STATE OF MINNESOTA | DISTRICT COURT

COUNTY OF HENNEPIN | FOURTH JUDICIAL DISTRICT
Case Type: Civil

State of Minnesota, by its Attorney General,
Keith Ellison,

Court File No. _____________

Plaintiff,

v.

COMPLAINT

C4D, LLC, Five Points Properties, LLC,
Travis Benoit, and Steven Legatt

Defendants.

1. Throughout the life of their business, Defendants C4D, LLC, Five Points Properties, LLC, Travis Benoit, and Steven Legatt (collectively, "C4D" or the "C4D Defendants") have targeted Minnesota's Somali Muslim community with highly abusive and deceptive contracts for deed. Purporting to be a "trusted partner for the Somali and Muslim communities," the C4D Defendants present their contracts for deed as an effective "trusted alternative" path to home ownership for people who have historically been shut out of the conventional mortgage market due to religious beliefs or lack of credit history. Using the promises of home ownership and financing consistent with Islamic religious practices, the C4D Defendants lure their victims—almost exclusively members of the Somali Muslim community—into contracts for deed with inflated prices and exorbitant finance charges.

2. But the promise is a false one. Due to the extortionate costs, undisclosed fees, deceptive contracting practices, and abusive terms, an extraordinary percentage of the C4D Defendants' purchasers can neither keep up with contract payments nor refinance. And because the C4D Defendants misrepresent and/or fail to disclose key terms, unsuspecting purchasers are

often unaware of or unclear about their obligations and risks until it is too late. When purchasers cannot keep up with the required payments, they can suddenly lose everything. The C4D Defendants either successfully pressure purchasers to exit their contracts or evict them using the accelerated proceedings reserved for rental housing. The C4D Defendants, on the other hand, reap all the profits. Under the terms of their contracts for deed, the C4D Defendants retain the purchasers' entire investment (including substantial down payments, all monthly payments, all the accumulated equity, and any improvements), plus the home, which they can then resell.

3. The C4D Defendants' scheme continues a long history of predatory contract for deed practices that were often targeted at Black communities during the twentieth century, denying Black homeowners the same opportunity as white homeowners to accumulate wealth through home ownership. Contracts for deed, also known as land contracts, land sales contracts, or bonds for deed, are seller-financed sales. Unlike in a conventional mortgage, where financing is obtained from a third-party lender, a contract for deed seller like the C4D Defendants directly extends credit to the consumer. Under a contract for deed, the buyer gets no legal ownership and no acquisition of equity until the last payment is made. The coupling of contracts for deed with above-market sales prices and extraordinarily high finance charges flourished during decades of public and private redlining of Black communities. The C4D Defendants have adopted this toxic combination and, like their predecessors, have targeted their scheme at a minority community—in this case, the Somali Muslim community living in Hennepin County and the surrounding areas.

4. The C4D Defendants' business involves a single predatory innovation: It exploits the religious convictions of its victims. Many members of the Somali Muslim community in Minnesota observe religious principles that forbid them to charge or pay interest and late fees. As a result, they are unable to obtain conventional mortgages, both because they cannot pay interest

due to their religious beliefs and because, for the same reason, they have not built up the standard credit history required to obtain conventional mortgages. The C4D Defendants use this religious conviction against these customers, marketing the C4D contracts for deed as "no credit score required," purporting to be endorsed by local imams, and claiming—falsely—that their contracts for deed do not charge interest and late fees. C4D makes no secret of its targeting, openly promoting itself in a Somali-language video as "a trusted alternative for the Muslim community."

5. The C4D Defendants' targeting of a deceptive, harmful, and predatory housing scheme on the basis of national origin and religion constitutes "reverse redlining." In contrast to "redlining," which is the practice of *denying* quality credit products to a community because of the racial, ethnic, or religious composition of the area or applicant pool, reverse redlining involves the *targeting* of a community for the marketing of deceptive, predatory, or otherwise deleterious lending practices because of its racial, ethnic, or religious composition. This practice has repeatedly been held to violate the federal Fair Housing Act and Equal Credit Opportunity Act. *See, e.g.*, *Saint-Jean v. Emigrant Mortgage Co.*, 129 F.4th 124, 139–40 (2nd Cir. 2025); *Hargraves v. Cap. City Mortg. Corp.*, 140 F. Supp. 2d 7, 20 (D.D.C. 2000). In this case, the C4D Defendants' reverse redlining practices violate the Minnesota Human Rights Act, Minn. Stat. § 363A.09, and the federal Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq*.

6. In addition to reverse redlining, the C4D Defendants have also independently violated Minnesota's Prevention of Consumer Fraud Act, Minn. Stat. § 325F.68 *et seq.*, the Uniform Deceptive Trade Practices Act, Minn. Stat. § 325D.43 *et seq.*, Minnesota contract for deed disclosure requirements, Minn. Stat. § 559A.01 *et seq*., the federal Truth in Lending Act ("TILA"), 15 U.S.C. § 1601 *et seq.*, and the federal Consumer Financial Protection Act ("CFPA"), 15 U.S.C. § 1531 *et seq.*

7. The Prevention of Consumer Fraud Act, Uniform Deceptive Trade Practices Act, and CFPA are all designed to protect consumers from unfair, deceptive, abusive, or fraudulent trade practices, including in the sale of real estate. The C4D Defendants openly flout these laws. For example, the C4D Defendants have repeatedly represented that "there are no late fees" charged pursuant to their contracts for deed. In reality, when customers cannot make their payments on time, the C4D Defendants charge them thousands of dollars in various fees that have never been disclosed and appear nowhere in their contracts.

8. Finally, the C4D Defendants have violated Minnesota's contract for deed disclosure requirements, Minn. Stat. § 559A.01 *et seq.*, and the federal TILA requirements, 15 U.S.C. § 1601 *et seq*. Minnesota's contract for deed law, designed to prevent and address exploitative contract for deed schemes, requires detailed disclosures of key terms and risks, among other requirements. Similarly, TILA is expressly designed to ensure that consumers entering into credit transactions—particularly mortgage transactions and transactions with high finance charges—are informed of the costs and risks of the transactions, including the possibility of losing their homes. To that end, TILA requires that the C4D Defendants disclose the loan's annual percentage rate and late fees, provide a mandatory disclosure statement, and engage in a good faith assessment of the customer's ability to repay. For more expensive loans, including many of the C4D Defendants' contract for deed transactions, TILA requires that the C4D Defendants provide the customer a written appraisal, provide a more robust disclosure statement, and obtain a written certificate that the consumer has obtained counseling on the advisability of the transaction. The C4D Defendants are also expressly prohibited from requiring balloon payments in connection with their most expensive transactions, referred to under TILA as "high cost." These requirements are all designed

to protect consumers from the kind of deceptive and exploitative transactions that the C4D Defendants engage in.

9. The C4D Defendants do none of this. That is no surprise: Had the C4D Defendants disclosed the true nature of their transactions—including their true costs— customers could have refused to proceed.

10. The State, by its Attorney General Keith Ellison, brings this action to enforce these laws protecting consumers in the residential housing and credit market and to enjoin the C4D Defendants' violations, secure penalties for their violations, and obtain monetary relief for their victims.

PARTIES

11. Keith Ellison, the Attorney General of the State of Minnesota, is authorized under Minnesota Statutes chapter 8, the common law, including *parens patriae* authority, and 12 U.S.C. § 5552(a)(1) to bring this action to enforce the law, to vindicate the State's sovereign and quasi-sovereign interests, and to remediate all harm arising out of—and provide full relief for—violations of Minnesota and federal laws. The law enforcement and *parens patriae* capacity in which the Attorney General brings this action is separate and distinct from his representation of state agencies, officers, boards, or commissions. For avoidance of doubt, the Attorney General does not represent any other state agency, officer, board, or commission in bringing this action, and the Attorney General does not seek relief for any other state agency, officer, board, or commission.

12. Defendant C4D, LLC is a Minnesota limited liability corporation doing business in Minnesota. C4D, LLC is entirely controlled by Defendants Benoit and Legatt, who are alter egos of C4D, LLC.

13. Defendant Five Points Properties, LLC ("FPP") is a Minnesota limited liability corporation doing business in Minnesota. FPP is entirely controlled by Defendants Benoit and Legatt, who are alter egos of FPP.

14. The C4D Defendants refer to C4D, LLC and FPP interchangeably and have alternatively asserted that C4D, LLC is a division of FPP, that FPP is a parent company of C4D, LLC, and that C4D, LLC is a trade or fictitious name for FPP.

15. Defendant Travis Benoit is a Minnesota resident conducting business in Minnesota. Mr. Benoit co-owns C4D, LLC and Five Points Properties, LLC with Defendant Steven Legatt. Mr. Benoit has held himself out to be the President, Chief Manager, Secretary, and Treasurer of C4D, LLC. His responsibilities include discussions with prospective customers about purchasing a home from the C4D Defendants via contract for deed, assembling and signing term sheets, negotiating contract terms, purchasing homes to be resold to the C4D Defendants' purchasers, assembling and signing contracts for deed, and drafting the C4D Defendants' marketing materials. He also assumes responsibility for the C4D Defendants' dunning activities when customers fall behind in their payments. Mr. Benoit has the authority to act on behalf of C4D, LLC and FPP and he has personally participated in, directed, and controlled C4D, LLC's and FPP's operations, including their unlawful, deceptive, and misleading practices.

16. Defendant Steven Legatt is a Minnesota resident conducting business in Minnesota. Mr. Legatt co-owns C4D, LLC and Five Points Properties, LLC with Defendant Travis Benoit. Mr. Legatt has held himself out to be the Vice President of C4D, LLC. His responsibilities include discussions with prospective customers about purchasing a home from the C4D Defendants via contract for deed, assembling and signing term sheets, setting contract terms, purchasing homes to be resold to the C4D Defendants' purchasers, assembling and signing contracts for deed, creating

documents, and managing payments. Mr. Legatt has the authority to act on behalf of C4D, LLC and FPP, and he has personally participated in, directed, and controlled C4D, LLC's and FPP's operations, including their unlawful, deceptive, and misleading practices.

17. In acting or failing to act as alleged herein, Defendants C4D, LLC and FPP were acting through their owners, employees, officers, and/or agents, including Mr. Benoit and Mr. Legatt, and are liable on the basis of the acts and omissions of their owners, employees, officers, and/or agents.

18. In acting or failing to act as alleged herein, each employee, officer, or agent of Defendants C4D, LLC, FPP, Mr. Benoit, and Mr. Legatt was acting in the course and scope of their actual or apparent authority, or the alleged acts or omissions of each employee or officer as agent were subsequently ratified and adopted by C4D, LLC and FPP as principals.

JURISDICTION AND VENUE

19. This Court has subject matter jurisdiction over this action pursuant to Minnesota Statutes sections 8.01, 8.31, 325F.70, 325D.45, 363A.33, and 559A.05(7), 12 U.S.C. § 5552, and under common law.

20. The C4D Defendants are Minnesota residents that transact or do business in Minnesota and are thus subject to personal jurisdiction herein.

21. Venue in Hennepin County is proper under Minnesota Statutes § 542.09 because some or part of the cause of action arose in Hennepin County. The C4D Defendants have done business in Hennepin County, and their unlawful acts have affected Hennepin County residents, among others.

FACTUAL BACKGROUND

I. THE C4D DEFENDANTS' PREDATORY TARGETING BUILDS ON A LONG HISTORY OF DESTRUCTIVE REDLINING AND REVERSE REDLINING.

22. Through much of the twentieth century, predatory and discriminatory land contracts stripped wealth from people and communities of color and denied them the same opportunities to accumulate wealth through home ownership that were available in white communities. The C4D Defendants' scheme continues this destructive legacy.

23. What made land contracts pervasive in the past was redlining, the set of practices by which the federal government and private lenders denied Black communities and other communities of color access to the good mortgage products that dramatically expanded opportunities for homeownership for others.

24. In the 1930s, the federal government, responding to the Great Depression, created the Home Owners' Loan Corporation and the Federal Housing Administration. These new agencies provided direct assistance to individuals who sought financing for housing and federal insurance to back private mortgage lending. The programs expanded access to mortgages and made them much more affordable. Over the next decades, they assisted millions of families in obtaining the financing necessary for homeownership, allowing these families to accumulate wealth and pass it down to their children and grandchildren.

25. Black buyers were systematically excluded from these programs. This meant Black borrowers were also largely excluded from private credit markets, as private lenders depended heavily on government programs. The government implemented this discriminatory policy by drawing red lines around entire neighborhoods, giving rise to the term "redlining." And even after government-sponsored redlining came to an end, redlining by private lenders continued.

26. Redlining left Black people who aspired to be homeowners with scarce options, and predatory actors frequently stepped in to fill the void with land contracts. They bought up houses at low prices in majority-Black neighborhoods and in neighborhoods where they could scare white homeowners into fleeing at the prospect of integration. They then turned around and sold the houses to people of color through exploitive, one-sided contracts for deed. Sales prices were unjustifiably inflated and interest rates were exorbitant, much higher than what white buyers paid with their government-insured mortgages. Contract for deed buyers typically gained no equity, no matter how much they paid into the contracts and improved their homes, unless they made it all the way to the end of these predatory contracts. Because the deck was stacked against them, most never did. The sellers would then take the house back and sell it again, keeping all of the buyers' payments and reaping any increase in the value of the home.

27. A landmark 1962 study of Chicago illustrates the prevalence of predatory land contracts and their concentration in communities of color. The study found that, in one neighborhood, over 85% of home purchases by Black residents were made through land contracts. By contrast, white consumers entered into land contracts infrequently, reflecting their ability to secure traditional, quality mortgage credit on fair terms.

28. In other words, lack of access to quality mortgage credit and the pervasiveness of predatory land contracts went hand in hand.

29. The 2008 subprime mortgage crisis and ensuing Great Recession led to a surge in contracts for deed nationwide. In Minnesota, contract for deed sales increased by 50% from 2007 to 2013. After a subsequent dip, Minnesota contract for deed sales have again surged. In 2021, more than 1,800 contracts for deed were signed in Minnesota's eleven most populous counties.

30. Just like the contract for deed sellers of the twentieth century, this new wave of contract for deed sellers has largely targeted communities of color, particularly low-income buyers without credit history or with limited resources who do not qualify for conventional mortgages. The National Consumer Law Center, for example, has noted that "[i]mmigrants and limited English proficient populations are especially at risk for this type of financing as they search for affordable housing without access to conventional financing."

31. The C4D Defendants' scheme fits all too well into this ignoble history. Like their predecessors, the C4D Defendants have targeted a community of color with land contracts to take advantage of people with limited access to traditional credit and who, because of that history, have less experience buying homes with the help of reputable lenders.

32. The only meaningful difference is that the C4D Defendants' victims are excluded from the conventional mortgage market by their religious beliefs—beliefs that the C4D Defendants intentionally exploit. And the result is the same: Until the contracts are completely paid off, the C4D Defendants' victims gain no equity from their hefty down payments, their monthly and balloon payments, or the improvements they make to their houses, and they stand to lose everything if they cannot keep up with their exorbitant obligations to C4D.

II. C4D'S CONTRACTS FOR DEED ARE PREDATORY.

A. C4D's Contracts Include Abusive Finance Charges.

33. The C4D Defendants' profit model is straightforward and predatory: Through seller-financed contracts for deed, they impose excessive finance charges and annual percentage rates ("APRs") on contract for deed purchasers. Many of these charges are never disclosed to customers, making it effectively impossible for would-be customers to assess just how expensive these transactions are.

34. The first element of this scheme involves the C4D Defendants' purchase of properties at a market rate price, usually using a conventional, thirty-year mortgage. The C4D Defendants then mark up the price of properties, typically single-family homes, and resell them to the ultimate purchasers via contracts for deed—usually executing both its own purchase of the property and the contract for deed resale on the same day.

35. The C4D Defendants make no repairs or improvements to the property and provide no other services to customers. They effectively operate as middlemen.

36. For this modest service, the C4D Defendants charge an astronomically high finance charge—typically hundreds of thousands of dollars—through exponentially inflated home prices.

37. Although the C4D Defendants represent that purchasers are required to pay "20% of the home's value as down payment" and encourage purchasers to "pay[] more upfront" to "reduce[] your overall mortgage debt and [] speed up the process of owning your home outright[,]" purchasers' down payments are not tied to the actual market value of the home.

38. For example, the C4D Defendants purchased one property in Hennepin County in February 2024 for $399,900. Acting on behalf of C4D, LLC, Mr. Benoit and Mr. Legatt personally signed the mortgage agreement.

39. The C4D Defendants resold that property to a purchaser on the same day for $931,950, a profit of $532,050 on a single sale. Mr. Benoit and Mr. Legatt entered into the contract for deed on behalf of C4D, LLC.

40. The purchaser in that transaction paid a down payment of $120,000, approximately 30% of the sales price the C4D Defendants paid for the home. Although the balance between the down payment and the C4D Defendants' purchase price was only $279,900, the purchaser owed the C4D Defendants a whopping $811,050—more than double the total price the C4D Defendants

paid to purchase the home. In other words, on the day the purchaser purchased the home, they owed the C4D Defendants multiple times what the home was worth. This created “negative equity” in the home and meant the buyer was “underwater” on the loan.

41. A homebuyer with negative equity in a home will typically be unable to refinance their debt: lenders will not extend credit that is secured by a home worth less than the debt itself. Negative equity is thus extremely financially precarious because the purchaser has no way to exit a transaction that is no longer financially viable.

42. In addition, the inflated price pushed the value of this purchaser’s debt above the 2024 conforming loan limit set by the Federal Home Finance Agency. Loans above the conforming loan limit cannot be refinanced using a conventional loan. Instead, they can only be refinanced using a jumbo loan, which typically requires a higher credit score, a loan to value ratio of no more than 80%, and significant cash reserves. The C4D Defendants’ contract for deed customers are extremely unlikely to have the credit score necessary to qualify for a jumbo loan because it is nearly impossible for a consumer to develop a high credit score if they otherwise do not engage in transactions involving interest.

43. In another case, the C4D Defendants purchased a home in Hennepin County in September 2022 for $247,000. Mr. Benoit and Mr. Legatt again signed the mortgage agreement on behalf of C4D, LLC.

44. The same day, the C4D Defendants resold the home via contract for deed for $664,000 for a profit of $417,000. Mr. Benoit and Mr. Legatt entered into the contract for deed on behalf of C4D, LLC.

45. In this transaction, the purchaser paid a down payment of $97,780, almost 40% of the price the C4D Defendants actually paid for the home. After this large down payment, the

purchaser still owed the C4D Defendants $567,000 on a home the C4D Defendants purchased for less than half that amount.

46. Like the purchaser in the first transaction, this purchaser was immediately underwater on the loan.

47. In the vast majority of contracts for deed by which the C4D Defendants sold properties, the amount financed was far greater than the fair market value of the home purchased, sometimes by multiples, and the down payments far exceeded 20% of the real value of the homes.

48. Mr. Benoit and Mr. Legatt sought, negotiated, and signed each conventional mortgage signed by C4D, LLC and/or Five Points Properties, LLC to purchase each property that was subsequently resold. They then negotiated and signed each contract for deed, selling those same properties at a steep premium.

49. The second key element of the C4D Defendants' business model is the short contract terms they employ, typically just eight or ten years, but sometimes as short as two. The short contract terms exacerbate the high finance charges the C4D Defendants impose. Specifically, the combination of high finance charges and short loan terms causes the APR of the C4D Defendants' contracts for deed to be unusually high.

50. The APR of a loan refers to the yearly cost of borrowing money expressed as a percentage of the loan principal. The APR includes not only interest, but fees and all other finance charges. Understanding the APR of a loan is crucial to understanding the true cost of credit.

51. The C4D Defendants' contracts for deed have extraordinarily high APRs—as high as 30%.

52. As a result, the purchaser will pay more under virtually all of the C4D Defendants' contracts for deed than if they had entered into a conventional mortgage of the same length.

53. The C4D Defendants' APRs are unusually high even when compared to APRs in other contract for deed property sales.

54. The natural consequence of these two elements—the high finance charges and the short contract terms—is that the C4D Defendants' contracts fail at an extraordinary rate. The C4D Defendants' own data shows that its contracts fail at a rate more than 20 times the national foreclosure rate. And there is reason to believe the C4D Defendants' data underreports contract failures: the C4D Defendants have obtained a judgment of eviction against at least one purchaser whose contract the C4D Defendants have identified as active.

55. The high cost of the C4D Defendants' contracts for deed also prevented some customers from receiving assistance from a program called HomeHelpMN. HomeHelpMN was a federally-funded emergency assistance program designed as a response to the COVID-19 pandemic. It provided financial assistance for homeowners behind on their mortgage payments and other past-due housing expenses and who were at risk of default, foreclosure, or displacement as a result of COVID-related financial hardship.

56. Dozens of C4D purchasers applied for assistance from HomeHelpMN. Although some were able to obtain the assistance they needed, others were ineligible because the amount they owed was higher than the cap set by the federal government. In other words, the high cost of the C4D Defendants' contracts for deed shut these customers out of an assistance program that could have helped them save their homes.

57. The C4D Defendants' business model has remained substantively the same since at least 2017.

B. The C4D Defendants Created a Deceptive and Misleading Payment Structure.

58. The third element of the C4D Defendants' predatory business model is its contract payment structure, which is deceptive and highly unusual, even compared to other sellers' contracts for deed. Under a typical C4D contract for deed, a customer will not only make a down payment (usually at least 20% of the inflated home prices) and monthly payments, but they must also pay substantial additional charges and fees that the C4D Defendants either mischaracterize or do not disclose at all.

59. First, the contracts often include a second lump sum payment of tens of thousands of dollars soon after closing. The C4D Defendants label this payment as "Additional Principal," but it does not in fact increase the purchaser's equity: Under the terms of the C4D Defendants' contracts for deed, the purchaser gains no equity in the home until the completion of the contract, cannot reduce their total payment by paying off the principal early, and loses all payments if they default.

60. Second, the C4D Defendants' contracts usually contain additional *annual* balloon payments, typically $20,000 or more. These annual balloon payments are due on top of the monthly payment owed by the customer. These exorbitant annual balloon payments are extremely unusual in contracts for deed.

61. Moreover, the manner in which the C4D Defendants set these balloon payments makes their contracts for deed even more deceptive and predatory.

62. C4D's inflated home prices, coupled with short contract terms, mean that simply amortizing the contract price over the life of the contract would result in prohibitively expensive monthly payments that many of the C4D Defendants' customers cannot afford.

63. Rather than lowering the inflated home prices, the C4D Defendants instead artificially lower the monthly payments. These deflated monthly payments make the contracts for deed seem more affordable than they truly are.

64. But the true cost catches up with the purchaser at the end of the first contract year in the form of an annual balloon payment: Mr. Benoit and Mr. Legatt take the difference between the monthly payment the customer can afford and the amortized monthly payment based on the contract price, multiply that difference by twelve, and charge the total as an annual balloon payment.

65. These annual balloon payments are far from trivial. For example, one customer who entered into a contract for deed with the C4D Defendants in December 2020 had a $2,000 monthly payment but owed a balloon payment of $77,475 *every year*.

66. The C4D Defendants' use of annual balloon payments is inherently deceptive and predatory. The artificially low monthly payments entice customers into contracts they could not afford if they were required to pay the full amortized monthly payment. Then, each year customers are hit with enormous annual balloon payments—payments that they will frequently struggle to pay since they cannot afford the equivalent monthly payments. By then, however, they risk losing their substantial down payments, monthly payments, improvements, and equity, to the C4D Defendants' benefit.

67. Third, some of the C4D Defendants' contracts also include final balloon payments at the end of the contract. In one case, for example, a purchaser owed a $220,000 final balloon payment on a contract for deed totaling $541,200 after eight years, despite the fact that the C4D Defendants paid just $295,000 for the home.

68. Finally, the C4D Defendants' contracts for deed require customers to make an additional monthly payment to C4D for "Taxes, HOA & Insurance." This monthly payment, which can range between $200 and over $1,050, is set at the beginning of the contract for the entire contract length. As a result, it necessarily cannot reflect actual property taxes, homeowners' association fees, and insurance costs, all of which will almost certainly fluctuate over the eight- to twelve-year life of the contract.

69. These additional costs, particularly the annual balloon payment running tens of thousands of dollars, both compound and disguise the effects of the C4D Defendants' inflated prices and exorbitant APRs, increasing the likelihood that a purchaser cannot keep up with their contract obligations.

70. Mr. Benoit and Mr. Legatt personally participate in and profit from each C4D transaction, as detailed below.

C. C4D Contracts Strip Benefits from Purchasers, While Saddling Them with the Burdens of Home Ownership.

71. With fair, non-predatory transactions, there are upsides and downsides to buying a home, just as there are upsides and downsides to renting. The C4D Defendants, however, saddle their victims with all of the disadvantages of both, while making sure that all the advantages accrue to themselves. The C4D Defendants' attempt to have it both ways injures customers and is fundamentally unfair and predatory.

72. When taking out a mortgage to buy a home, buyers normally gain equity throughout the life of the loan with each monthly payment and when the value of the home increases because of improvements they make or because of rising home prices. Often, that equity can be extracted and used as the owner sees fit. A homeowner who has accumulated equity and who falls on hard times can seek a loan secured by that equity or sell the house and, often, walk away from the sale

with cash. If foreclosure cannot be avoided, it is typically a lengthier process than eviction with numerous safeguards built in to protect the owner. On the negative side, owners are responsible for upkeep. For example, if the heating system breaks, an owner must pay to fix or replace it. Owners also have to pay the property taxes and obtain homeowners' insurance.

73. For renters, the advantages and disadvantages are generally reversed. State law requires landlords to provide rentals "fit for the use intended by the parties" and "in reasonable repair during the term of the lease," including the extermination of vermin or rodents. Minn. Stat. § 504B.161. Landlords also pay taxes and homeowners insurance. On the other hand, renters do not derive any economic benefit from the value of a house and, if they fall behind on payments, they can be evicted relatively quickly and easily by the landlord.

74. C4D's contract for deed allows the C4D Defendants to have the best of both worlds. C4D's contract fails to provide the protections provided to renters, expressly offloading a landlord's responsibilities to the purchaser. For example, C4D's contract for deed requires the purchaser to both pay property taxes and purchase homeowners insurance. It also requires the purchaser—not the C4D Defendants—to "maintain the Property in good condition and repair" and prohibits the purchaser from removing or demolishing any buildings on the properties or accruing liens or adverse claims against the property.

75. Further, C4D's contract for deed protects the C4D Defendants against liability for any injuries that occur on the property after the date the contract for deed is executed and requires the purchaser to purchase and maintain liability insurance for bodily injury, death, and property damage occurring on the property. Purchasers must also name C4D, LLC as an additional insured and "defend and indemnify [C4D, LLC] from all liability, loss, cost, and obligations, including reasonable attorneys' fees, on account of or arising out of any such injuries."

76. At the same time, the C4D Defendants' contract for deed also deprives the purchaser of key benefits of conventional mortgages and home ownership. Under the C4D Defendants' contract for deed, C4D retains the legal title to the property. Further, unlike a purchaser paying for a home through a traditional mortgage, a C4D purchaser does not build up equity in the home. If the purchaser misses a single payment, the purchaser can lose the home, the value of any improvements to the property, and all payments on the contract, including the down payment and any balloon payments.

77. In addition, the C4D Defendants' contract does not provide the protections against cancellation available with a traditional mortgage. In particular, a contract for deed seller like the C4D Defendants can cancel a contract for deed with just 120 days' notice. In contrast, foreclosure proceedings, which are not required to cancel contracts for deed, typically take months, provide multiple opportunities for the purchaser to halt the proceedings, and allow for a six- to twelve-month redemption period. Because these protections do not apply to contracts for deed, if a C4D purchaser cannot keep up with payments, they face two options—agree to walk away from the property, or face eviction.

78. Despite purportedly selling the property to the customer, C4D's contract for deed ensures that C4D, not the customer, will be financially protected. For example, if the property is damaged, C4D's contract for deed requires that any insurance proceeds must be paid to the C4D Defendants and applied to payments payable under the contract—not used to fix the property. Indeed, these payments will not even delay any of the customer's payments due pursuant to the contract for deed: The contract requires that the payments be applied first to "unpaid accrued interest" (even though the C4D Defendants claim their contracts contain no interest) and next to

the installments payable under the contract "in the inverse order of their maturity," such that none of the purchaser's monthly payments will be postponed.

79. C4D's contract for deed agreements have remained substantively the same and nearly textually identical since at least 2017, with only non-substantive changes to a single sentence.

III. THE C4D DEFENDANTS' NEGOTIATION PROCESS IS DECEPTIVE AND CONFUSING.

80. The C4D Defendants make no meaningful attempt to ensure that their customers understand the terms of the contracts for deed and do not thoroughly explain contract terms.

81. When C4D is contacted by a prospective purchaser, it conducts an initial phone call. Although the purpose of the phone call is ostensibly to see if the prospective purchaser is a "fit," in reality the only requirement is whether the prospective purchaser has money for a down payment. These initial calls are often conducted in Somali by a Somali-speaking community liaison, who then directs prospective clients to the C4D website for information about C4D's contracts for deed. If the community liaison does not conduct the initial call, then Mr. Benoit or Mr. Legatt make the call personally.

82. If the prospective client has a down payment and wants to move forward based on the representations on the website, then Mr. Benoit or Mr. Legatt schedules an in-person meeting to discuss the terms of a potential contract and secure an agreement to purchase a home. These meetings used to occur at Mr. Benoit's car dealership, McKay Dodge, and now occur at C4D, LLC's offices. During these meetings, led by Mr. Benoit and/or Mr. Legatt, the C4D Defendants ask purchasers general questions about their employment, income, family members, and background, but they do not run a credit check, or require any documentation to assess the

prospective purchaser's income and debt. Rather, if the purchaser is able to make a down payment, Mr. Benoit and/or Mr. Legatt offer to sell them a house.

83. During that meeting, typically before a house to purchase has even been identified, Mr. Benoit or Mr. Legatt determines a preliminary down payment, purchase price, monthly payments, balloon payments, and contract term. If the prospective purchaser wishes to move forward, they are asked to sign a "Contract for Deed Prelim Term Sheet" agreeing to these terms. While C4D has made minor, non-substantive revisions to these term sheets over the years, they all list a "Contract for Deed Amount" equal to the price the purchaser has agreed to pay, total cash required on or before closing (including the down payment, closing costs, and insurance and other fees), the monthly payment, and the contract term. Mr. Benoit and Mr. Legatt represent to prospective purchasers that this is a legally binding document. They also require the purchaser to pay a deposit merely for the right to enter into the contract for deed at some unknown time in the future.

84. The C4D Defendants then assign the purchaser to a "trusted realtor" to find a home. These "trusted realtors" include C4D co-owner Mr. Legatt, Mr. Legatt's son, and Pamela Benoit, who is married to C4D co-owner Travis Benoit and has a financial interest in C4D, LLC. These realtors present home options to the prospective purchasers.

85. After the purchaser identifies a home, C4D purchases the agreed-upon home, usually through a conventional thirty-year mortgage. On the same day (and, at times, within minutes or hours), Mr. Benoit and Mr. Legatt meet with the prospective purchasers to sign the contract for deed and collect any payments due at closing. Mr. Benoit and Mr. Legatt do not provide the contract for deed to the prospective purchaser ahead of this meeting. Rather, the purchasers' first opportunity to review the contract is at the meeting where they sign it. Although Mr. Benoit

and Mr. Legatt receive required disclosures and home appraisals on behalf of the C4D Defendants when the C4D Defendants take out the 30-year mortgage to acquire the property, Mr. Benoit and Mr. Legatt do not provide any such disclosures or appraisals to their customers. Rather, they merely provide the contract for deed itself, including an addendum with a payment schedule.

86. Mr. Benoit and Mr. Legatt, acting on behalf of the C4D Defendants, are well aware that many of their prospective purchasers have limited proficiency and are not fluent in both spoken and written English. Indeed, C4D's website and advertisements are primarily (and were, at some points, entirely) in Somali and thus designed specifically to target people who primarily speak or are more comfortable communicating in Somali.

87. Despite this awareness, Mr. Benoit and Mr. Legatt do not routinely provide any explanation of contract terms in Somali—even during the meetings where Mr. Benoit and Mr. Legatt explain and negotiate key terms of the contracts for deed. At most, Mr. Benoit or Mr. Legatt occasionally ask Somali associates whom they primarily hire to do marketing and promotional work to "sit in" on meetings and interpret, but they neither provide this service in a thorough or systemic way, nor provide any formal language interpretation.

88. Nor do Mr. Benoit or Mr. Legatt provide the contracts for deed or any written terms in Somali. Instead, the C4D Defendants provide contracts and terms exclusively in English, which a high percentage of C4D customers do not fluently read or understand.

89. The result is unsurprising: many customers enter into contracts for deed without understanding key terms of the agreements.

90. For example, one C4D customer, a Somali speaker who does not speak English fluently, signed her contract for deed relying on representations from the C4D Defendants that the agreement she signed was a mortgage and with the understanding that she would benefit from the

foreclosure protections normally afforded to home buyers purchasing homes with mortgages. She also understood that the only payments she owed pursuant to the contract for deed were her monthly payments.

91. Instead, she entered into a contract for deed that the C4D Defendants could terminate just 60 days after a missed payment, that contained no foreclosure protections at all, and that charged an annual balloon payment—in addition to her monthly payments—of more than $20,000 per year.

92. When she was unable to keep up with her payments, the C4D Defendants evicted her and her children.

93. The C4D Defendants have consistently maintained these practices since 2017.

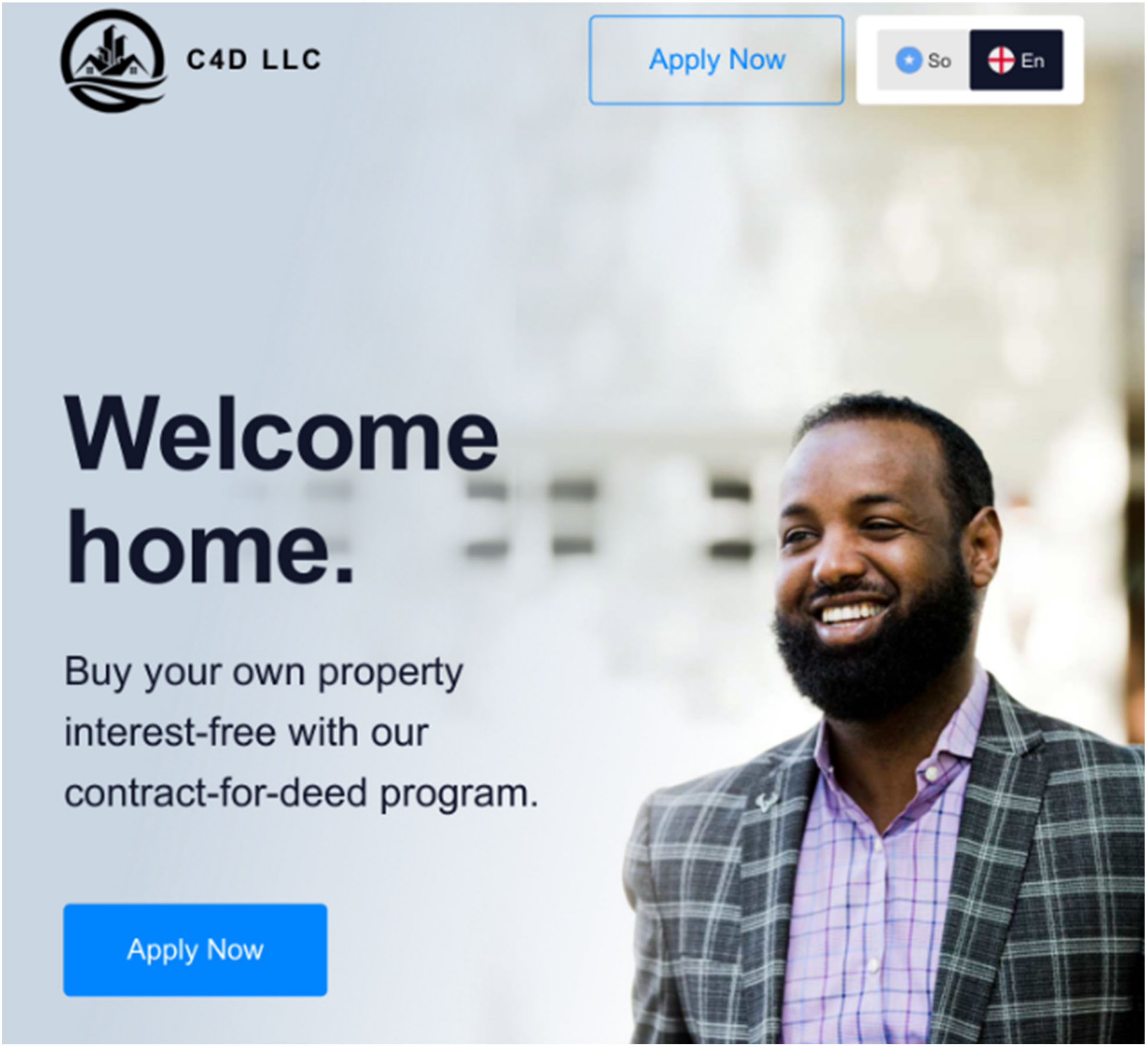
IV. THE C4D DEFENDANTS MISREPRESENT KEY CONTRACT TERMS.

94. The C4D Defendants misrepresent and/or fail to disclose or explain key terms in their contracts for deed. Instead, the C4D Defendants falsely market their product as a "transparent, interest free path to homeownership" and repeatedly misrepresent contracts for deed as including the protections of conventional "mortgage[s]."

95. *First*, the C4D Defendants' marketing materials repeatedly—and falsely—claim that their contract for deed customers will not have to pay interest.

96. For example, C4D, LLC's website, which is no longer active, repeatedly stated that its contracts for deed allow purchasers to buy properties interest-free.

97. The landing page of the website stated, "Buy your own property interest-free with our contract-for-deed program."

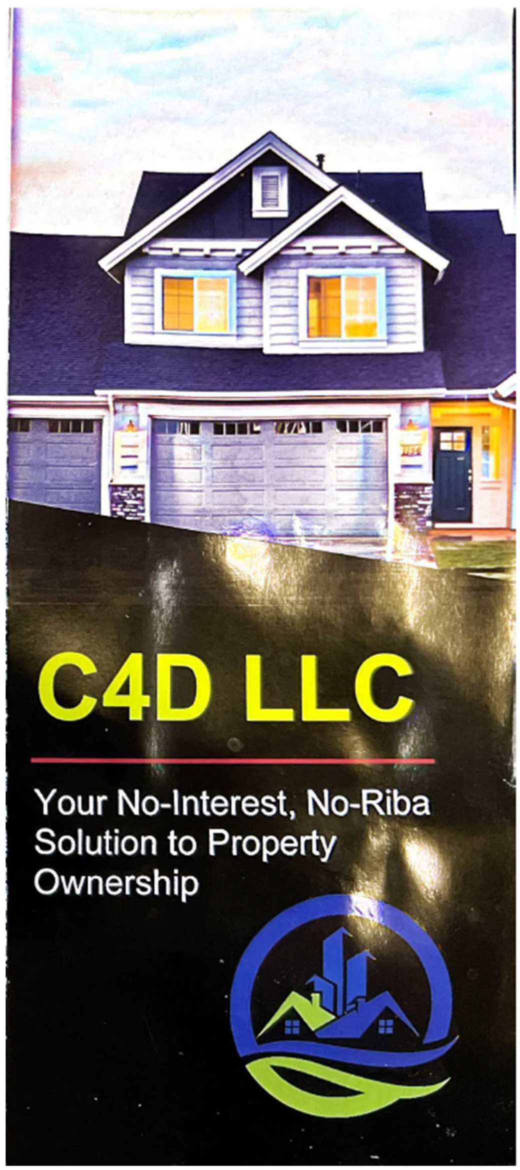


98. It also stated, "Contract-for-deed is a real estate transaction that lets you purchase a house or commercial property without paying interest."

99. The website further included a Somali language video featuring a popular Somali singer, Dalmar, who responded to frequently asked questions about the C4D Defendants. The portion of the website featuring the video read, "Getting property with no interest doesn't have to be hard."

100. In the video, Dalmar responded to the question, "Does C4D LLC have any interest in their contracts?" by stating, in part, "Absolutely not. C4D LLC ensures there is no interest whatsoever in their contracts."

101. In addition, C4D, LLC distributed a brochure that advertised the company as "Your No-Interest, No-Riba Solution to Property Ownership." Riba is an Arabic word that refers to interest.



A C4D, LLC marketing brochure

102. But a look behind the curtain of C4D shows that these claims are false.

103. Interest is the cost a borrower pays to the lender to borrow money or, in the case of seller-financed sales, finance a purchase. It is typically expressed as a percentage of the amount borrowed.

104. The C4D Defendants charge hundreds of thousands of dollars on top of the price they paid to purchase the homes. Purchasers must pay these charges in order to finance the purchase of their homes.

105. In other words, these charges constitute interest and the C4D Defendants' repeated public statements that it does not charge interest are false.

106. *Second*, the C4D Defendants actively misrepresent what happens when a purchaser misses a payment. According to the C4D Defendants' promotional materials, if a purchaser misses a payment, C4D will understand. "Life happens," a spokesperson speaking Somali asserts in one of C4D's promotional videos, "and C4D LLC understands that unexpected circumstances such as the loss of a loved one or other major life events can affect your ability to make payments." While C4D remains a co-owner until "the mortgage is fully paid off," C4D "is empathetic and ready to work with you to find a solution, ensuring transparency in every step of the way."

107. A second promotional video assures prospective purchasers in Somali, "there are no late fees or interest charges if payment are delayed[,]" but rather, "the repayment schedule is simply extended." If your payment is delayed by 90 days, the video explains, you simply finish paying your contract 90 days later.

108. But that is far from reality. When purchasers miss a payment (or otherwise fail to meet the terms of the contracts), C4D's contracts allow C4D to cancel the contract, evict them from the home, and keep all payments and improvements.

109. Far from understanding the financial barriers its customers face, the C4D Defendants in fact engage in aggressive efforts to collect past due payments, including escalating text messages, collection letters, and calls from Mr. Benoit. In cases where he is not immediately successful and obtaining payments, Mr. Benoit has commanded an associate to get "money out of" buyers, including by going to their house and demanding payment.

110. And while the C4D Defendants assure prospective purchasers that they charge "no late fees," and the contracts do not specify the potential accrual of late fees (much less provide any basis as to how late fees would be calculated), the C4D Defendants in fact charge purchasers steep late fees, often totaling thousands of dollars, as well as hefty electronic-fund transfer ("ACH") fees and attorney's fees. These compounding fees make it even harder for purchasers who have fallen behind to catch up and remain in their homes.

111. For example, the C4D Defendants charged customers $21,000 in late fees for one property and $11,424 in late fees for another. The C4D Defendants provided the customers with no explanation about how they calculated those fees.

112. As another example, the C4D Defendants sent a notice to one purchaser that they were initiating cancellation/foreclosure of their contract because the purchaser owed an annual balloon payment of $7,000 that was approximately two months late, as well as $300 of monthly payments. To that past due amount, the C4D Defendants tacked on $525 in late fees and $600 in ACH fees, increasing the past due amount from $7,300 to $8,425. Less than a month later, the past due payments had increased to $8,600, the late fees had ballooned to $1,125, and C4D Defendants had added $750 in legal fees.

113. These fees are not disclosed to customers and appear nowhere on the face of C4D's contracts for deed.

114. Mr. Benoit personally signs the letters to customers seeking to charge illegal and undisclosed late fees and directly text messages them seeking payments.

115. Faced with escalating messages and home visits demanding payment, mushrooming fees, massive balloon payments due or upcoming, and the threat of impending eviction, some purchasers have opted to self-evict, losing the entirety of their investment in the homes, including down payments, monthly and balloon payments to date, and any improvements on the homes.

116. After cancelling contracts, the C4D Defendants can then resell the property to other customers, at a significant profit. In one case, the C4D Defendants sold a property to a customer for $242,000 under a contract for deed in 2017. After the contract was cancelled, the C4D Defendants retained ownership of the property. The C4D Defendants then resold that home in 2022 to other customers for a contract price of $512,000, more than doubling the price of the home in less than five years.

117. *Third*, the C4D Defendants told at least one purchaser that he would save money by purchasing a home using a contract for deed compared to a conventional thirty-year mortgage.

118. This claim was false. This purchaser's contract for deed required him to pay a total of $554,100 over the course of ten years. Had he purchased the home directly from the original seller using a thirty-year mortgage with a benchmark interest rate—specifically the then-current average prime offer rate[1] of 2.91%—the purchaser would have paid $499,957. In other words, the contract for deed required him to pay more than *fifty-thousand dollars more* than a conventional thirty-year mortgage—and he was required to pay the total price in just ten years.

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[1] The APOR is used by regulatory agencies to identify loans that qualify as "higher-priced" or "high cost."

119. Indeed, under the terms of nearly half of the C4D Defendants' contracts for deed, the purchasers would pay more in absolute dollars than they would have using a conventional thirty-year mortgage with the annual percentage rate set at the APOR and they were required to make these payments in a fraction of the time.

V. C4D SYSTEMATICALLY VIOLATES LAWS DESIGNED TO PROTECT PURCHASERS.

120. The C4D Defendants compound their exploitative and predatory contract terms and active misrepresentations by refusing to make crucial disclosures required by state and federal law and designed to protect consumers from exactly the type of exploitation the C4D Defendants perpetuate.

A. The C4D Defendants Disregard Minnesota Law Expressly Designed to Protect the Somali Community from Predatory Contracts for Deed.

121. Minnesota has recognized the potential for abuse in contracts for deed. As a result, Minnesota law has long required that sellers who sell homes pursuant to contracts for deed as a business make certain disclosures to purchasers.

122. From May 2017 to July 2024, Minnesota law required contract for deed sellers who had made four or more contract for deed sales involving residential property during the year preceding a particular sale to make certain required disclosures. Minn. Stat. §§ 559.201, subd. 4 and 559.202 (repealed 2024). Because the C4D Defendants entered into at least four contracts for deed sales of residential property for personal use by the purchasers in the preceding year at all times from approximately August 2019 through July 31, 2024, the C4D Defendants were required to provide these disclosures for every contract for deed it entered into during that same time period.

123. Pursuant to this provision, the C4D Defendants were required to provide verbatim a mandated disclosure designed to help purchasers know the risks of contracts for deed and the

remedies available to them. Among other details, this disclosure made clear that mortgage foreclosure laws do not apply to contracts for deed, that buyers are not tenants, that purchasers may be required to make a balloon payment, and that they face important risks: "If you miss just a single payment or can't make the balloon payment, the seller can cancel your contract. You will likely lose all the money you have already paid. You will likely lose your ability to purchase the home. The seller can begin an eviction action against you in just a few months." Minn. Stat. § 559.201, subd. 3 (repealed 2024).

124. The C4D Defendants were also required by Minnesota law to provide verbatim a disclosure that it was "highly recommended," before signing a contract for deed, that a purchaser seek legal advice and "[g]et an independent, professional appraisal of the property to learn what it is worth[.]" The C4D Defendants were also required to disclose to buyers that they could cancel the purchase agreement within five days of signing, without penalty. *Id.*

125. The C4D Defendants made none of these required disclosures.

126. Despite these requirements, exploitative contract for deed schemes continued to proliferate.

127. In early 2024, spurred by reports of companies targeting the Somali community with predatory contracts for deeds, Minnesota State Representative Hodan Hassan and Senator Zaynab Mohamed introduced legislation reforming the legal requirements for contracts for deed. As Senator Mohamed explained, "shifty sellers and lenders ha[d] been taking advantage" of the Somali American community, many of whom had "saved up and made large down payment on homes" only to have "their money and promise of stability . . . stripped away from them." The bill was thus meant to prevent and address exploitative schemes like the C4D Defendants' by expanding and strengthening disclosures, extending the period to allow buyers to come current

and avoid cancellation, allowing for some refund of payments if deals fail, and creating meaningful remedies for violations. That reform passed into law and went into effect on August 1, 2024.

128. Since then, Minnesota law has required "investor sellers" like the C4D Defendants to provide more robust disclosures in any contract for deed sale ten days before the seller or purchaser signs the contract.[2] These disclosures include the APR, the price the seller paid to acquire the property if they acquired the property within the year preceding the sale, and the timing and amount of any balloon payment. Minn. Stat. §§ 559A.01, 559A.02, and 559A.03, subds. 1–4.

129. The C4D Defendants are also now required by Minnesota law to provide verbatim a revised general disclosure providing even more information about how contracts for deed work, the possible consequences for buyers if purchasers cannot make their payments, buyers' rights, and recommended actions.

130. *First*, the required disclosure includes a disclaimer to purchasers that "Minnesota's foreclosure protections do NOT apply" to contracts for deed and encourages purchasers to get legal advice from the Minnesota Homeownership Center before signing.

131. *Second*, the disclosure makes clear that if the buyer cannot make required payments, they might lose everything:

> If you don't make your monthly installment payment or the balloon payment, the seller can cancel the contract in only 120 days from the date you missed the payment. If the contract is canceled, **you lose your home and all the money you have paid, including any down payment, all the monthly payments, and any improvements to the property you have made.**
>
> If the contract contains a final lump-sum "balloon payment," you will need to get a mortgage or other financing to pay it off **(or you will have to sell the property)**. If you can't come up with this large amount - even if you have made all your monthly

[2] Minn. Stat. §§ 559a.01(5) defines an "investor seller" as any person or entity who enters into a contract for deed to sell residential real property who does not qualify for a limited set of exceptions. C4D does not qualify for any of the exceptions under the law. Indeed, C4D's own contract states that it is an investor seller.

> payments - the seller can cancel the contract. **Even if you are able to sell the property, you may not get back all the money you have paid for it.**

132. *Third*, the required disclaimer advises buyers to get an appraisal of the property "to learn what it's worth and make sure you are not overpaying for the house[,]" as well as to get an independent inspection and buy title insurance.

133. *Finally*, the disclosure informs buyers about the required 10-day waiting period, as well as their right to cancel the agreement without penalty within 10 days of receiving the disclosures. Minn. Stat. § 559a.03(4).

134. The C4D Defendants are also required to provide a separate document with an amortization schedule, making clear the portion of each installment payment that would be applied to interest and to principal, as well as the amount and due date of any balloon payments. Minn. Stat. § 559a.03(6).

135. Critically, if the transaction was advertised or primarily negotiated in a language other than English, the C4D Defendants must provide these disclosures in that language. Minn. Stat. § 559a.03(7).

136. Despite these abundantly clear requirements, the C4D Defendants did not at any point provide these required disclosures to their unsuspecting buyers, in any language.

137. The C4D Defendants' actions deprived purchasers of crucial information about their contracts for deed and the consequences of missing a payment. Had purchasers known that they would not receive the protections of a traditional mortgage, such as the foreclosure process, they could have opted out of the agreements entirely.

138. And while the C4D Defendants primarily advertised the contracts in Somali, they failed to provide these required disclosures in *any* language and similarly failed to provide the contracts or term sheets in Somali.

139. Nor did the C4D Defendants update their terms to abide by the 2024 amendments. On the contrary, C4D's contract for deed agreements have remained substantively the same and nearly textually identical since at least 2017.

140. Finally, the C4D Defendants do not even provide the disclosures required under Minnesota law for all residential real estate sales. Minnesota law requires that all sellers in residential real property sales disclose to purchasers "all material facts of which the seller is aware that could adversely and significantly affect (1) an ordinary buyer's use and enjoyment of the property; or (2) any intended use of the property of which the seller is aware." Minn. Stat. § 513.55, subd. 1.

141. Moreover, under Minnesota law, the C4D Defendants must also make certain radon-related disclosures outlined in the Minnesota Radon Awareness Act. Minn. Stat. §§ 144.496, 513.61.

142. The C4D Defendants do not make any of these disclosures. Indeed, the C4D Defendants do not provide *any* individualized disclosures about the state of the homes they sell; their identical form contract does not even provide a space for such disclosures. Instead of making these required disclosures, the C4D Defendants include a statement in the Contract for Deed Addendum attached to each contract for deed that the "[p]roperty is being sold in 'as-is' condition."

B. The C4D Defendants Openly Flout the Requirements of the Truth in Lending Act.

143. First enacted in 1968, the Truth in Lending Act is expressly designed to prevent "unscrupulous and predatory creditor practices." Its stated purpose is to "assure a meaningful disclosure of credit terms so that the consumer will be able to . . . avoid the uninformed use of credit[.]" 15 U.S.C. § 1601.

144. In 1994, Congress strengthened TILA's protections specifically "[i]n response to reports of abusive lending practices whereby unscrupulous lenders made unaffordable home-secured loans" to vulnerable borrowers. 86 Fed. Res. Bull. 462. Recognizing that traditional disclosures were insufficient to protect vulnerable borrowers from predatory lending practices, Congress enacted additional disclosure requirements and restrictions on high-cost mortgage loans aimed at "protecting borrowers from loan agreements that are likely to result in default and the loss of their homes." *Id.*

145. After the 2008 financial crisis that "nearly crippled the U.S. economy" and resulted in the loss of 9.3 million homes, S. Rep. No. 111-176, at 2 (2010), Congress again strengthened TILA, finding that a "major cause of the most calamitous worldwide recession since the Great Depression was the simple failure of federal regulators to stop abusive lending, particularly unsustainable home mortgage lending." *Id.* at 15.

146. In an effort to respond to those predatory lending practices, Congress enacted the Dodd-Frank Act, which added substantive requirements to protect consumers, including requiring creditors to make additional disclosures and, before entering into a mortgage loan, make a reasonable and good faith determination that a customer can repay that loan. Congress also added "enhance[ed] protections for high-cost loans," including "prohibit[ing] practices that increase the risk of foreclosure, such as balloon payments[.]" H. Rep. 111-94, at 49 (2010).

147. Together, TILA's key provisions should have protected purchasers from many of the most financially devastating terms in C4D's contracts, or, at the very least, provided clear warnings about the terms they were agreeing to. Instead, the C4D Defendants flout each of these requirements.

Failure to Undertake Ability to Repay Analysis

148. Under TILA and its implementing regulations, the C4D Defendants may not enter into a contract for deed with a purchaser unless they make "a reasonable and good faith determination based on verified and documented information that, at the time the [contract] is consummated, the consumer has a reasonable ability to repay the loan, according to its terms, and all applicable taxes, insurance (including mortgage guarantee insurance), and assessments." 15 U.S.C. § 1639c(a)(1); *see also* 12 C.F.R. § 1026.43(c)(1). By law, this analysis of the consumer's ability to repay the loan *must* include a consideration of the consumer's current debt, debt-to-income ratio, and credit history, among other factors. *See* 15 U.S.C. § 1639c(a)(3); 2 CFR §§ 1026(c)(2)(vi)-(viii). This requirement is meant to protect consumers from unscrupulous creditors extending credit on terms that they know or should know consumers cannot repay—a key contributor to the 2008 financial crisis.

149. The C4D Defendants openly and flagrantly ignore these requirements. According to the C4D Defendants, when a potential customer picks a home, the C4D Defendants have a meeting with that customer to discuss the customer's employment and to "discuss monthly payment amounts that fit within the economic realities of the prospective purchaser." This falls far short of the analysis required by TILA. And in reality, the C4D Defendants do not conduct a meaningful or substantive assessment of the customer's ability to afford the property at the C4D Defendants' prices. Rather, the C4D Defendants' only requirement to extend credit is that the purchaser have the needed funds available for a sizeable down payment.

150. By the C4D Defendants' own admission, they do not consider a purchaser's other debts or debt-to-income ratio, among other required factors, before entering into a contract for deed with a potential purchaser.

151. Nor do the C4D Defendants consider the credit scores or credit history of a potential customer before entering into a contract for deed. To the contrary, the C4D Defendants' advertisements and website have touted precisely the opposite.

152. For example, the C4D Defendants represent in a promotional brochure that "No credit is needed. Everyone is approved":

> **Do I need credit?**
>
> **Miyaan u baahanahay inaan leeyahay Taariikh Daymeed ?**
>
> **No. No credit is needed. Everyone is approved for this type of home transaction.**

153. And in a marketing video featured on C4D, LLC's website, a C4D spokesperson responded to a frequently asked question: "Is there a credit score requirement?" He answered in part, "No, there are no credit score requirements."

154. In another video, a C4D spokesperson repeated that "there are no credit score requirements. C4D LLC does not conduct credit checks."

155. The website's Frequently Asked Questions page confirmed that no credit history was required, reading, "Do I need credit? No, credit history is not needed to purchase a property with us."

FREQUENTLY ASKED QUESTIONS

Do I need credit?

No, credit history is not needed to purchase a property with us.

156. In addition, C4D, LLC's website positioned the C4D Defendants' contracts as a way around the TILA-mandated ability to repay analysis. It asserted that C4D, LLC offered "flexible terms and solutions for parties who may not have an established credit history." And it added: "Buying a house in the States normally asks you to pay interest. Or to have a good credit score. But you don't have to if you choose a contract-for-deed agreement."

Don't you want your own property... a house your whole family can fit in?

Buying a house in the States normally asks you to pay interest. Or to have a good credit score. But you don't have to if you choose a contract-for-deed agreement.

Apply Now

157. This message that credit history is not required is consistent throughout the C4D Defendants' marketing materials.

158. When Mr. Benoit and Mr. Legatt meet with prospective purchasers, at most they ask general questions about income, employment, and family size, but they do not ask for any

corroborating information, such as pay stubs, or inquire about the purchasers' existing debt or credit.

159. Mr. Benoit and Mr. Legatt personally engage in this conduct: As the owners and agents of C4D, LLC, they wrote and/or selected the statements that appeared on C4D, LLC's website.

160. Email correspondence confirms that they personally worked with a vendor to create C4D, LLC's website. For example, the vendor sent them an email that stated, "We're excited to share your website with you and the impact it will have in achieving your goals to communicate how your clients can easily purchase a home through a contract for deed by working with your firm."

161. Even when a third party brought a customer's credit history to Mr. Benoit and Mr. Legatt's attention, the customer's poor credit history did not dissuade Mr. Benoit and Mr. Legatt from entering into a contract for deed with that customer. In one case, an insurance broker emailed Travis Benoit about a potential customer, noting their "credit couldn't be much worse." The C4D Defendants nonetheless entered into a contract for deed with that customer.

162. The result of the C4D Defendants' refusal to undertake a good faith analysis of their purchasers' ability to repay the contracts for deed is no surprise: the vast majority of C4D purchasers were unable to keep up with their payments.

163. This problem is well illustrated by their high rate of applications to HomeHelpMN's COVID-19 Homeowner Assistance Fund, which provided assistance to financially distressed homeowners who faced the risk of default, foreclosure, or displacement as a result of COVID-related financial hardship. Applications for HomeHelpMN were open between May 7, 2022 and July 7, 2023.

164. As of July 7, 2023, the C4D Defendants had entered into seventy-four contracts for deed, many of them for the sales of homes in Hennepin County. Of these, fifty purchasers applied for assistance with HomeHelpMN. In other words, *more than two-thirds* of all C4D purchasers were unable to keep up with their payments under contracts for deed. Unsurprisingly, the purchaser discussed above whose credit "couldn't be much worse" was one of these purchasers who applied for assistance.

165. C4D customers applied for assistance with HomeHelpMN in extremely high numbers. Indeed, five times more C4D purchasers applied for HomeHelpMN assistance than the number of purchasers from any other contract for deed seller in the state of Minnesota.

166. The C4D Defendants' practice of refusing to undertake a good faith and reasonable determination of a purchaser's ability to repay the contract for deed has remained consistent from 2017 to the present.

<u>Failure to Disclose Key Financial Terms on Charges and Fees</u>

167. The C4D Defendants also fail to disclose to customers key financial terms of their contracts for deed. Crucially, the C4D Defendants do not disclose either the total finance charge or the annual percentage rate, as described above.[3] This failure to disclose violates TILA's requirements that a creditor in a closed-end consumer credit transaction disclose those vital terms. 15 U.S.C. §§ 1638(a)(3), (4). This requirement that creditors disclose the APR to borrowers is meant in part to prevent lenders from purporting to offer low interest rates and hiding the true cost of credit in fees and undisclosed finance charges. But that is precisely what the C4D Defendants have done.

[3] Because the C4D Defendants do not disclose the total finance charge or annual percentage rate, they also does not disclose the meanings of those terms, which is separately required by TILA. *See* 15 U.S.C. § 1638(a)(8).

168. The C4D Defendants also do not disclose to customers that they would charge other fees of mysterious origin, including hundreds of dollars in late fees, "ACH fees," legal fees, and additional fees upon contract termination.

169. These failures and misrepresentations violate TILA's disclosure requirements, including the requirement the C4D Defendants disclose all late charges. *See, e.g.,* 15 U.S.C. § 1638(a)(10).

Failure to Abide by Additional Requirements

170. The C4D Defendants' failure to abide by numerous additional TILA requirements contributes substantially to consumers' misapprehension about the terms of the transactions.

171. *First*, because the contracts for deed are credit transactions secured by a dwelling, the C4D Defendants are also required to disclose in writing, at least three days after receiving the customer's application and seven days before the consummation of any contract for deed, and again at closing, in a conspicuous size and format: "You are not required to complete this agreement merely because you have received these disclosures or signed a loan application." 15 U.S.C. § 1638(b)(2)(B).

172. The C4D Defendants do not provide these required disclosures.

173. *Second*, approximately 90% of C4D's contracts for deed qualify under TILA as "higher-priced." As a result, TILA requires the C4D Defendants to give the consumer (at no cost) an appraisal performed by a certified or licensed appraiser at least three days before the execution of the contract for deed. 15 U.S.C. § 1639h; 12 C.F.R. § 1026.35(c)(6).[4] The C4D Defendants do not do this.

[4] Dodd-Frank added the appraisal requirement for "higher-risk mortgages" to TILA. It came into effect by regulation on January 18, 2014. *See* Appraisals for Higher-Priced Mortgage Loans, 78 Fed. Reg. 10368 (Feb. 13, 2013). To implement the statutory definition of "higher-risk

174. While the C4D Defendants themselves receive appraisals of the homes they purchase through conventional mortgages to then resell to their customers, the C4D Defendants withhold those appraisals from their buyers when they resell the homes, often mere hours later, at a significant markup. If the C4D Defendants provided the required appraisal, customers would be informed that the C4D Defendants are charging them a price hundreds of thousands of dollars above the fair market value of the home.

175. *Third*, approximately 20% of these transactions qualify under TILA as "high-cost."

176. The C4D Defendants are not permitted to include in any "high-cost" transaction any "balloon" payments, defined as scheduled payments that are more than twice as large as the average of earlier scheduled payments, unless the payment schedule has been adjusted to account for the irregular or seasonal income of the consumer. 15 U.S.C. § 1639(e).

177. All or virtually all of the C4D Defendants' contracts for deed, including its high-cost transactions, included annual balloon payments that are more than twice (and in fact multiple times) as large as the average of earlier scheduled payments.

178. For example, the C4D Defendants entered into a contract for deed in April 2020 that had an APR over 14%. This transaction qualified as a high-cost transaction because it involved an extension of credit greater than $50,000 and the APR was more than 6.5% above the average prime offer rate at the time of the transaction. Despite the legal prohibition on balloon payments, this contract for deed charged a monthly payment of $1,140 and an annual balloon payment of

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mortgage," the CFPB's final rule used the term "higher-priced mortgage loan" because the term was already in use under the Bureau's Regulation Z with a meaning substantially similar to the meaning of "higher-risk mortgage" in the Dodd-Frank Act. *See* Appraisals for Higher-Priced Mortgage Loans, 78 Fed. Reg. at 10369.

$10,000—far more than twice the average of proceeding monthly payments. TILA prohibits this charge.

179. In addition, under TILA, the C4D Defendants also may not originate a "high-cost" transaction without first "receiv[ing] written certification that the consumer has obtained counseling on the advisability of the mortgage from a counselor that is approved to provide such counseling by the Secretary of the U.S. Department of Housing and Urban Development or, if permitted by the Secretary, by a State housing finance authority." 12 C.F.R. § 1026.34(a)(5). The C4D Defendants do not require this certification and have never received it from their customers.

180. Finally, TILA requires the C4D Defendants to give any customer entering into a high-cost loan the following written disclosure at least three days before consummation: "You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application. If you obtain this loan, the lender will have a mortgage on your home. You could lose your home, and any money you have put into it, if you do not meet your obligations under the loan." 12 C.F.R. § 1026.32(c). The C4D Defendants do not do this. On the contrary, they lure purchasers with assurances that C4D will work with them if they miss a payment.

181. The C4D Defendants' conduct has had real world consequences, trapping numerous of purchasers into expensive, predatory, and illegal contracts for deed, all in violation of TILA.

VI. THE C4D DEFENDANTS OPENLY TARGET THEIR SCHEME AT MINNESOTA'S SOMALI MUSLIM COMMUNITY.

182. From its inception, C4D's predatory business scheme has had one target—Minnesota's Somali Muslim community. The C4D Defendants exclusively marketed to and identified this community on their website and in their marketing materials, which featured distinguished members of the community, including a local imam and popular Somali singer; hired

members of this community to refer and liaise with clients; and tailored their (false) representations to the community's religious convictions.

<u>Website and Marketing Materials</u>

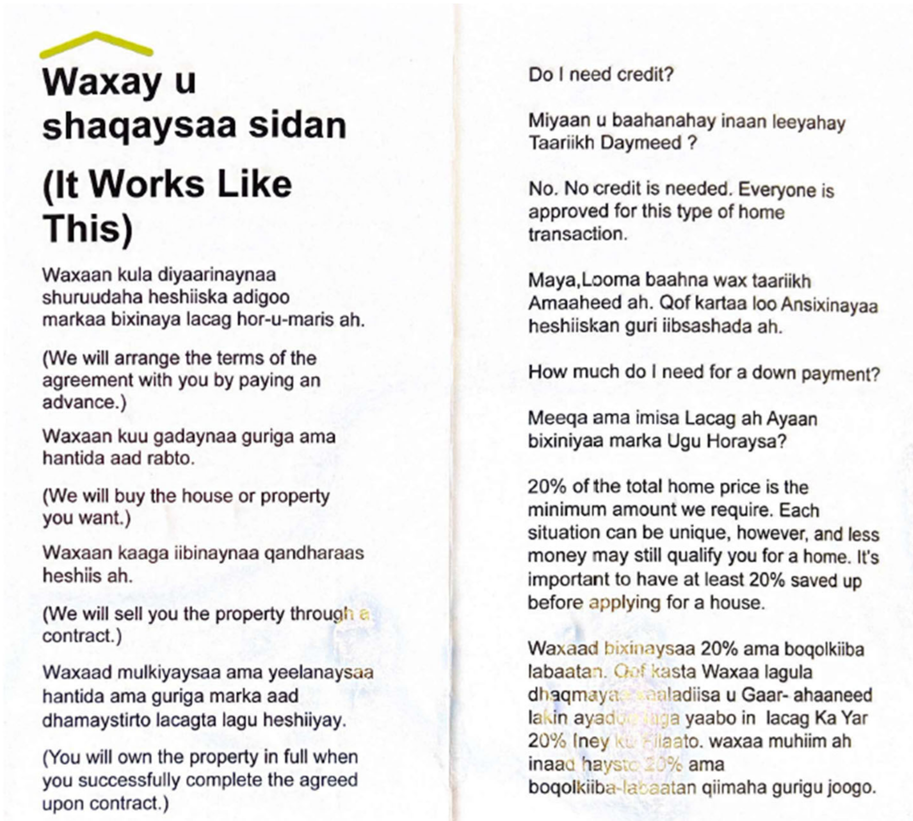
183. For years, the C4D Defendants maintained a website they used to market and sell their product. The website was the primary way potential customers found the C4D Defendants and it remained available until approximately December 2025, after the Attorney General served C4D, LLC with a second civil investigative demand in connection with this investigation.

184. Although a website user could toggle to an English-language version of the website, the website loaded in Somali by default. It featured only customers who appeared to be of Somali national origin and included video testimonials exclusively in Somali.

Images of customers, who appear to be of Somali national origin, featured on C4D, LLC's website

185. Featuring individuals of a particular race, ethnicity, or national origin in marketing materials has long been recognized as evidence that a company is targeting a product or business at that particular racial, ethnic, or national group.

186. Other marketing materials were also written exclusively or primarily in Somali. For example, the C4D Defendants produced a brochure that purported to explain how the C4D Defendants' contracts for deed work. It provided a bullet-pointed explanation in Somali, with an English language translation in parentheses.



Waxay u shaqaysaa sidan

(It Works Like This)

Waxaan kula diyaarinaynaa shuruudaha heshiiska adigoo markaa bixinaya lacag hor-u-maris ah.

(We will arrange the terms of the agreement with you by paying an advance.)

Waxaan kuu gadaynaa guriga ama hantida aad rabto.

(We will buy the house or property you want.)

Waxaan kaaga iibinaynaa qandharaas heshiis ah.

(We will sell you the property through a contract.)

Waxaad mulkiyaysaa ama yeelanaysaa hantida ama guriga marka aad dhamaystirto lacagta lagu heshiiyay.

(You will own the property in full when you successfully complete the agreed upon contract.)

Do I need credit?

Miyaan u baahanahay inaan leeyahay Taariikh Daymeed ?

No. No credit is needed. Everyone is approved for this type of home transaction.

Maya,Looma baahna wax taariikh Amaaheed ah. Qof kartaa loo Ansixinayaa heshiiskan guri iibsashada ah.

How much do I need for a down payment?

Meeqa ama imisa Lacag ah Ayaan bixiniyaa marka Ugu Horaysa?

20% of the total home price is the minimum amount we require. Each situation can be unique, however, and less money may still qualify you for a home. It's important to have at least 20% saved up before applying for a house.

Waxaad bixinaysaa 20% ama boqolkiiba labaatan. Qof kasta Waxaa lagula dhaqmaya[illegible]aaladiisa u Gaar- ahaaneed lakin ayad[illegible] [illegible]ga yaabo in lacag Ka Yar 20% Iney ku [illegible]ilaato. waxaa muhiim ah inaad haysto 20% ama boqolkiiba-labaatan qiimaha gurigu joogo.

Preying Upon Religious Convictions

187. The C4D Defendants specifically target members of Minnesota's Somali Muslim community by preying upon the community's religious convictions.

188. Islamic law prohibits the payment or receipt of interest.

189. Although not all Muslims adhere to this prohibition, many members of Minnesota's Somali Muslim community take this prohibition very seriously and avoid entering into transactions, including conventional mortgages, that would require them to pay interest.

190. The C4D Defendants openly appeal to this conviction by falsely claiming that their contract for deed purchasers do not pay interest or late fees—and expressly claiming that this means their contracts comply with Islamic law.[5]

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[5] The State of Minnesota takes no position as to whether Defendants' contracts for deed comply with Islamic law.

191. For example, as explained above, the C4D Defendants openly advertise themselves as "Your No-Interest, No-Riba Solution to Property Ownership." Riba is an Arabic word that refers to interest.

192. Until the C4D Defendants took it down, the C4D, LLC website included a Somali language video featuring a popular Somali singer, Dalmar, who responded to frequently asked questions about the C4D Defendants. In the video, Dalmar responded to the question, "Does C4D LLC have any interest in their contracts?" by stating, in part, "Absolutely not. C4D LLC ensures there is no interest whatsoever in their contracts."

193. The spokesman continued by expressly tying the lack of interest to Muslim principles, claiming that the lack of interest "has been verified and explained by scholars and imams within the community. The company operates transparently and in compliance with Islamic principles, providing a Sharia-compliant alternative for homeownership."

194. Mr. Benoit crafted this script in English, had it translated to Somali by C4D's community liaisons, had the popular singer read it in Somali, and then had it posted on the website.

195. Before it was taken down, C4D, LLC's website also included another Somali-language video from a prominent local imam, which began: "Welcome to C4D LLC: A Trusted Alternative for the Muslim Community."

196. It continued, expressly linking entering into a contract for deed with the C4D Defendants with religious observance:

> There are two major types of interest in Islam….[One] is Riba Al-Nasi'ah, which is the interest of delay. This type of interest involves conventional loans where additional charges are applied for late payments. Today, I…will focus on Riba Al-Nasi'ah. This form of interest is what we commonly see in conventional loans….For instance, if a loan is due on January 1st but cannot be paid on time, the lender reschedules the payment to February and adds an interest charge for the delay. As Muslims, we know that Riba (interest) is strictly forbidden in Islam. This verse in the Quran says "Allah has permitted trade and forbidden interest." Another

> verse reminds us: "O believers! Do not consume interest, multiplying it many times over. And be mindful of Allah, so you may prosper." Even a small amount of Interest is prohibited. We were even told that consuming even one portion of Riba is more sinful than committing adultery 70 times. This brings me to the Contract for Deed offered by this company called C4Dllc. Unlike conventional loans, which involves interest and are impermissible in Islam, the Contract for Deed is a permissible alternative. With C4Dllc, there are no late fees or interest charges if payments are delayed.

197. The same video similarly claims that Muslim religious leaders have approved of C4D and recommend C4D's contracts for deed to the "Muslim community, particularly Somali Muslims":

> When we learned about C4Dllc, we reviewed their policies and contracts to ensure they align with Islamic principles. After thoroughly examining their documents, we found no evidence of Intrest [sic] in any form. This transparency has given many members of the Muslim community, particularly Somali Muslims, confidence in working with this company….This type of trade is allowed in Islam, as stated in Surah Al-Baqarah, verse 275: "Allah has permitted trade and forbidden interest."

198. As with the first video, Mr. Benoit crafted this language in English. At Mr. Benoit's direction, community liaisons translated it to Somali, to be read by the imam and posted on the website.

199. According to a community liaison hired by the C4D Defendants who is both Muslim and of Somali national origin, Muslim people are likely to listen to and believe an imam who says that a particular lending product complies with Islamic law and would be unlikely to listen to and believe the same statements were they made only by Mr. Benoit.

<u>Appeals to Community Relationships</u>

200. Throughout its marketing and advertising materials, the C4D Defendants target Somali Muslim home purchasers by claiming a special relationship with the Muslim community. For example, in the first video discussed above, the speaker claims—in Somali—"C4Dllc's contributions go beyond individual homes." He continues:

> [C4D has] helped our community acquire spaces like the Islamic Center in St. Cloud, which now serves as both a mosque and a community hub. This center provides an open and welcoming environment for our children and youth to grow in their faith, explore their Muslim American identity, and engage in community service. Without the Contract for Deed offered by C4Dllc, such accomplishments would not have been possible. Conventional loans are not permissible in Islam, but the Contract for Deed provides a lawful and practical solution for our community.

201. The video concludes, "[I]f you're looking for a Sharia-compliant, empathetic, and reliable alternative solution to homeownership, C4D LLC is here to serve you."

202. The second video makes similar claims about the C4D Defendants' allegedly special relationship to Minnesota's Somali Muslim community, referencing the facilitation of the sale of "significant community spaces, including the Islamic Center Mosque and a local charter school in St. Cloud." The video expressly claims—again in Somali—that C4D is "dedicated to serving the community and plan to continue offering properties that meet the needs of the Somali and Muslim communities."

203. Indeed, this same video claims that potential customers should trust C4D because of its relationship with the Somali Muslim community in Minnesota. The video responds to the question "How can I trust C4D LLC?" as follows:

> The company has built a strong relationships [sic] with the Somali and Muslim communities in St. Cloud and throughout Minnesota. C4D LLC is not just a company; it is a trusted partner for the Somali and Muslim communities, offering a transparent, interest free path to homeownership. This alternative respects your faith, values, and financial circumstances. Over 47 families have already trusted C4D LLC, with more offers for both residential and commercial properties currently in progress.

204. In other words, the C4D Defendants appeal to potential customers by referring to C4D's relationships with people presumptively like them: Somali Muslims, including prominent members of the community.

Employment of Community Members

205. The C4D Defendants have also targeted the Somali Muslim community by hiring members of that community to identify and market to community members who could not apply for traditional mortgage financing due to their religious principles.

206. For several years, the C4D Defendants hired a company to refer clients to C4D, LLC. The company's owner and sole employee is a man who is both Muslim and of Somali national origin and who was also the C4D Defendants' first contract for deed customer.

207. The company's primary task on behalf of the C4D Defendants was to act as a community liaison and to refer to the C4D Defendants members of the Somali Muslim community who wanted to buy homes but were unable to apply for conventional mortgages due to their religious principles.

208. The community liaison would explain the model used by the C4D Defendants and direct potential customers to C4D, LLC's website, where the C4D Defendants claimed their contracts for deed complied with the Islamic law prohibition against the payment of interest and made the above representations.

209. The company itself explained that "[t]he Somali community is very tight [k]nit. After [the community liaison] explained to several of his associates that C4D offered an opportunity to buy a house to Muslims who practiced Sharia law, word traveled quickly and [the community liaison] began receiving calls from other members of the community who heard about this opportunity, sometimes several degrees of separation away from [the community liaison] and the conversation he had with an individual."

210. The C4D Defendants hired this particular community liaison and other community members to refer Somali Muslim customers to the C4D Defendants with the express intention of exploiting their community ties and the trust other community members had in them.

211. The C4D Defendants have also exploited the trust community members had in these community liaisons to induce members of the Somali Muslim community to sign the contracts for deed. For instance, at times, Mr. Benoit or Mr. Legatt have asked the community liaison to sit in on meetings where the C4D Defendants presented contracts for deed to customers. The community liaison was specifically asked to sit in on these meetings "when the potential client had a poor command of English or generally distrusted others who were not members of their community. At the time of the meeting, C4D would provide documents to [the community liaison], and he would then provide these to the potential clients, answering any questions they had about the documents."

212. Similarly, C4D would send the community liaison to speak to other potential customers who were members of the community to see if they would be a "fit" for C4D.

213. On July 15, 2024, for example, Mr. Legatt emailed a community liaison with the subject line "new contact." The email included the name and contact information of a potential customer with a name that appears to be Somali. Mr. Legatt told the community liaison, "Please give this person a call and explain program and see if they are a fit and have the needed 20% down[. I]f so[,] we could schedule a meeting with them."

214. Two days later, Mr. Legatt directed the community liaison to "reach out" to another potential customer, whose name indicates they are Somali, to "see if they are a good fit and see what they have for cash down…."

215. When customers were in fact interested, the community liaison would work with Mr. Benoit to set up a meeting between Mr. Benoit and the customers.

216. Additional documents demonstrate that the community liaison worked at the direction of Mr. Benoit and Mr. Legatt. For example, in text messages exchanged with Mr. Benoit, the owner referred to Mr. Benoit as "Boss."

217. In addition to using this community liaison to entice new customers, the C4D Defendants also used his community relationships to track down community members and collect on late payments.

218. For example, text messages show that Mr. Benoit texted the community liaison with the name of a C4D customer, asking "Can you get me this guy[']s phone number? His old one is disconnected and he's late on his [annual balloon payment]?"

219. At times, the direction to collect was more explicit. On February 11, 2023, Mr. Benoit texted the community liaison with contact information for a C4D customer and the message "Please go to there [sic] house and ask for 2 months payments $2000 each and get a good phone number."

220. As instructed, the community liaison went to their house, knocked on the front door, spoke to the purchaser, and attempted to collect the money.

221. Similarly, on February 22, 2023, Mr. Benoit texted the community liaison with the name and phone number of a C4D customer, stating: "We need money out of this guy. He doesn't answer my calls." The clear implication of this message is that the community liaison was tasked with trying to collect the payments.

222. The community liaison was paid by commission. Mr. Legatt communicated directly with the community liaison regarding the work he performed on behalf of C4D and the commissions he earned.

223. In reality, those commissions were largely applied to the community liaison's debt owed to C4D under his own contracts for deed.

224. In addition to referring potential customers to C4D, the arrangement between the community liaison's company and the C4D Defendants allowed C4D to use the community liaison's image and likeness on C4D, LLC's website and in a promotional pamphlet.

225. Like other C4D promotional materials, the pamphlet is primarily in Somali with a secondary English translation. It features the community liaison as "Proof It Works" and states, in his voice: "I was one of the first clients of C4DLLC [sic] which allowed my family to purchase our first home. Traditional financing wasn't an option, but C4D LLC was able to sit down with us and come up with an agreement that allowed my family to make home ownership a reality. I have since become a sales representative for C4D LLC to help others make property ownership a reality." This language was crafted by the company C4D hired to make the website, at C4D's direction.

226. But the pamphlet only tells half the story: the community liaison fell behind on his payments on a contract for deed with C4D, LLC and the C4D Defendants cancelled this contract.

227. The community liaison was forced to return the property to the C4D Defendants, who changed the legal ownership of the property.

228. Although the C4D Defendants now have sole ownership of the property, the C4D Defendants asked that the community liaison continue to make monthly payments to C4D for the property, and he has in fact continued to make payments to the C4D Defendants for that property, relying on the C4D Defendants' representation that, when the C4D Defendants sell the property, they will return the community liaison's payments.

229. The C4D Defendants have consistently and intentionally targeted their predatory contracts for deed to the Somali and Muslim communities since they first began extending credit pursuant to contracts for deed in 2017.

230. The C4D Defendants' policy of intentionally targeting members of Minnesota's Somali and Muslim communities has been extremely successful, as reflected in the fact that all or virtually all of the C4D Defendants' customers, including the community liaison, are Muslim individuals of Somali national origin.

VII. THE C4D DEFENDANTS KNOWINGLY VIOLATED THE LAW.

231. For years, the C4D Defendants, including Mr. Benoit and Mr. Legatt, have known—or should have known—that they were engaged in reverse redlining and other violations of state and federal law.

232. In August 2023, Mr. Benoit received a letter from an attorney representing two C4D customers who had purchased a home from the C4D Defendants in Hennepin County.

233. The two C4D customers are of Somali national origin.

234. This letter notified Mr. Benoit, and thus all Defendants, that it "appears your company failed to provide the disclosures mandated by Minnesota Statute 559.202 for contracts for deed executed by a 'multiple seller.' It also appears your company has violated a similar **federal** statute (15 USCS 1638) which requires certain disclosures to be included by creditors in transactions such as the contract for deed at issue."

235. It further stated that it appeared that "C4D LLC has engaged in a pattern of failing to make the required disclosures in contracts for deed executed between C4D LLC and other individuals not party to this specific transaction."

236. In short, the letter informed the C4D Defendants that their policies and practices violated state and federal law because they failed to provide required disclosures.

237. The letter also informed the C4D Defendants that they were engaged in reverse redlining. In particular, the letter noted that the C4D Defendants appeared to have engaged in a pattern of discriminatory housing practices against the Somali Muslim community, "specifically, targeting said community with contracts for deed that lack the statutorily mandated disclosures designed to protect them."

238. Later, the letter continued by noting that the "predatory contract for deed scheme . . . was entirely targeted at a specific racial and religious minority; specifically, Somali Muslims," and noted that the "one need only look at the current C4D LLC website to see that the activities you are engaged in are specifically targeting this group."

239. Indeed, the letter specifically noted that C4D's marketing that its product did not involve interest "point[ed] to your taking advantage of certain Islamic religious customs, norms, and religious laws in order to induce individuals to sign your contracts."

240. The C4D Defendants settled with the customers out of court.

241. Afterward, however, the C4D Defendants neither began to provide the required disclosures, changed the terms of their contracts for deed such that they were no longer predatory, nor stopped its discriminatory targeting of the Somali Muslim community.

242. As a result, by no later than August 2023, the C4D Defendants were put on notice that they were routinely failing to provide required disclosures in violation of TILA and Minnesota law and that their practices constituted reverse redlining in violation of statutes including the Minnesota Human Rights Act and Equal Credit Opportunity Act.

243. Far from taking this warning to heart or reforming their practices, however, the C4D Defendants intentionally and willfully continued their predatory and illegal practices unabated until at least September 2025.

VIII. C4D, LLC AND FIVE POINTS PROPERTIES ARE A FAÇADE FOR TRAVIS BENOIT AND STEVEN LEGATT'S INDIVIDUAL DEALINGS.

244. Mr. Benoit and Mr. Legatt, through their co-Defendant companies C4D, LLC, and Five Points Properties, LLC, are engaged in a joint venture and each are the alter ego of the other.

245. Mr. Benoit and Mr. Legatt together have held themselves out to be the President, Vice President, Secretary, Treasurer, and Chief Manager of C4D, LLC. They control and hold total decision-making authority for the operation and business of C4D, LLC and Five Points Properties, LLC, including personally undertaking, directing, or controlling each of the alleged activities. In acting on behalf of C4D, LLC and Five Points Properties, LLC, Mr. Benoit and Mr. Legatt often used their personal cell phones, personal e-mail accounts, and facilities from their other unrelated businesses, including Infinity Homes and McKay Dodge, and otherwise failed to observe corporate formalities.

246. For example, C4D used to conduct most meetings with prospective clients at McKay Dodge and disseminated C4D advertising materials at the dealership. Mr. Benoit often conducted official C4D business through his McKay Dodge email account, while Mr. Legatt does the same with his Infinity Homes e-mail account.

247. Mr. Benoit and Mr. Legatt use C4D, LLC and Five Points Properties interchangeably in their contract for deed business, alternatively listing both "Five Points Properties" and "Five Points Properties dba C4D LLC" as the companies authorized to debit payments in Authorization Agreements for Direct Payments, identifying Five Points Properties as

a parent company for C4D, LLC and as “DBA C4D LLC” in communications with HomeHelpMN, and identifying C4D LLC as “[a] division of Five Points Properties LLC” in letters and e-mails.

248. C4D, LLC and Five Points Properties are a façade for Mr. Benoit and Mr. Legatt’s individual dealings and real estate business. Piercing the corporate veil is therefore necessary to avoid injustice or fundamental unfairness.

COUNT I
MINNESOTA HUMAN RIGHTS ACT
MINN. STAT. § 363A.09, subd. 1(2)

249. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

250. Minnesota Statute § 363A.09, subd. 1(2) prohibits discrimination “against any person or group of persons because of . . . religion [or] national origin . . . in the terms, conditions, or privileges of the sale, rental or lease of any real property.”

251. Because the Minnesota Human Rights Act is a law “respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade,” the Attorney General is authorized to bring civil enforcement actions for violations of the Minnesota Human Rights Act, including Minn. Stat. § 363A.09, pursuant to section 8.31 and his *parens patriae* authority.

252. The C4D Defendants’ acts, policies, and practices of targeting Muslim and Somali purchasers on the basis of religion and/or national origin with predatory and unfair contracts for deed are intentionally discriminatory on the basis of national origin and/or religion and constitute reverse redlining.

253. The C4D Defendants’ acts, policies, and practices have an unjustified disparate impact on the basis of religion and/or national origin.

254. The C4D Defendants' acts, policies, and practices have provided and continue to provide different terms, conditions, and privileges of sale of housing, and different services and facilities in connection therewith, on the basis of national origin and religion in violation of Minn. Stat. § 363A.09, subd. 1(2).

255. The C4D Defendants have engaged in a pattern or practice of resistance to the full enjoyment of Minnesotans' right to purchase property without the blemish of discrimination.

256. The C4D Defendants' pattern or practice of discrimination was intentional and willful and was implemented with reckless disregard for the rights of individuals based on their religion.

257. Mr. Benoit and Mr. Legatt knew about and acquiesced in the corporate Defendants' violative practices.

258. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Minnesota Human Rights Act, Minn. Stat. § 363A.09, subd. 1(2).

COUNT II
MINNESOTA HUMAN RIGHTS ACT
MINN. STAT. § 363A.09, subd. 2(2)

259. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

260. Minnesota Statute § 363A.09, subd. 2(2) prohibits a real estate broker, real estate salesperson, or employee, or agent thereof "to discriminate against any person because of… religion [and/or]… national origin… in the terms, conditions, or privileges of the sale … of real property…."

261. Defendants Benoit and Legatt qualify as real estate brokers within the meaning of Minn. Stat. § 82.55(19)(a) because, on behalf of Defendants C4D, LLC and Five Points Properties, LLC and for valuable consideration, they buy, sell, and negotiate the purchase and sale of real estate.

262. All C4D Defendants are also "real estate brokers" within the meaning of Minn. Stat. § 82.55(19)(g) because C4D, LLC has engaged wholly in the business of selling real estate and thus established a pattern of real estate sales. In particular, the C4D Defendants engaged in five or more real estate transactions every year from 2019 to 2024 without representation by a licensed real estate broker or salesperson.

263. The C4D Defendants' acts, policies, and practices of targeting Muslim and Somali purchasers on the basis of religion and/or national origin with predatory and unfair contracts for deed are intentionally discriminatory on the basis of national origin and/or religion and constitute reverse redlining.

264. The C4D Defendants' acts, policies, and practices have an unjustified disparate impact on the basis of religion and/or national origin.

265. The C4D Defendants' acts, policies, and practices have provided and continue to provide different terms, conditions, and privileges of sale of housing, and different services and facilities in connection therewith, on the basis of national origin and religion in violation of Minn. Stat. § 363A.09, subd. 2(2).

266. The C4D Defendants have engaged in a pattern or practice of resistance to the full enjoyment of Minnesotans' right to purchase property without the blemish of discrimination.

267. The C4D Defendants' pattern or practice of discrimination was intentional and willful and was implemented with reckless disregard for the rights of individuals based on their religion.

268. Mr. Benoit and Mr. Legatt knew about and acquiesced in the corporate Defendants' violative practices.

269. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Minnesota Human Rights Act, Minn. Stat. § 363A.09, subd. 2(2).

COUNT III
MINNESOTA HUMAN RIGHTS ACT
MINN. STAT. § 363A.09, subd. 1(3)

270. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

271. The Minnesota Human Rights Act prohibits "print[ing], circulat[ing] or post[ing] or caus[ing] to be printed, circulated, or posted any advertisement…for the purchase…real property…which expresses, directly or indirectly, any limitation, specification, or discrimination as to…religion [or] national origin." Minn. Stat. 363A.09, subd. 1(3).

272. The C4D Defendants have violated Minn. Stat. 363A.09, subd. 1(3) by printing, circulating, and posting advertisements for the sale of homes via contract for deed that indicate a specification as to religion and national origin.

273. In particular, their website, including the Somali-language videos on their website, and the brochure that they printed and circulated express directly and indirectly a specification for purchasers who are Somali and Muslim.

274. The C4D Defendants have engaged in a pattern or practice of resistance to the full enjoyment of Minnesotans right to purchase property without the blemish of discrimination.

275. The C4D Defendants' pattern or practice of discrimination was intentional and willful and was implemented with reckless disregard for the rights of individuals based on their religion.

276. Mr. Benoit and Mr. Legatt knew about and acquiesced in the corporate Defendants' violative practices.

277. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Minnesota Human Rights Act, Minn. Stat. § 363A.09, subd. 1(3).

COUNT IV
MINNESOTA HUMAN RIGHTS ACT
MINN. STAT. § 363A.09, subd. 3(1)

278. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

279. Under Minnesota Statute section 363A.09, subd. 3(1), it is an unfair discriminatory practice for a person, financial institution, or lender to whom an application is made for financial assistance for the acquisition of any real property "to discriminate against any person or group of persons because of … religion [or] national origin … in the rates, terms, conditions, or privileges of the financial assistance or in the extension of services in connection therewith."

280. The C4D Defendants have extended financial assistance for the acquisition of real property because their contracts for deed are seller-financed sales, meaning that the seller directly extends credit to the purchaser to purchase the real property.

281. The C4D Defendants' acts, policies, and practices of targeting Muslim and Somali consumers on the basis of religion and/or national origin with predatory and unfair contracts for deed are intentionally discriminatory on the basis of national origin and/or religion and constitute reverse redlining.

282. The C4D Defendants' acts, policies, and practices have an unjustified disparate impact on the basis of religion and/or national origin.

283. The C4D Defendants' acts, policies, and practices have discriminated and continued to discriminate on the basis of religion and/or national origin in the rates, terms, conditions, or privileges of the financial assistance they provide and/or in the extension of connected services in violation of Minn. Stat. § 363A.09, subd. 3(1).

284. The C4D Defendants have engaged in a pattern or practice of resistance to the full enjoyment of Minnesotans right to purchase property without the blemish of discrimination.

285. The C4D Defendants' pattern or practice of discrimination was intentional and willful and was implemented with reckless disregard for the rights of individuals based on their religion.

286. Mr. Benoit and Mr. Legatt knew about and acquiesced in the corporate Defendants' violative practices.

287. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Minnesota Human Rights Act, Minn. Stat. § 363A.09, subd. 3(1).

COUNT V
EQUAL CREDIT OPPORTUNITY ACT
15 U.S.C. § 1691 *et seq.*

288. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

289. Pursuant to 12 U.S.C. § 5552(a)(1), Minnesota Attorney General Keith Ellison has the authority to bring civil enforcement actions for violations of the Consumer Financial Protection Act of 2010 (“CFPA”).

290. The CFPA expressly incorporates eighteen enumerated consumer protection laws, including the Equal Credit Opportunity Act, 12 U.S.C. § 1691 *et seq*. *See* 12 U.S.C. §§ 5481(12), (14), 5536(a)(1).

291. The C4D Defendants extend “credit” within the meaning of 15 U.S.C. §1691a(d) because their contracts for deed grant purchasers the right to incur debt and defer its payment or to purchase real property and defer payment thereof.

292. The C4D Defendants are “creditors” within the meaning of 15 U.S.C. § 1691a(e) because they regularly extend credit via contracts for deed.

293. Individuals who purchase properties from the C4D Defendants via contract for deed are credit “applicants” within the meaning of 15 U.S.C. §1691a(b) because they apply directly to the C4D Defendants for an extension of credit when they apply to purchase a home from C4D via contract for deed.

294. Targeting a community on the basis of religion or national origin with an unfair or predatory product, i.e. reverse redlining, has been repeatedly held to constitute discrimination in violation of 15 U.S.C. § 1691(a).

295. The C4D Defendants' acts, policies, and practices of targeting Muslim and Somali consumers on the basis of religion and/or national origin with unfair and predatory contracts for deed constitute intentional discrimination in violation of ECOA, 15 U.S.C. § 1691(a).

296. The C4D Defendants' acts, policies, and practices disparately impact Muslim and Somali consumers on the basis of religion and/or national origin with respect to aspects of credit transactions in violation of 15 U.S.C. § 1691(a)(1).

297. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691, *et seq.*

COUNT VI
MINNESOTA PREVENTION OF CONSUMER FRAUD ACT
MINN. STAT. § 325F.69, subd. 1

298. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

299. The Prevention of Consumer Fraud Act provides that the "act, use, or employment" by "any person" of "any fraud, unfair or unconscionable practice, false pretense, false promise, misrepresentation, misleading statement or deceptive practice" that is made "with the intent that others rely thereon in connection with the sale of any merchandise" is "enjoinable as provided in section 325F.70." Minn. Stat. § 325F.69, subd. 1. The representation or practice is actionable "whether or not any person has in fact been misled, deceived, or damaged thereby."

300. The Prevention of Consumer Fraud Act defines an unfair or unconscionable act or practice as any practice that "(1) offends public policy as established by the statutes, rules, or common law of Minnesota; (2) is unethical, oppressive, or unscrupulous; or (3) is substantially injurious to consumers." Minn. Stat. § 325F.69, subd. 8.

301. The C4D Defendants are "persons" within the meaning of Minn. Stat. § 325F.68.

302. The term "merchandise" as used in Minn. Stat. § 325F.69 includes services and real estate. Minn. Stat. § 325F.68, subd. 2.

303. The C4D Defendants have engaged in unfair or unconscionable practices in conjunction with selling homes via contracts for deed.[6] These practices include but are not limited to:

- failing to provide disclosures required by Minnesota law for contracts for deed, including disclosures regarding the consequences of missing a payment, appraisal availability, a ten-day waiting period, and inapplicability of foreclosure protections;
- failing to disclose in the context of a residential real estate sale all material facts of which they are aware that could adversely and significantly affect (1) an ordinary buyer's use and enjoyment of the property; or (2) any intended use of the property of which the seller is aware," Minn. Stat. § 513.55, subd. 1;
- failing to make any of the radon-related disclosures outlined in the Minnesota Radon Awareness Act. Minn. Stat. §§ 144.496, 513.61;
- intentionally marketing and offering a highly expensive mortgage product to purchasers without credit history knowing they would likely be unable to repay their debt;

[6] Pursuant to 2023 Minnesota Laws chapter 57, article 4, section 16, the prohibited conduct of "unfair or unconscionable" practices was added to Minnesota Statutes section 325F.69, subdivision 1 and took effect May 25, 2023. The relevant time for the Attorney General's claim under Count VI for unfair or unconscionable practices pursuant to Minnesota Statutes section 325F.69, subdivision 1 began on May 25, 2023, and continues through the present. The relevant time for the Attorney General's claim under Count VI for all other provisions of 325F.69 run from 2017 through the present.

- intentionally marketing and offering a highly expensive mortgage product to purchasers without providing numerous disclosures required by federal law;
- entering into "high cost" mortgages within the meaning of 15 U.S.C. § 1602(bb)(1) that include unlawful balloon payments; and
- targeting the Somali Muslim community with a predatory lending product on the basis of their national origin and/or religion, in violation of Minnesota and federal law.

304. These practices are unfair or unconscionable for reasons that include, among others, that they violate Minnesota laws regarding required disclosures in the sale of residential real estate via contract for deed and in general, unethically target a community with a predatory lending product based on the community's national origin and/or religion, and substantially injure consumers by burdening them with an expensive lending product without full and accurate information in transactions that are likely to fail.

305. The C4D Defendants have further engaged in fraud, false pretenses, false promises, misrepresentation, misleading statements, material omissions, and deceptive practices in conjunction with selling homes via contracts for deed. These practices include but are not limited to:

- falsely stating to purchasers that they do not charge late fees;
- charging late fees and other charges that are not disclosed to purchasers in advance;
- falsely stating to purchasers that they do not charge interest;
- charging interest that is not clearly disclosed to purchasers in advance;
- withholding from purchasers information about their contracts for deed, including the APR and total finance charge, necessary to understand the true cost of credit; and

- falsely representing to potential purchasers that the total payment under their contracts for deed would be less expensive than the total payment pursuant to a conventional thirty-year mortgage, when in fact the contract for deed was more expensive.

306. The C4D Defendants had a duty to disclose material facts about their contracts for deed, because of (1) their relationship to the purchasers, (2) their special knowledge of material facts that purchasers did not have access to; and (3) the fact that the nature and quality of their representations to purchasers were so incomplete that the C4D Defendants did not say enough to prevent their representations from being confusing, deceptive, and misleading.

307. The C4D Defendants engaged in these practices with the intent that others rely thereon in violation of Minn. Stat. § 325F.69, subd. 1.

308. The C4D Defendants' conduct, practices, and actions described in this Complaint constitute multiple, separate violations of Minn. Stat. § 325F.69.

309. Mr. Benoit and Mr. Legatt are liable in an individual capacity because they participated, directed, controlled, and/or acquiesced in the unfair, fraudulent, and deceptive practices alleged.

310. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Prevention of Consumer Fraud Act, Minn. Stat. § 325F.69, subd. 1.

COUNT VII
UNIFORM DECEPTIVE TRADE PRACTICES ACT
MINN. STAT. § 325D.44

311. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

312. The Uniform Deceptive Trade Practices Act ("UDTPA") provides that a person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:

> (5) represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;
>
> ….
>
> (7) represents that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;
>
> ….
>
> (9) advertises goods or services with intent not to sell them as advertised;
>
> ….
>
> (13) engages in (i) unfair methods of competition, or (ii) unfair or unconscionable acts or practices;[7] or
>
> (14) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.[8]

313. The C4D Defendants have repeatedly violated the UDTPA by deceptively representing that their contracts for deed have characteristics they do not have, representing that

[7] Pursuant to 2023 Minnesota Laws, chapter 57, article 4, section 6 (codified at Minn. Stat. § 325D.44, subd. 1(13)), took effect on May 25, 2023. The relevant time for the Attorney General's claim under Count VII for unfair or unconscionable acts or practices pursuant to Minnesota Statutes section 325D.44, subdivision 1(13) began on May 25, 2023, and continues through the present. The relevant time for the Attorney General's claim under Count VII for all other provisions of 325D.44 run from 2017 through the present.

[8] Pursuant to 2023 Minnesota Laws chapter 57, article 4, section 6, Minnesota Statutes section 325D.44, subdivision 1(13) has been re-codified as Minnesota Statutes section 325D.44, subdivision 1(14). For simplicity, the Attorney General refers to this provision as Minnesota Statutes section 325D.44, subdivision 1(14), though this provision has been in effect for the full relevant time period and continues through the present.

their contracts for deed are of a particular standard, quality, or grade when they are of another, and advertising their homes sold via contract for deed without an intent to sell them as advertised by:

- falsely advertising that they do not charge late fees or interest;
- falsely stating to purchasers that they do not charge late fees;
- charging late fees and other charges that are not disclosed to purchasers in advance;
- falsely stating to purchasers that they do not charge interest;
- charging interest that is not clearly disclosed to purchasers in advance;
- withholding from purchasers information about their contracts for deed, including the APR and total finance charge, necessary to understand the true cost of credit; and
- falsely representing to potential purchasers that the total payment under their contracts for deed would be less expensive than the total payment pursuant to a conventional thirty-year mortgage, when in fact the contract for deed was more expensive.

314. The C4D Defendants have repeatedly violated the UDTPA by engaging in unfair or unconscionable acts or practices and engaging in conduct that is similarly likely to create confusion and misunderstanding by:

- failing to provide disclosures required by Minnesota law for contracts for deed, including disclosures regarding the consequences of missing a payment, appraisal availability, a ten-day waiting period, and inapplicability of foreclosure protections;
- failing to disclose in the context of a residential real estate sale all material facts of which they are aware that could adversely and significantly affect (1) an ordinary buyer's use and enjoyment of the property; or (2) any intended use of the property of which the seller is aware," Minn. Stat. § 513.55, subd. 1;

- failing to make any of the radon-related disclosures outlined in the Minnesota Radon Awareness Act, Minn. Stat. §§ 144.496, 513.61;
- intentionally marketing and offering a highly expensive mortgage product to purchasers without credit history knowing they would likely be unable to repay their debt;
- intentionally marketing and offering a highly expensive mortgage product to purchasers without providing numerous disclosures required by federal law;
- entering into "high cost" mortgages within the meaning of 15 U.S.C. § 1602(bb)(1) that include unlawful balloon payments; and
- targeting the Somali Muslim community with a predatory lending product on the basis of their national origin and/or religion, in violation of Minnesota and federal law.

315. The C4D Defendants had a duty to disclose material facts about their contracts for deed, because of (1) their relationship to the purchasers, (2) their special knowledge of material facts that purchasers did not have access to; and (3) the fact that the nature and quality of their representations to purchasers were so incomplete that the C4D Defendants did not say enough to prevent their representations from being confusing, deceptive, and misleading.

316. The C4D Defendants have also violated the UDTPA's prohibition on hiding fees and surcharges in advertising, Minn. Stat. § 325D.44, subd. 1a, because they have advertised that they do not charge fees and interest for contracts for deed payments that are late, when in fact they do.

317. The C4D Defendants' conduct, practices, and actions described in this Complaint constitute multiple, separate violations of Minn. Stat. § 325D.44.

318. Mr. Benoit and Mr. Legatt are liable in an individual capacity because they participated, directed, controlled, and/or acquiesced in the unfair, fraudulent, and deceptive practices alleged.

319. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. § 325D.44.

COUNT VIII
MINNESOTA CONTRACT FOR DEED REQUIREMENTS
MINN. STAT. § 559A.03

294. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

295. The C4D Defendants qualify as contract for deed "investor sellers" under Minnesota law because they enter into contracts for deed to sell residential property and do not qualify for any of the limited exceptions provided by law. Minn. Stat. § 559A.01, subd. 5.

296. Minnesota law requires investor sellers to provide verbatim a series of disclosures, including, but not limited to:

- A disclaimer to purchasers that "Minnesota's foreclosure protections do NOT apply" to contracts for deed and that encourages purchasers to get legal advice from the Minnesota Homeownership Center before entering into a contract for deed;
- A disclosure that if the purchaser cannot make the payments required under the contract, the seller can cancel the contract in 120 days from the missed payments and the purchaser will lose all payments they have made;
- A disclosure that the seller can cancel the contract if the purchaser cannot make a balloon payment, even if the purchaser has made all their monthly payments;

- A disclaimer that advises the purchaser to get an appraisal of the property, obtain an independent inspection, and buy title insurance; and
- A statement that all disclosures must be provided at least ten days before the parties enter into the contract for deed and that the purchaser can cancel the purchase, without penalty, within ten days of receiving the disclosures.

The C4D Defendants have extended contracts for deed without the disclosures and disclaimers required by Minn. Stat. § 559A.03.

297. The C4D Defendants' conduct, practices, and actions described in this Complaint constitute multiple, separate violations of Minn. Stat. § 559A.03.

298. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least July 31, 2024, and they constitute a continuing violation of Minn. Stat. § 559A.03.

299. The Attorney General has the authority to enforce Minn. Stat. § 559A.03 pursuant to Minn. Stat. § 8.31. Minn. Stat. § 559A.05, subd. 7.

COUNT IX
MINNESOTA CONTRACT FOR DEED REQUIREMENTS
MINN. STAT. § 559.202 (repealed 2024)

300. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

301. Pursuant to Minn. Stat. § 8.31, Minnesota Attorney General Keith Ellison has the authority to bring civil enforcement actions for violations of any unlawful practice in business, commerce, and trade, including violations of Minn. Stat.§ 559.202.

302. From May 2017 to July 2024, Minnesota law required contract for deed sellers who had made four or more contract for deed sales involving residential property during the year preceding a particular sale to disclose, *inter alia*:

- That foreclosure laws do not apply to contracts for deed;
- That contract for deed purchasers are not tenants;
- That contract for deed purchasers may be required to make balloon payments;
- That contract for deed purchasers had the right to cancel a purchase for up to five days after receiving required disclosures;
- That "If you miss just a single payment or can't make the balloon payment, the seller can cancel your contract. You will likely lose all the money you have already paid. You will likely lose your ability to purchase the home. The seller can begin an eviction action against you in just a few months"; and
- That it was "highly recommended," before signing a contract for deed, that a purchaser seek legal advice and "[g]et an independent, professional appraisal of the property to learn what it is worth[.]"

Minn. Stat. §§ 559.201, subd. 4, 559.202 (repealed 2024).

303. The C4D Defendants entered into at least four contract for deed sales of residential property for personal use by the purchasers in the preceding year at all times from approximately August 2019 through July 31, 2024. As a result, they were required to provide the disclosures mandated by Minn. Stat. § 559.202.

304. The C4D Defendants failed to make any of the disclosures required by Minn. Stat. § 559.202.

305. The C4D Defendants' conduct, practices, and actions described in this Complaint constituted multiple, separate violations of Minn. Stat. § 559.202.

306. The C4D Defendants maintained these acts, policies, and practices continuously and without material change from at least 2017 until least July 31, 2024, and they constitute a continuing violation of Minn. Stat. § 559.202.

COUNT X
TRUTH IN LENDING ACT (Failure to Disclose Key Terms)
15 U.S.C. § 1638(a)

307. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

308. Pursuant to the CFPA, Minnesota Attorney General Keith Ellison has the authority to bring civil enforcement actions for violations of the Truth in Lending Act, 15 U.S.C. § 1601, *et seq.*; 12 U.S.C. §§ 5481(12), (14), 5536(a)(1), 5552(a); 15 U.S.C. § 1640(e).

309. The C4D Defendants' contracts for deed primarily constitute "consumer credit" within the meaning of 12 U.S.C. § 1602(g), (i) and 12 C.F.R. § 1026.2(a)(12) because most purchasers in the C4D Defendants' contract for deed transactions are natural persons who intend to use the purchased properties primarily for personal, family, or household purposes.

310. The C4D Defendants "regularly extend" credit via contract for deed because they have entered into at least five contract for deed transactions and/or entered into at least one high-cost mortgage transaction in the preceding year continuously since approximately August 2019. *See* 12 C.F.R. § 1026(a)(17)(v).

311. The C4D Defendants are "creditors" within the meaning of 15 U.S.C. § 1602(g) because they regularly extend consumer credit via contracts for deed that is payable in four or

more installments and for which a finance charge is or may be required and the debt is initially payable to C4D, LLC and/or Five Points Properties on the face of the contracts for deed.

312. The C4D Defendants are required to make disclosures under 12 U.S.C. § 1638(a) for their contracts for deed because they are closed-end credit transactions.

313. The C4D Defendants have failed to disclose any of the key terms of their contracts for deed in violation of 15 U.S.C. § 1638(a).

314. The C4D Defendants' conduct, practices, and actions described in this Complaint constitute multiple, separate violations of 15 U.S.C. § 1638(a).

315. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Truth in Lending Act, 15 U.S.C. § 1638(a).

COUNT XI
TRUTH IN LENDING ACT (Failure to Provide Disclosures)
15 U.S.C. § 1638(b)(2)(B)(ii)

316. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

317. Creditors who extend consumer credit secured by the dwelling of the consumer must provide a disclosure to the consumer that states: "You are not required to complete this agreement merely because you have received these disclosures or signed a loan application." 15 U.S.C. § 1638(b)(2)(B).

318. The C4D Defendants have extended credit via the contracts for deed at issue without providing this required disclosure statement in violation of 15 U.S.C. § 1638(b)(2)(B).

319. The C4D Defendants' conduct, practices, and actions described in this Complaint constitute multiple, separate violations of 15 U.S.C. § 1638(b)(2)(B).

320. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Truth in Lending Act, 15 U.S.C. § 1638(b)(2)(B).

COUNT XII
TRUTH IN LENDING ACT (Failure to Conduct Ability to Repay Analysis)
15 U.S.C. § 1639c

321. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

322. The C4D Defendants' contracts for deed are "residential mortgage loans" under 15 U.S.C. 1602(dd)(5) because each is a closed end consumer credit transaction secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or on residential real property that includes a dwelling.

323. No creditor may make a residential mortgage loan unless the creditor makes a reasonable and good faith determination based on verified and documented information that, at the time the loan is consummated, the consumer has a reasonable ability to repay the loan according to its terms, as well as all applicable taxes, insurance, and assessments. 15 U.S.C. § 1639c(a)(1).

324. This determination of the consumer's ability to repay a residential mortgage loan must include a consideration of the consumer's credit history, current income, expected income the consumer is reasonably assured of receiving, current obligations, debt-to-income ratio or the residual income the consumer will have after paying non-mortgage debt and mortgage-related obligations, employment status, and other financial resources other than the consumer's equity in the dwelling or real property that secures repayment of the loan. 15 U.S.C. § 1639c(a)(3).

325. The C4D Defendants have initiated the transactions at issue without making a reasonable and good faith determination at or before consummation that the consumer will have a reasonable ability to repay the loan according to its terms, in violation of 15 U.S.C. § 1639c(a).

326. In particular, the C4D Defendants failed to consider factors expressly required by law. 12 CFR § 1026.43(c).

327. The C4D Defendants' conduct, practices, and actions described in this Complaint constitute multiple, separate violations of 15 U.S.C. § 1639c(a).

328. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Truth in Lending Act, 15 U.S.C. § 1639c.

COUNT XIII
TRUTH IN LENDING ACT (Failure to Provide Appraisals)
12 U.S.C. § 1639h

329. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

330. Approximately 90% of the C4D Defendants' initiated transactions are "higher-risk mortgages" within the meaning of 15 U.S.C. § 1639h(f) and "higher-priced mortgage loans" within the meaning of 12 C.F.R. § 1026.35(a)(1).

331. A creditor may not extend a higher-risk mortgage to any consumer without first obtaining a written appraisal, performed by a certified or licensed appraiser, of the property to be mortgaged and providing a copy of that appraisal to the consumer. 15 U.S.C. § 1639h(a), (b)(1), (3), (d).

332. The C4D Defendants have extended the higher-priced mortgages at issue without providing the purchasers with written appraisals performed by a certified or licensed appraiser, in violation of 15 U.S.C. § 1639h.

333. The C4D Defendants' conduct, practices, and actions described in this Complaint constitute multiple, separate violations of 15 U.S.C. § 1639h.

334. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Truth in Lending Act, 15 U.S.C. § 1639h.

COUNT XIV
TRUTH IN LENDING ACT (Failure to Provide Disclosure Statement for High-Cost Mortgages)
15 U.S.C. § 1639(a)

335. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

336. Approximately 20% of the C4D Defendants' transactions are "high-cost mortgages" within the meaning of 15 U.S.C. § 1602(bb)(1).

337. For each high-cost mortgage, the creditor must provide the following disclosure to the consumer in conspicuous type: "You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application. If you obtain this loan, the lender will have a mortgage on your home. You could lose your home, any money you put into it, if you do not meet your obligations under the loan." 15 U.S.C. § 1639(a)(1).

338. The C4D Defendants have extended the high-cost mortgages without providing this required disclosure to purchasers in violation of 15 U.S.C. § 1639(a)(1).

339. The C4D Defendants' conduct, practices, and actions described in this Complaint constitute multiple, separate violations of 15 U.S.C. § 1639(a)(1).

340. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Truth in Lending Act, 15 U.S.C. § 1639(a)(1).

COUNT XV
TRUTH IN LENDING ACT (Failure to Obtain Certificate of Pre-Loan Counseling)
15 U.S.C. § 1639(u)

341. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

342. Approximately 20% of the C4D Defendants' transactions are "high-cost mortgages" within the meaning of 15 U.S.C. § 1602(bb)(1).

343. A creditor may not extend credit to a consumer under a high-cost mortgage without first receiving certification from a counselor that is approved by the Secretary of Housing and Urban Development or a State housing finance authority that the consumer has obtained counseling on the advisability of the transaction from an appropriate counselor.

344. The C4D Defendants have extended the high-cost mortgages at issue without receiving this written certification, in violation of 15 U.S.C. § 1639(u).

345. The C4D Defendants' conduct, practices, and actions described in this Complaint constitute multiple, separate violations of 15 U.S.C. § 1639(u).

346. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Truth in Lending Act, 15 U.S.C. § 1639(u).

COUNT XVI
THE TRUTH IN LENDING ACT (Balloon Payments)
15 U.S.C. § 1639(e)

347. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

348. Approximately 20% of the C4D Defendants' transactions are "high-cost mortgages" within the meaning of 15 U.S.C. § 1602(bb)(1).

349. A creditor may not extend a high-cost mortgage that contains a balloon payment, i.e. a scheduled payment that is more than twice as large as the average of earlier scheduled payments, except when the payment schedule is adjusted to the seasonal or irregular income of the consumer. 15 U.S.C. § 1639(e).

350. The high-cost mortgages extended by the C4D Defendants contain balloon payments in violation of 15 U.S.C. § 1639(e).

351. The C4D Defendants' conduct, practices, and actions described in this Complaint constitute multiple, separate violations of 15 U.S.C. § 1639(e).

352. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Truth in Lending Act, 15 U.S.C. § 1639(u).

COUNT XVII
FEDERAL CONSUMER FINANCIAL PROTECTION ACT
12 U.S.C. § 5336(A)(1)(B)

353. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

354. The CFPA prohibits "covered persons" from engaging in "any unfair, deceptive, or abusive act or practice." 12 U.S.C. § 5536(a)(1)(B).

355. The C4D Defendants are "covered persons" within the meaning of 12 U.S.C. § 5481(6)(A) because they offer or provide consumer financial products or services to consumers to use primarily for personal, family, or household purposes. In particular, the C4D Defendants extend credit and service loans via their contract for deed transactions. 12 U.S.C. § 5481(5), (15)(A)(i).

356. Under the CFPA, an "unfair" practice is a practice that "causes or is likely to cause substantial injury to consumer which is not reasonably avoidable by consumers" and which "is not outweighed by countervailing benefits to consumers or to competition." 12 U.S.C. § 5531(c)(1).

357. Under the CFPA, an "abusive" practice "materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service" or "takes unreasonable advantage of . . . a lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or service." 12 U.S.C § 5531(d).

358. The C4D Defendants have engaged in unfair, deceptive, and abusive practices in the marketing, negotiation, extension, and servicing of contracts for deed in violation of 12 U.S.C. § 5336(a)(1)(B).

359. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Consumer Financial Protection Act, 12 U.S.C. § 5536.

COUNT XVIII
FEDERAL CONSUMER FINANCIAL PROTECTION ACT
12 U.S.C. § 5336(A)(1)(A)

360. The Attorney General re-alleges and incorporates by reference the foregoing paragraphs.

361. Section 5536(a)(1)(A) of the CFPA prohibits covered persons from offering or providing consumer financial products or services that are not in conformity with "Federal consumer financial law" or otherwise committing any act or omission in violation of a "Federal consumer financial law." 12 U.S.C. § 5536(a)(1)(A).

362. TILA is a "Federal consumer financial law." 12 U.S.C. § 5481(14) (defining "Federal consumer financial law" to include "enumerated consumer laws" and "any rule or order prescribed by the Bureau under this title"); 12 U.S.C. § 5481(12)(O) (defining "enumerated consumer laws" to include TILA).

363. The C4D Defendants' violations of TILA thus constitute separate and independent violations of § 5336(A)(1)(a) of the CFPA. These violations of TILA include the C4D Defendants' failure to disclose the key terms of their contracts for deed in violation of 15 U.S.C. § 1638(a); the C4D Defendants' failure to provide a disclosure statement in violation of 15 U.S.C. § 1638(b)(2)(B); the C4D Defendants' extension of higher-priced mortgage loans without providing purchasers with written appraisals performed by a certified or licensed appraiser, in violation of 15 U.S.C. § 1639h; the C4D Defendants' extension of higher-priced mortgages without providing a required disclosure statement in violation of 15 U.S.C. § 1639(a)(1); the C4D Defendants' extension of high-cost mortgages without receiving written certification from a counselor that is approved by the Secretary of Housing and Urban Development or a State housing finance authority that the consumer has obtained counseling on the advisability of the transaction from an appropriate counselor, in violation of 15 U.S.C. § 1639(u); and the C4D Defendants' extension of high-cost mortgages that include scheduled mortgage payments that are more than twice the average of earlier scheduled payments, in violation of 15 U.S.C. § 1639(e).

364. The C4D Defendants' failure to provide disclosures required by 15 U.S.C. § 1638(a) thus constitutes a separate and independent violation of § 5336(A)(1)(a) of the CFPA.

365. The C4D Defendants have maintained these acts, policies, and practices continuously and without material change since at least 2017, and they constitute a continuing violation of the Consumer Financial Protection Act, 12 U.S.C. § 5536.

PRAYER FOR RELIEF

WHEREFORE, the State of Minnesota, by its Attorney General, Keith Ellison, respectfully asks this Court to grant the following relief:

366. Enter a declaratory judgment that the foregoing acts, policies, and practices of the C4D Defendants violate Minnesota Statutes §§ 325D.44, 325F.69, and 363A.09, subds. (1)-(3), 12 U.S.C. § 5336, and 15 U.S.C. §§ 1638, 1639, 1639c, 1639h, and 1691.

367. Enter a permanent injunction enjoining the C4D Defendants and their directors, officers, agents, and employees from continuing to implement and enforce the illegal conduct described herein and directing the C4D Defendants and their directors, officers, agents, and employees to take all affirmative steps necessary to remedy the effects of that conduct and to prevent additional instances of such conduct or similar conduct from occurring in the future;

368. Award judgement for restitution, disgorgement, and other monetary relief pursuant to Minnesota law, the *parens patriae* doctrine, Minnesota Statutes section 8.31, federal law, and the legal and equitable powers of the Court, as necessary to remedy harms to Minnesotans resulting from Defendants' unlawful conduct;

369. Award civil penalties for each separate violation of the law;

370. Direct the rescission or reformation of Defendants' contracts where necessary to redress injury to consumers;

371. Award the Attorney General its costs, including litigation costs, costs of investigation, and attorney fees, as authorized by 12 U.S.C. § 5565, 15 U.S.C. §§ 1640(a)(3) and 1691e(d), and Minnesota Statutes §§ 8.31, subd. 3(a) and 363A.33, subd. 7; and

372. Order such other relief as this Court deems just and equitable.

Dated: August 19, 2026

Respectfully submitted,

KEITH ELLISON
Attorney General
State of Minnesota

/s/ *Katherine Kelly*
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**Pro hac vice application forthcoming*

Attorneys for State of Minnesota

MINN. STAT. § 549.211 ACKNOWLEDGMENT

The party on whose behalf the attached document is served acknowledges through its undersigned counsel that sanctions, including reasonable attorney fees and other expenses, may be awarded to the opposite party or parties pursuant to Minn. Stat. § 549.211.

/s/ *Katherine Kelly*
KATHERINE KELLY
Assistant Attorney General