accounts. Others were made using his wife's credit cards, and then  
12 Woodbridge investor funds were used to pay off those card balances. Shapiro diverted  
13 investor funds to pay off approximately \$9 million in credit card debt.

14           106. Shapiro's wife and her company Schwartz Media received substantial  
15 investor proceeds from Woodbridge's Comerica accounts.

16                           **f. Other Facts Within Comerica's Knowledge**

17           107. Although Woodbridge was a billion-dollar enterprise, Shapiro was the sole  
18 signatory for all Woodbridge bank accounts. And he insisted on hand-signing each and  
19 every check, whether to investors, sales agents, or others. These arrangements were  
20 highly unusual. An investment concern of Woodbridge's size normally employs a  
21 management structure with multiple executives and account signatories.

22           108. Woodbridge's bookkeeping system also was not calibrated to its large-scale  
23 fundraising activities. Instead of retaining external auditors, Woodbridge relied on  
24 controller Nina Pedersen, who worked from her home in Florida and was not a certified  
25 public accountant.

26           109. Further, Comerica knew that Shapiro and Woodbridge were never licensed  
27 by the SEC to sell securities. Non-licensure is a hallmark of a Ponzi scheme, and a red  
28 flag for banks because it suggests efforts to evade regulatory scrutiny. Comerica knew  
that Woodbridge was selling unlicensed investment products and, moreover, that state

1 authorities had sanctioned Shapiro and Woodbridge for violating securities laws.

2 **3. Comerica’s Fraud-Alert Systems Repeatedly Flagged Suspicious**  
3 **Transactions in Woodbridge Accounts, but Comerica Took No**  
4 **Action Against Woodbridge.**

5 **a. Comerica Employed Multiple Systems to Alert It to**  
6 **Suspicious Activity Requiring Review of the Woodbridge**  
7 **Accounts.**

8 110. For the duration of Shapiro’s scheme, all federally regulated financial  
9 institutions, including Comerica, were required to comply with the requirements of the  
10 Bank Secrecy Act and its implementing regulations.

11 111. Under the FFIEC Manual, previously referenced, financial institutions  
12 must: (a) institute a system of internal controls to ensure ongoing compliance with  
13 federal banking law; (b) provide independent testing of compliance; (c) designate an  
14 individual of individuals responsible for managing compliance (BSA compliance  
15 officer); and (d) train appropriate personnel.

16 112. In addition, a bank “must have a BSA/AML compliance program  
17 commensurate with its respective BSA/AML risk profile.” That is, “[t]he level of  
18 sophistication of the internal controls should be commensurate with the size, structure,  
19 risks, and complexity of the bank.”

20 113. The cornerstone of a strong Bank Secrecy Act / Anti-Money Laundering  
21 compliance program is the adoption and implementation of comprehensive customer  
22 due diligence policies, procedures, and processes for all customers, particularly those  
23 who present a heightened risk for money laundering and other types of illegal activity.  
24 Banks must develop a customer due diligence program that assists in predicting the  
25 types of transactions, dollar volume, and transaction volume each customer is likely to  
26 conduct, and which provides the bank with a way to identify unusual or suspicious  
27 transactions for each customer.

28 114. Banks such as Comerica and their personnel also must be able to identify  
and take appropriate action once put on notice of any of a series of money laundering

1 “red flags” set forth in the FFIEC Manual. *See supra* ¶ 43.

2 115. An effective customer due diligence program starts at account opening.  
3 Financial institutions should obtain information at account opening sufficient to develop  
4 an understanding of normal and expected activity for the customer’s occupation or  
5 business operations. When actual account activity is inconsistent with the account’s  
6 expected activity that was established at account opening, explanations should be  
7 obtained and enhanced due diligence should be undertaken.

8 116. As one of the 25 largest commercial financial holding companies in the  
9 United States, Comerica knew the regulatory requirements of the Bank Secrecy Act,  
10 particularly with regard to customer due diligence.

11 117. During the relevant time period, Comerica employed a range of  
12 sophisticated investigative and monitoring tools to monitor and detect indicia of fraud,  
13 illegal transactions, and other suspicious activities.

14 118. Comerica employed [REDACTED]  
15 [REDACTED]  
16 [REDACTED]

17 [REDACTED] An alert generated by this system prompted review by Comerica specialists.

18 119. The [REDACTED] system alert provided information that included event details such  
19 as [REDACTED]  
20 [REDACTED].

21 120. The information provided by the [REDACTED]  
22 [REDACTED]  
23 [REDACTED] systems.

24 i. [REDACTED]

25 121. Banks are in the unique position to detect certain financial frauds well  
26 before a fraud is discovered by the victims because the money generated by the fraud  
27 flows through the bank. This is why regulatory agencies and law enforcement task  
28 banks and other financial institutions with the responsibility to monitor customer

1 activity. When Comerica opened the Woodbridge accounts, it accepted the  
2 responsibility to monitor them.

3 122. Comerica's [REDACTED] system is a robust, multifunctional tool, which  
4 executed [REDACTED] that were designed to enable it  
5 to meet its monitoring compliance responsibilities and manage risk.

6 123. First, [REDACTED] provided [REDACTED]  
7 [REDACTED]. The [REDACTED] functions  
8 timely alerted the bank when its customers or account holders had participated in  
9 suspected illegal transactions and activities.

10 124. Second, [REDACTED] tracked [REDACTED]  
11 [REDACTED]. Information provided  
12 included the [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED].

18 125. Third, [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED].

22 126. [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED].

26 127. Finally, [REDACTED]  
27 [REDACTED]  
28 [REDACTED]

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[REDACTED]

[REDACTED].

128. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

**ii. [REDACTED]**

129. Comerica also used the [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

**iii. Investigative Databases**

130. Comprehensive due diligence to comply with monitoring responsibilities requires investigation and research into a customer when that customer applies for an account. During the relevant time period, Comerica relied on several investigative database sources, including [REDACTED].

131. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

132. [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED].

13 133. Comerica performed a [REDACTED] search on Shapiro in May 2014. That  
14 search revealed [REDACTED]  
15 [REDACTED]. Moreover, a [REDACTED] search report on  
16 Woodbridge Mortgage Investment Fund 3 LLC in September 2017 showed that [REDACTED]  
17 [REDACTED]  
18 [REDACTED].

19 134. [REDACTED], provides access to  
20 the dockets of closed and pending federal criminal and civil cases. Comerica uses  
21 [REDACTED] as an investigative tool to research civil or criminal cases against certain  
22 customers. A nationwide [REDACTED] search would have revealed that Robert Shapiro  
23 initiated voluntary chapter 7 bankruptcy proceedings in 1991. *See In re Shapiro*, 128  
24 B.R. 328 (Bankr. E.D.N.Y. 1991). During those proceedings, Shapiro admitted to  
25 transferring money overseas to hide it from creditors. The same proceedings also  
26 revealed that Shapiro had several judgments entered against him, including a 1988  
27 judgment in favor of European American Bank for \$711,381; a 1990 judgment in favor  
28 of Coreast Bank for \$303,090; and a 1990 judgment in favor of Bank Hapoalim for

1 \$481,027.

2 **iv. Other Systems**

3 135. During the relevant time period, Comerica also used other banking systems  
4 that flagged unusual activity in the Woodbridge accounts.

5 136. [REDACTED]

6 [REDACTED].  
7 137. [REDACTED]

8 [REDACTED]. They revealed  
9 [REDACTED]  
10 [REDACTED].

11 138. Comerica was alerted to various concerns and red flags with the  
12 Woodbridge accounts through [REDACTED], acting in conjunction  
13 with [REDACTED] various monitoring tools and investigative databases.

14 **b. Comerica Employed Multiple Systems to Alert It to**  
15 **Suspicious Activity Requiring Review of the Woodbridge**  
16 **Accounts.**

17 139. Comerica's internal monitoring systems were intended to, and did, alert  
18 Comerica to fraudulent activity in Woodbridge's accounts. Comerica's systems  
19 generated hundreds of alert events connected to its Woodbridge accounts. More than  
20 100 alert events were triggered for Woodbridge accounts in 2016 and 2017 alone.

21 140. Comerica analysts reviewed Woodbridge accounts in response to these  
22 alerts. These reviews included evaluation of account activity in relation to  
23 Woodbridge's stated business model and public information searches for Shapiro, the  
24 Woodbridge entities, and other individuals and entities associated with Woodbridge  
25 accounts. Even though documents produced by Comerica in the Woodbridge  
26 bankruptcy proceedings have been heavily redacted, they show account activity  
27 characteristic of a Ponzi scheme, including [REDACTED]  
28 [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED].  
4 141. Comerica analysts openly recognized and documented account activity  
5 characteristic of a Ponzi scheme, but Comerica never confronted Shapiro. Analysts  
6 often stated that suspicious activity was consistent with the Woodbridge business model  
7 (which was a Ponzi scheme) without giving any explanation for why they were  
8 overlooking all the warnings that, in combination, signaled his business model was a  
9 Ponzi scheme. Instead, to brush aside the warnings and continue business as usual, the  
10 analysts only gave a cursory account of Shapiro’s business limited to brief quotations  
11 from Woodbridge marketing materials, which, as described above, did not match up  
12 with the actual activity in the Comerica accounts. Comerica analysts also developed  
13 fanciful explanations for suspicious activity. For example, one analyst explained a  
14 [REDACTED]  
15 [REDACTED]s—as possibly “due to the time of year.” Comerica had not  
16 reason to think Woodbridge’s operations were seasonal in nature.

17 142. Knowledge of Woodbridge’s Ponzi-type behavior was not limited to  
18 isolated analysts. Reviews were escalated for approval before an alert could be closed  
19 out. On at least one occasion, the decision to halt any further action on an alert came  
20 from Comerica Vice President and President of Community Banks [REDACTED].

21 143. On or around April 23, 2014, a Comerica analyst conducted a review of  
22 Schwartz Media Buying Company account #0530 for the period of March 21 to April  
23 21, 2014. Schwartz Media was owned by Shapiro’s wife, Jeri Shapiro. The analyst  
24 observed that Schwartz Media [REDACTED]  
25 [REDACTED]  
26 [REDACTED]  
27 [REDACTED]. The analyst also investigated the  
28 Woodbridge Structured Funding account (#7690) at that time and observed that [REDACTED]



1 [REDACTED]  
2 [REDACTED] The next day, a Comerica analyst noted that account #7690 had also  
3 [REDACTED].

4 144. On or around May 19, 2014, a Comerica analyst conducted further review  
5 of accounts #7690 and #0530, along with another Woodbridge Structured Funding  
6 account, #2482. He noted that the [REDACTED]

7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]

11 [REDACTED] The analyst  
12 wrote, however, that [REDACTED]

13 [REDACTED]  
14 [REDACTED] The review notes then quoted the Woodbridge

15 website verbatim:

16 Woodbridge Investments brings together an expert team  
17 of financial professionals who are dedicated to serving  
18 our client's needs. It is our mission to educate our clients  
19 on their financial options. We help our clients decide for  
20 themselves whether to sell their future payments from  
21 structured settlements, annuities, and lottery winnings for  
22 lump-sum cash payments.

23 No further analysis of the Woodbridge business model was provided, even though this  
24 superficial quotation provides no facts or foundation to explain the suspicious related-  
25 entity transfers that Comerica, as explained above, was obligated to scrutinize as a  
26 significant red flag.

27 145. On or around March 2, 2015, a Comerica analyst evaluated six Woodbridge  
28 accounts, for which she noted that [REDACTED] ount

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED] A public database search for Shapiro, Riverdale,  
5 and several Woodbridge entities found [REDACTED]  
6 [REDACTED]—but the reviewer concluded  
7 that the information [REDACTED]

8 146. On or around February 5, 2016, an alert was triggered for the Woodbridge  
9 Group of Companies LLC Operating Account (#8192) for [REDACTED]  
10 [REDACTED]  
11 Comerica then conducted a review for the period from November 25, 2015, to February  
12 4, 2016. The reviewer noted [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]. The Jon Freis Client  
17 Trust account was used by Shapiro to effectuate the Woodbridge Ponzi scheme.  
18 Peachtree Aviation is a private jet charter that was used by Shapiro and paid for through  
19 the use of investor funds. Up and Coming Capital was identified by SEC accountant  
20 Soneet Kapila as an entity associated with Shapiro that received payments for Shapiro's  
21 benefit. The review also noted [REDACTED].

22 147. Even though the Comerica analyst observed that a [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED] and no further review was  
27 conducted.

28 148. Another alert on the same account was triggered within a few days for the

1 same account due to [REDACTED]

2 [REDACTED]  
3 [REDACTED] As a result, a  
4 further review was conducted on February 10 for the period from February 5 to 8. A  
5 Comerica analyst observed that [REDACTED]

6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED] No further review was conducted.

10 149. On or around April 15, 2016, a review was conducted of the Woodbridge  
11 Mortgage Investment Fund 3A LLC account #7897 triggered by alerts for [REDACTED]

12 [REDACTED]  
13 [REDACTED]  
14 Although the review for the period of March 14 to April 14, 2016 noted [REDACTED]

15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 150. On or around June 2, 2016, reviews were conducted for six Woodbridge  
19 accounts for the period February 22 to March 24, 2016 (Woodbridge Structured  
20 Funding LLC account #7690), March 11 to April 11, 2016 (Woodbridge Structured  
21 Funding LLC account #2482), February 22 to March 23 (Woodbridge Structured  
22 Funding LLC Special Investor Holding Account #0472), and May 1 to 31, 2016  
23 (Woodbridge Mortgage Investment Fund 1 LLC account #0647, Woodbridge Mortgage  
24 Investment Fund 2 LLC account #3483, and Woodbridge Mortgage Investment Fund 3  
25 LLC account #2992).

26 151. A Comerica analyst conducted [REDACTED]  
27 [REDACTED]  
28 [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]

5 152. On or around July 28, 2016, a Comerica analyst observed that Comerica  
6 had previously [REDACTED]  
7 [REDACTED]

8 153. On or around August 16, 2016, another analyst noted that a [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]

12 154. On or around August 17, 2016, a Comerica analyst recorded further notes  
13 about Schwartz Media and the Woodbridge entities. She observed that [REDACTED]  
14 [REDACTED]  
15 [REDACTED] and that [REDACTED]  
16 [REDACTED]

17 155. Comerica conducted a transactional review of Schwartz Media account  
18 #0530 for transactions greater than \$1000 between January 1, 2015 and August 15,  
19 2016. The review noted [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]

24 156. The analyst noted that [REDACTED]  
25 [REDACTED], including Woodbridge Structured Funding LLC (#7690), Woodbridge Group  
26 of Companies LLC (#8192) and Woodbridge Structured Settlement Investments LLC  
27 (account unspecified). She concluded, however, that [REDACTED]  
28 [REDACTED] She went on to

1 note the [REDACTED]

2 [REDACTED]  
3 [REDACTED]  
4 157. Later that day, the analyst noted that [REDACTED]

5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 158. Records indicate that the case was closed based on instructions from

10 [REDACTED]  
11 159. On or around August 1, 2016, a Comerica analyst reviewed Woodbridge  
12 Mortgage Investment Fund 3 LLC operating account #2992 for the period from June 3  
13 to July 28, 2016, after [REDACTED]

14 [REDACTED]  
15 The review noted that [REDACTED]

16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED], and the review noted that

19 [REDACTED]  
20 [REDACTED]. The review also noted [REDACTED]

21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 160. The review concluded that [REDACTED]

25 [REDACTED]  
26 [REDACTED]  
27 [REDACTED]  
28 161. On or around August 12, 2016, a Comerica analyst conducted a review of

1 the Woodbridge Group of Companies LLC Operating Account #8192 for the period  
2 from July 11 to August 11, 2016, after [REDACTED]

3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 The review observed [REDACTED]

7 [REDACTED]  
8 [REDACTED] The review noted that [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]

12 162. The review concluded that [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]

17 163. Just three days later, on or about August 15, 2016, another review was  
18 triggered for the Woodbridge Group of Companies LLC Operating Account #8192 due  
19 to [REDACTED]  
20 [REDACTED]

21 [REDACTED] The review was conducted for  
22 the period from August 11 to 12, 2016. A Comerica analyst [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]

26 164. On or around December 2, 2016, Comerica conducted an unspecified  
27 investigation related to the Woodbridge accounts. A Comerica analyst noted at the time  
28 that [REDACTED]

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[REDACTED]

165. A month later, on or around January 3, 2017, a Comerica analyst noted that

[REDACTED]

166. On or around January 9, 2017, a Comerica analyst conducted a review of the Woodbridge Mortgage Investment Fund 4 LLC account #2703 for the period from December 5, 2016 to January 5, 2017,

[REDACTED]. The review also noted [REDACTED]

The analyst escalated the review for further consideration.

167. Another Comerica analyst dismissed the relevance [REDACTED]

[REDACTED]

No further action was taken.

168. On or around January 17, 2017, a review was initiated for the Woodbridge Group of Companies LLC Operating Account for the period from December 13, 2016 to January 13, 2017 after [REDACTED]

A Comerica analyst noted that [REDACTED]

[REDACTED]

1 [REDACTED]  
2 [REDACTED]. As noted above, the use of attorney  
3 trust accounts to move and hold assets is a hallmark of Ponzi schemes.

4 169. The Comerica analyst concluded that the activity was [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED] No further action was taken.

8 170. On or around January 19, 2017, [REDACTED] of Comerica noted that  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED] No further action was taken. Again, the review did not explain how more  
15 complicated account activity justified a less thorough investigation.

16 171. On or around February 22, 2017, a Comerica analyst conducted a review of  
17 Woodbridge Group of Companies LLC Operating Account #8192 for the period from  
18 January 21, 2017 to February 21, 2017, after [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]

22 172. The review noted that [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED]  
27 [REDACTED]  
28 [REDACTED]



1 173. [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 174. Another review of account #8192 was conducted almost immediately, on or  
7 around February 28, 2017, for the period from February 22 to February 27, 2017, after

8 [REDACTED]

9 [REDACTED] A Comerica analyst noted that the [REDACTED]

10 [REDACTED]

11 [REDACTED] The analyst also noted that [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]. The review noted [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 175. Without further consideration of the Woodbridge business model, the  
23 analyst recommended closing the review because [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 176. On or around March 24, 2017, a Comerica analyst conducted a review of  
28 Woodbridge Mortgage Investment Fund 4 LLC account #2703 for the period from

1 January 23 to March 23, 2017, after [REDACTED]

2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED] The review included a description of  
5 Woodbridge Structured Funding that appears to have been taken from marketing  
6 materials:

7 Woodbridge Structured Funding, LLC is a leader in the  
8 structured funding industry. Over twenty years ago, we  
9 innovated the purchase of future payments in return for a  
10 lump-sum. Today, there are many companies out there  
11 looking to purchase structured settlements, annuities and  
12 lottery winnings, but Woodbridge Structured Funding  
13 LLC was there at the start!

14  
15 Since 1993, Woodbridge Structured Funding, LLC, its  
16 predecessor companies and founders have helped  
17 thousands of people with their lottery winnings, jackpots,  
18 structured settlements and annuities — one satisfied  
19 customer at a time. As a founder of our industry with a  
20 proven track record of success, Woodbridge Investments  
21 has turned heads on Wall Street and Main Street.

22 177. The review noted [REDACTED]

23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED].  
26 178. The Comerica analyst concluded that [REDACTED]

27 [REDACTED]  
28 [REDACTED] No explanation was

1 attempted for why the time of year would affect account activity in Woodbridge  
2 accounts. Moreover, Woodbridge Mortgage Investment Fund 4, LLC had nothing to do  
3 with Woodbridge's structured funding activities.

4 179. On or around August 31, 2017, a Comerica analyst conducted a review of  
5 Woodbridge Group of Companies LLC Operating Account #8192 for the period from  
6 May 16 to August 2, 2017, after [REDACTED]

7 [REDACTED] The analyst noted that  
8 [REDACTED]  
9 [REDACTED]

10 180. The review noted [REDACTED]  
11 [REDACTED]  
12 [REDACTED]

13 [REDACTED] Joy Gravenhorst is identified in SEC account Soneet Kapila's declaration as a  
14 recipient of payments made for the benefit of Shapiro. The analyst went on to observe  
15 that [REDACTED]  
16 [REDACTED]  
17 [REDACTED]

18 181. According to the analyst, [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]

22 [REDACTED] While the document is redacted, there is no indication Comerica  
23 took any further action on the review.

24 182. Even while numerous alerts informed Comerica of a pattern of activity with  
25 no non-fraudulent explanation, Comerica declined to stop the activity and close the  
26 accounts, as is required under banking industry standards and by the FFIEC Manual.  
27 Instead, Comerica chose to not even question Shapiro, and continued to provide him  
28 unrestricted banking services and allow him unfettered access to investor funds.

1           **C.     The Fraud Emerges**

2                   **1.     Shapiro’s Earlier Business Ventures**

3           183. Woodbridge offering materials made no mention of Shapiro’s history of  
4 failed investment schemes. Unbeknownst to investors, the Woodbridge Ponzi scheme  
5 was consistent with a pattern of unscrupulous conduct going back to the 1980s.

6           184. In 1990, Shapiro founded Dunewood Funding Corporation, a real-estate  
7 investment enterprise structured similarly to Woodbridge. Promising a high rate of  
8 return, Shapiro solicited investors to deposit money into an escrow account that would  
9 supposedly be used to purchase mortgages titled in the investors’ names. Instead,  
10 Shapiro stole the money.

11           185. In 1991, Shapiro entered involuntary Chapter 7 bankruptcy. Several  
12 Dunewood creditors pursued claims. *See In re Shapiro*, 128 B.R. 328 (Bankr. E.D.N.Y.  
13 1991). During the bankruptcy proceedings, Shapiro admitted to diverting money for  
14 personal use and transferring money overseas to hide it from creditors.

15           186. Dunewood investors also brought claims against the escrow agent for fraud,  
16 negligent misrepresentation, and breach of contract. *See Solondz v. Barash*, 225 A.D.2d  
17 996 (N.Y. App. Div. 1996) (affirming in part, and reversing in part, denial of motion for  
18 summary judgment).

19           187. Shapiro has had several judgments entered against him, such as a 1988  
20 judgment in favor of the European American Bank for \$711,397, a 1990 judgment in  
21 favor of Coreast Savings Bank for \$303,090, and another 1990 judgment in favor of  
22 Bank Hapoalim for \$481,027. Further, Shapiro has been pursued and penalized by  
23 federal and state tax authorities, who imposed liens on his properties between 1995 and  
24 2004—including eight federal tax liens that the Internal Revenue Service placed, and  
25 four state tax liens that the New York State Tax Commission placed, on Shapiro-owned  
26 properties.

27           188. Shapiro’s checkered past of fraud allegations, bankruptcy, adverse  
28 judgments, and tax liens involved precisely the type of customer information that

1 Comerica obtains through standard due diligence and monitoring and investigation tools.  
2 In August 2011, Comerica obtained a report using [REDACTED] that showed  
3 Shapiro was the president of Dunewood. The report included six-and-a-half pages of  
4 records of judgments and liens by the Internal Revenue Service, California, and New  
5 York from 1992 to 2010—the year before the report was generated.

6 189. At no point, however, did these facts lead Comerica to reconsider its view of  
7 Shapiro and Woodbridge as desirable clients or cause Comerica to stop providing  
8 services to Woodbridge. Instead, Comerica continuously maintained its relationship  
9 with Shapiro and Woodbridge despite knowing the extensive adverse judgments and  
10 liens, and even though the Woodbridge business model mirrored the Dunewood model  
11 Shapiro had previously employed to fraudulently obtain and misappropriate funds from  
12 investors.

## 13 2. State Proceedings

14 190. Beginning in 2015, Shapiro and Woodbridge came under increasing  
15 scrutiny and censure by both state and federal regulatory authorities.

16 191. Woodbridge and its affiliated entities were the subject of 25 information  
17 requests from state regulators. Five regulators—in Texas, Massachusetts, Arizona,  
18 Pennsylvania, and Michigan—issued cease-and-desist or consent orders based on  
19 Woodbridge’s securities fraud and sales of unregistered securities. Before its demise,  
20 proceedings were initiated by state regulators in Arizona, Colorado, Idaho, and Michigan  
21 against Woodbridge entities.

22 192. Woodbridge entered into consent decrees or received cease-and-desist  
23 orders demonstrating that Woodbridge was operating an illegal investment scheme.  
24 Public filings in Massachusetts, Texas, Arizona, Pennsylvania, and Michigan exposed  
25 Woodbridge’s unorthodox and unlawful business practices.

26 193. The state regulatory agencies that issued the cease-and-desist and consent  
27 orders made them available to the public through their respective websites. Comerica’s  
28 internal systems are designed to identify regulatory actions against customers. In August

1 2016, Comerica analysts, using a tool called [REDACTED]  
2 [REDACTED].  
3 Still, Comerica continued providing services to Woodbridge and maintained its view of  
4 Shapiro as a desirable client. Separately, the Texas Securities Commission employee  
5 emailed a press release directly to Comerica to notify it of regulatory sanctions entered  
6 against Woodbridge in Texas and Massachusetts.

7 **a. Massachusetts**

8 194. On May 4, 2015, the Massachusetts Securities Division entered into a  
9 consent order with Woodbridge Mortgage Investment Fund 1, LLC, Woodbridge  
10 Mortgage Investment Fund 2, LLC, and Woodbridge Mortgage Investment Fund 3,  
11 LLC.

12 195. Massachusetts charged that (1) Woodbridge failed to register the FPCM  
13 notes as securities as required by law; (2) Woodbridge did not maintain separate  
14 financial accounts for each Massachusetts investor, or a separate fund or pool, for  
15 payment of the obligations to each Massachusetts investor, instead paying investors  
16 from general corporate accounts; (3) investors relied on Woodbridge to properly value  
17 the property serving as collateral on the loan, including its potential for depreciation, to  
18 file the Massachusetts investor's security interest on local land records, and to obtain  
19 title insurance on the property; and (4) "[i]n cases where the property does not  
20 adequately collateralize the loan made by Woodbridge, Massachusetts Investors will  
21 have to rely on Woodbridge to maintain liquid cash reserves to continue making interest  
22 and principal payments despite possible loss in the value of collateral."

23 196. By operation of the Massachusetts consent order, Woodbridge was to cease  
24 and desist selling unregistered securities in the state, was censured by the Massachusetts  
25 Securities Division, rescinded the FPCM agreements with Massachusetts investors and  
26 returned their principal investments, and agreed to pay the Commonwealth of  
27 Massachusetts a \$250,000 civil penalty.  
28

1                                   **b. Texas**

2           197. On July 17, 2015, the Texas State Securities Board issued an emergency  
3 cease-and-desist order against Shapiro and Woodbridge Mortgage Investment Fund 3,  
4 LLC, among other entities.

5           198. Texas entered the following findings of fact: (1) Shapiro controlled  
6 Woodbridge; (2) the FPCM notes were not registered for sale as securities in Texas; (3)  
7 the brokers selling the FPCM notes in Texas were not registered; (4) Woodbridge and  
8 Shapiro did not take reasonable steps to verify that all of its purchasers were accredited  
9 investors; (5) Woodbridge and Shapiro failed to disclose Woodbridge's assets,  
10 liabilities, and other financial data relevant to Woodbridge's ability to pay investor  
11 returns and ultimately principal; (6) Woodbridge failed to disclose how investor funds  
12 would be held while Woodbridge attempted to raise sufficient money to fund the  
13 commercial loans; (7) Woodbridge failed to disclose the risks associated with the  
14 FPCM notes; and (8) Woodbridge failed to disclose that it had entered into a consent  
15 order with the Massachusetts Securities Division.

16           199. Texas concluded that Woodbridge and Shapiro violated state law by  
17 offering unregistered securities for sale and committing fraud in connection with the  
18 offer for sale of securities. The Texas State Securities Board accordingly ordered  
19 Woodbridge and Shapiro to stop selling the FPCM notes in Texas and to stop  
20 committing fraud in connection with the sale of the FPCM notes in Texas.

21           200. On July 22, 2015, the Texas State Securities Board emailed its news release  
22 *directly to an assistant vice president of compliance at Comerica*. The news release  
23 noted that Massachusetts regulators earlier that year had sanctioned Woodbridge for  
24 violating securities laws and ordered it to pay a \$250,000 civil penalty.

25                                   **c. Arizona**

26           201. On October 4, 2016, the Securities Division of the Arizona Corporation  
27 Commission instituted cease-and-desist proceedings against Shapiro and several  
28 Woodbridge affiliates.

1           202. Arizona charged that: (1) Shapiro controlled the Woodbridge funds; (2) if  
2 the real estate did not adequately capitalize the loans, the Woodbridge funds might not  
3 have enough liquid cash reserve to continue making investor payments; (3) investor  
4 security interests might be invalidated by the Woodbridge funds' failure to perfect the  
5 security interests; (4) the Woodbridge funds sold the FPCM notes through unregistered  
6 sales agents; (5) Woodbridge falsely told investors that "Woodbridge and its  
7 predecessors have never been found to have violated any securities law"; (6)  
8 Woodbridge sold unregistered securities in the state of Arizona, using unregistered sales  
9 agents, both in violation of Arizona law; and (7) Woodbridge committed securities  
10 fraud by failing to disclose the Massachusetts and Texas consent decrees.

11                           **d. Pennsylvania**

12           203. On April 24, 2017, the Commonwealth of Pennsylvania Department of  
13 Banking and Securities issued an order concluding that Woodbridge violated the  
14 Pennsylvania Securities Act of 1972 by offering securities through unregistered sales  
15 agents.

16           204. Instead of defending itself in litigation, Woodbridge entered into a consent  
17 decree with Pennsylvania regulators under which it was required to pay a \$30,000 fine.

18                           **e. Michigan**

19           205. On August 8, 2017, Michigan's Department of Licensing and Regulatory  
20 Affairs issued a cease-and-desist order prohibiting Woodbridge from offering or selling  
21 unregistered securities in the state or omitting material facts in connection with the sale  
22 of securities.

23           206. Following its investigation, Michigan found: (1) the FPCM notes were  
24 unregistered securities; and (2) Woodbridge described the FPCM notes as safe and low-  
25 risk, but did not provide financial information to demonstrate its ability to pay promised  
26 returns or disclose to investors that it was the subject of several cease-and-desist orders.

27           207. Michigan ordered Woodbridge to cease and desist selling unregistered  
28 securities in the state and imposed a civil fine of \$500,000.



1           208. Comerica continued to service Woodbridge despite knowing from the  
2 information it received about state enforcement proceedings that Woodbridge was  
3 engaged in an ongoing securities fraud.

4                   **3. Federal Proceedings**

5                           **a. The SEC’s Enforcement Actions**

6           209. By September 2016, the SEC had begun investigating Shapiro and  
7 Woodbridge. The SEC’s investigation focused on Woodbridge’s unregistered sale of  
8 securities and whether it was “operating a fraud on its investors.”

9           210. Woodbridge refused to cooperate with the SEC investigation. The SEC  
10 consequently brought two separate enforcement actions, one of which resulted in a  
11 motion for civil contempt.

12           211. Comerica knew about both SEC enforcement actions. On September 22,  
13 2017, a vice president of compliance at Comerica received an SEC email bulletin  
14 regarding the first action with the header “Court Orders Woodbridge Group of  
15 Companies LLC to Produce Documents to SEC.”

16           212. On November 2, 2017, the same Comerica employee received a second  
17 SEC email bulletin concerning the subpoena enforcement against Woodbridge and its  
18 related shell companies that stated, “SEC Seeks Order Against 235 Entities Affiliated  
19 with Woodbridge Group of Companies, LLC to Produce Documents to SEC.”  
20 Comerica continued to service Woodbridge in the face of the SEC investigation.

21           213. Shapiro, Woodbridge’s controller Nina Pedersen and the principal  
22 Woodbridge securities salesman refused to answer any questions at their SEC  
23 depositions in late 2017, instead invoking their rights against self-incrimination under  
24 the Fifth Amendment.

25           214. On December 20, 2017, the SEC filed a civil complaint for injunctive and  
26 other relief in the Southern District of Florida charging that Shapiro ran a “massive  
27 Ponzi scheme,” commingled investor funds, paid existing investors with money  
28 garnered from new investors, and misappropriated millions of dollars to “live[] in the

1 lap of luxury . . . spen[ding] exorbitant amounts of investor money in alarming fashion,  
2 on items such as luxury automobiles, jewelry, country club memberships, fine wine,  
3 and chartering private planes.”<sup>4</sup>

4 215. The SEC alleged that “Woodbridge’s business model was a sham”—instead  
5 of paying investor returns with interest obtained from legitimate third-party mortgages,  
6 Woodbridge and Shapiro aggressively raised funds from new investors and used those  
7 incoming funds to pay old investor returns.

8 216. The district court acted immediately on the SEC’s emergency ex parte  
9 motion for a temporary asset freeze and a sworn accounting of all Woodbridge  
10 accounts, granting the motion on December 20, 2017, and “find[ing] good cause to  
11 believe that unless immediately restrained and enjoined . . . Defendants Shapiro [and a  
12 series of Shapiro affiliates] will continue to dissipate, conceal or transfer . . . assets that  
13 are likely subject to an Order of disgorgement.”

14 217. On December 27, 2018, the district court entered final judgments against  
15 the Woodbridge entities, Shapiro, and other related parties. The Woodbridge entities  
16 were ordered to pay \$892 million in disgorgement. Shapiro was ordered to pay \$100  
17 million in civil penalties and more than \$20 million in disgorgement and prejudgment  
18 interest. There is no indication that Shapiro has the ability to make the court-ordered  
19 payments.

20 **b. Woodbridge’s Bankruptcy**

21 218. On December 4, 2017, Woodbridge declared bankruptcy under chapter 11  
22 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

23 219. On February 15, 2019, a chapter 11 plan became effective.

24 220. Under the terms of the plan, the Woodbridge Liquidation Trust was formed  
25 to pursue, hold and administer the liquidation trust assets and to make distributions to  
26 the Trust beneficiaries.

27  
28  

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<sup>4</sup> *SEC v. Shapiro*, No. 1:17-cv-24624-MGC (S.D. Fla. filed Dec. 20, 2017).

1           221. The plan provides for the vesting of all assets of Woodbridge debtors in the  
2 Woodbridge Liquidation Trust (or one of its direct or indirect subsidiaries) and for the  
3 dissolution of all such debtors other than Woodbridge Group of Companies, LLC and  
4 Woodbridge Mortgage Investment Fund 1, LLC.

5           222. The assets of the Trust also include claims held by investors who elected to  
6 contribute to the Trust all causes of action relating to the Woodbridge entities, including  
7 the causes of action asserted against Comerica in this complaint.

8           223. A substantial number of Woodbridge investors assigned their claims against  
9 Comerica to the Trust. The Liquidation Trust is a member of the proposed class in this  
10 action.

11           **c. The Federal Criminal Prosecutions**

12           224. On April 5, 2019, the United States Attorney for the Southern District of  
13 Florida indicted Shapiro and two Woodbridge sales operatives on charges including  
14 mail fraud, wire fraud, conspiracy to commit mail fraud and wire fraud, conspiracy to  
15 commit money laundering, and income tax evasion.

16           225. Funds wired from investors to Woodbridge accounts at Comerica formed  
17 the basis for the wire fraud counts in the indictment. The government in part based its  
18 mail fraud counts upon checks that investors mailed to Woodbridge, which deposited  
19 them into its accounts at Comerica.

20           226. On April 11, 2019, agents of the Federal Bureau of Investigation and the  
21 Internal Revenue Service arrested Shapiro at his residence in Sherman Oaks, California.  
22 On August 5, 2019, Shapiro entered into an agreement to plead guilty to one count of  
23 conspiracy to commit mail fraud and wire fraud and one count of evasion of payment of  
24 federal income taxes.

25           227. The prosecutions of the sales operatives are pending.

26           **VI. TOLLING OF THE STATUTES OF LIMITATIONS**

27           228. Comerica, aware of the illegal Woodbridge scheme and its injurious effects,  
28 fraudulently concealed the scheme, including by continuing to execute the account

1 transactions that were its lifeblood.

2 229. Comerica, Woodbridge, and Shapiro fraudulently concealed from Plaintiffs  
3 that the overwhelming majority of FPCMs and Fund Offerings were not secured by  
4 loans to holders of commercial real estate, that returns on FPCMs and Fund Offerings  
5 would be paid from similar investments, and only on condition that those future  
6 transactions occur, rather than from interest payments on the sham third-party loans  
7 described in the offering materials, that Shapiro was embezzling millions of dollars in  
8 investor funds for his own personal use and enjoyment, that Woodbridge and Shapiro  
9 had unlawfully failed to register the FPCMs and Fund Offerings with government  
10 regulators, and that Woodbridge and Shapiro had entered into several consent decrees  
11 with governmental regulators requiring them to stop violating the law.

12 230. Comerica, Woodbridge, and Shapiro were aware that Plaintiffs and class  
13 members did not know about the Woodbridge investment fraud. Comerica,  
14 Woodbridge, and Shapiro had superior and exclusive knowledge of that fraud. Despite  
15 reasonable diligence on their part, Plaintiffs were kept ignorant by Comerica,  
16 Woodbridge, and Shapiro of the factual bases for these claims for relief.

17 231. The FPCM and Fund Offering sales materials contained misstatements  
18 designed to entice Plaintiffs to purchase “safe” and “secured” investments with returns  
19 generated by third-party borrowers’ interest payments. These fraudulent  
20 misrepresentations had the effect of concealing that Woodbridge was, in fact, using  
21 primarily new investor funds to fund existing investors’ returns.

22 232. Plaintiffs did not discover, and exercising reasonable diligence could not  
23 have discovered, the facts establishing Comerica’s violations or the harm caused thereby  
24 until the Woodbridge entities declared bankruptcy and the SEC filed its enforcement  
25 action in December 2017. Plaintiffs learned of the relevant actions of Comerica,  
26 Woodbridge, and Shapiro through the bankruptcy and SEC actions and their coverage in  
27 the press. Only then did Plaintiffs retain counsel to vindicate their rights, and even then  
28 Comerica redacted large portions of the documents it made public. Because Plaintiffs

1 and class members could not have reasonably discovered the facts constituting  
2 Comerica's violations until December 2017, all applicable statutes of limitation were  
3 tolled until then.

#### 4 **VII. CLASS ACTION ALLEGATIONS**

5 233. Plaintiffs bring this suit as a class action on behalf of themselves and all  
6 other persons similarly situated, pursuant to Federal Rules of Civil Procedure 23(a) and  
7 (b)(3), on behalf of a class of all persons who from July 1, 2012 through December 1,  
8 2017 invested in Woodbridge FPCM promissory notes or Woodbridge units.

9 234. Excluded from the class are Comerica, its parents, affiliates, subsidiaries,  
10 agents, legal representatives, predecessors, successors, assigns, employees, any entity in  
11 which Comerica has a controlling interest or which has a controlling interest in  
12 Comerica, and the Relevant Non-Parties. Also excluded from the class are the judicial  
13 officers to whom this matter is assigned and their staff and immediate family members.

14 235. Numerosity. The class members are too numerous to be practicably joined.  
15 The class members are identifiable from information and records in the possession,  
16 custody, or control of Comerica or the Relevant Non-Parties. Notice of this action can  
17 be provided to all members of the class, and the disposition of their claims in a single  
18 action will provide substantial benefits to all parties and to the Court.

19 236. Typicality. Plaintiffs' claims are typical of the claims of other members of  
20 the class. Plaintiffs and each class member invested in Woodbridge investments at issue  
21 and were subject to the wrongful conduct alleged in this complaint.

22 237. Adequacy of Representation. Plaintiffs are members of the class and will  
23 fairly and adequately represent and protect its interests. Plaintiffs have no interests  
24 contrary to or in conflict with the interests of the other class members.

25 238. Plaintiffs' counsel are competent and experienced in class action and  
26 investor fraud litigation and will pursue this action vigorously.

27 239. Commonality and Predominance. Common questions of fact and law exist  
28 as to all members of the class and predominate over any questions pertaining to

1 individual class members. Among the questions common to the class are:

2 a. Whether Shapiro and Woodbridge committed fraud and/or breached  
3 duties to Plaintiffs and members of the class;

4 b. Whether Comerica aided and abetted, joined, and/or participated in  
5 Shapiro's and Woodbridge's fraud and/or breach of duties;

6 c. Whether Comerica knowingly carried out transactions in furtherance  
7 of the Woodbridge Ponzi scheme despite atypical banking activity and other red flags  
8 indicating that Shapiro and Woodbridge were committing investor fraud, breaching  
9 fiduciary duties, and/or misappropriating investor funds;

10 d. Whether Comerica's conduct alleged herein violates the Unfair  
11 Competition Law, Cal. Bus. & Prof. Code § 17200 *et seq.*; and

12 e. Whether, in view of their investment losses, Plaintiffs and class  
13 members are entitled to damages or restitution.

14 240. Superiority. A class action is superior to all other available methods for the  
15 fair and efficient adjudication of this controversy. Although each class member paid  
16 thousands to dollars to invest in the relevant Woodbridge investments, the cost of  
17 litigation will be high. The factual issues in this case are complex and detailed, extend  
18 over several years, and relate to many transactions. Absent a class action, most  
19 members of the class would likely find the cost of litigating their claims individually to  
20 be prohibitively high and would have no effective remedy. Class treatment of common  
21 questions of law and fact is a superior method to piecemeal litigation because class  
22 treatment will conserve the resources of the courts and will promote efficiency of  
23 adjudication. Class treatment will avoid the substantial risk of inconsistent factual and  
24 legal determinations of the issues in this lawsuit.

## 25 **VIII. CLAIMS FOR RELIEF**

### 26 **COUNT 1**

#### 27 **Aiding and Abetting Fraud**

28 241. Plaintiffs incorporate the foregoing allegations by reference.

1           242. As set forth more fully above, Shapiro and Woodbridge perpetrated fraud on  
2 the investing public through a series of materially false and misleading statements and  
3 omissions. Among other fraudulent conduct, Shapiro and Woodbridge (i)  
4 misrepresented the security of the FPCM and Fund Offering investments; (ii)  
5 represented that these investments would fund loans to bona fide third parties when, in  
6 fact, the vast majority of the purported third-party borrowers were LLCs owned and  
7 controlled by Shapiro that lacked an income source and never made loan payments; (iii)  
8 failed to disclose to investors that Woodbridge issued only \$675 million of the \$1.22  
9 billion raised in loans; (iv) concealed from investors that Woodbridge was operating as a  
10 Ponzi scheme by, among other illegal acts, commingling investor funds and paying  
11 earlier investors with funds obtained from later investors; and (v) concealed from  
12 investors that Shapiro misappropriated and misused millions of dollars in investor funds  
13 for improper purposes, like financing personal luxuries.

14           243. Comerica knew that Shapiro and Woodbridge perpetrated fraud on investors,  
15 including Plaintiffs and the class.

16           244. Comerica knowingly and substantially assisted Shapiro and Woodbridge in  
17 unlawfully defrauding Plaintiffs and the class, in at least the following respects:

18           a. Acting in furtherance of the Woodbridge Ponzi scheme, including by  
19 approving thousands of transfers of funds between Woodbridge accounts, despite  
20 identifying regulatory and compliance “red flags” discussed above;

21           b. Commingling money invested by Woodbridge promissory note  
22 holders and purchasers of fund offering units;

23           c. Executing and condoning atypical banking procedures to service  
24 Shapiro’s complex series of accounts;

25           d. Concocting pretextual explanations to justify dismissal, without  
26 further investigation, of thousands of account alerts generated by Comerica’s electronic  
27 monitoring systems in connection with the Woodbridge accounts;

1 e. Permitting Shapiro to loot Woodbridge operating accounts for  
2 personal expenditures and repayment of personal debt;

3 f. Accepting for deposit funds derived from the sale of unregistered  
4 securities;

5 g. Carrying out improper and atypical financial transactions such as the  
6 transfer of approximately \$1.66 billion via nearly 11,000 account transactions; and

7 h. Continuing to service Woodbridge accounts after five state regulatory  
8 agencies determined that Shapiro was engaged in unlawful conduct and served him with  
9 cease-and-desist or consent orders.

10 245. In connection with providing substantial and material assistance to Shapiro  
11 and Woodbridge, Comerica was aware of its role in the Woodbridge Ponzi scheme and  
12 acted knowingly in assisting Shapiro and Woodbridge.

13 246. Comerica substantially benefited from its participation in the Woodbridge  
14 Ponzi scheme. The scheme caused Comerica to earn income from fees and from  
15 investing capital derived from Woodbridge investors.

16 247. As a direct and proximate result of Comerica's aiding and abetting of fraud,  
17 Plaintiffs and class members have been damaged in an amount to be determined at trial.

## 18 **COUNT 2**

### 19 **Aiding and Abetting Breach of Fiduciary Duty**

20 248. Plaintiffs incorporate the foregoing allegations by reference.

21 249. At all relevant times, Shapiro was the CEO of Woodbridge.

22 250. At all relevant times, Shapiro maintained complete or substantially complete  
23 control over the Woodbridge Group of Companies and each of the Woodbridge  
24 investment funds. Shapiro had complete control, and was the sole signatory for, the  
25 Comerica bank accounts in which investor funds were deposited. Shapiro also wrote  
26 investors personally, characterizing collateral as "senior" and promising them  
27 satisfactory returns.

28 251. By reason of his controlling positions, actions, and direct and indirect



1 representations to Plaintiffs and class members, and by reason of the investors having  
2 deposited funds into Shapiro's control with the understanding he would act in  
3 accordance with his promises in regard to the use of such funds, Shapiro owed investors  
4 fiduciary duties of loyalty and care and to deal honestly and in good faith. By selling  
5 Plaintiffs and class members promissory notes and fund offerings pursuant to false  
6 offering materials, and by misappropriating, commingling, and otherwise misusing  
7 investor funds, and otherwise acting as alleged herein in violation of his fiduciary duties  
8 to investors, Shapiro breached fiduciary duties he owed to Plaintiffs and class members.

9 252. Based on its knowledge of Woodbridge's business model and banking  
10 activity, Comerica knew that Woodbridge and Shapiro owed fiduciary duties to  
11 investors, including Plaintiffs and the class.

12 253. As demonstrated by the facts stated herein, Comerica substantially assisted  
13 Shapiro's breaches of fiduciary duty with knowledge that Shapiro was breaching those  
14 duties. Shapiro's breaches of fiduciary duty were enabled by and would not have been  
15 possible but for Comerica's actions and inaction.

16 254. As a direct and proximate result of Comerica's aiding and abetting of breach  
17 of fiduciary duty, Plaintiffs and class members have been damaged in an amount to be  
18 determined at trial.

### 19 COUNT 3

#### 20 **Violations of the Unfair Competition Law, 21 Cal. Bus. & Prof. Code § 17200 *et seq.* (UCL)**

22 255. Plaintiffs incorporate the foregoing allegations by reference.

23 256. Plaintiffs lack an adequate remedy at law.

24 257. The UCL forbids any unlawful, unfair, or fraudulent business act or  
25 practice.

26 258. Comerica's conduct is unlawful because Comerica violated applicable Bank  
27 Secrecy Act and anti-money laundering regulations, including those requiring  
28 implementation of a program to ensure adequate due diligence of banking customers

1 and their account activity. Plaintiffs do not premise their claims under the UCL on  
2 whether Comerica filed or failed to file a SAR in connection with Woodbridge banking  
3 activity.

4 259. Comerica's conduct also is unfair in violation of the UCL by reason of its  
5 unscrupulous, oppressive, and substantially injurious actions and inaction. Among  
6 other unfair conduct, Comerica:

7 a. Acted in furtherance of the Woodbridge fraud, including by  
8 executing thousands of transfers between related accounts and by commingling investor  
9 funds;

10 b. Knowingly facilitated Shapiro's misappropriation and misuse of  
11 investor funds;

12 c. Continued to aid Woodbridge in defrauding investors, and failing to  
13 take corrective action, in response to the panoply of other irregular banking activities  
14 detailed above, many of which Comerica noted as a result of electronic alerts but  
15 pretextually explained away;

16 d. Continued to aid Woodbridge in defrauding investors, and failing to  
17 take corrective action, after issuance and publication of the state cease-and-desist and  
18 consent orders recognizing Woodbridge's violations, including of laws that prohibit  
19 defrauding investors; and

20 e. Failed to implement and adhere to mandatory Bank Secrecy Act and  
21 anti-money laundering protocols, including those requiring the implementation of  
22 adequate due diligence programs.

23 260. The gravity of the harm resulting from Comerica's unfair conduct outweighs  
24 any potential utility of the conduct. Comerica's failure to take appropriate and necessary  
25 steps to protect investors, even in the face of several cease-and-desist and consent  
26 orders, and despite hundreds of suspicious account activity alerts generated by its own  
27 electronic monitoring systems, harms the public at large and forms part of a common  
28 and uniform course of wrongful conduct. There are reasonably available alternatives

1 that would have furthered Comerica's business interests, such as declining to service  
2 Woodbridge's banking business or insisting that all relevant facts be disclosed to  
3 investors.

4 261. The harm from Comerica's unfair conduct was not reasonably avoidable by  
5 investors.

6 262. Plaintiffs and the class suffered injury in fact, and lost money or property, as  
7 a direct and proximate result of Comerica's unlawful and unfair conduct. Plaintiffs  
8 accordingly seek restitution as provided for under Cal. Bus. & Prof. Code § 17203, in  
9 addition to reasonable attorneys' fees and costs.

#### 10 **PRAYER FOR RELIEF**

11 WHEREFORE, Plaintiffs respectfully pray for a judgment:

12 A. Certifying this action as a class action pursuant to Federal Rule of  
13 Civil Procedure 23(b)(2) and (b)(3);

14 B. Appointing Plaintiffs as class representatives and Interim Lead Class  
15 Counsel as class counsel pursuant to Federal Rule of Civil Procedure 23(g);

16 C. Awarding damages or restitution, including pre-judgment interest, on  
17 each Count in an amount to be determined at trial;

18 D. Entering temporary, preliminary, or permanent injunctive relief  
19 and/or imposing a constructive trust;

20 E. Awarding reasonable attorneys' fees and costs of litigation; and,

21 F. Granting such other relief as the Court may deem just and proper.

#### 22 **DEMAND FOR JURY TRIAL**

23 Plaintiffs request a jury trial for any counts for which a trial by jury is permitted  
24 by law.

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Dated: August 26, 2020

Respectfully submitted,  
By:     /s/ Daniel C. Girard

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*Plaintiffs' Executive Committee*

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**CERTIFICATE OF SERVICE**

I, Daniel C. Girard, hereby certify that on August 26, 2020, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will serve notification of such filing to the e-mail addresses denoted on the Electronic Mail Notice List. Counsel of record are required by the Court to be registered e-filers, and as such are automatically e-served with a copy of the document upon confirmation of e-filing.

I also certify that I caused the under-seal document to be emailed to counsel.

By:     Daniel C. Girard