

**STATE OF RHODE ISLAND  
PROVIDENCE, SC.**

**SUPERIOR COURT**

STATE OF RHODE ISLAND and PETER F.  
NERONHA, in his official capacity as  
Attorney General of the State of Rhode  
Island,

*Plaintiffs,*

v.

C.A. No. PC-2024-

PREFERRED PROPERTY SOLUTIONS,  
LLC; KYLE SEYBOTH; CHRIS MESSIER;  
LOWELL WILLIAMS; RED BALLOON  
CAPITAL, LLC; and THE SEYBOTH REAL  
ESTATE TEAM, INC.,

*Defendants.*

**COMPLAINT**

The State of Rhode Island and Peter F. Neronha, in his official capacity as Attorney General for the State of Rhode Island (“Attorney General”), (collectively the “State”) allege as follows:

**I. INTRODUCTION**

1. Defendants, each and collectively, deceived the owners of 58 Pekin Street, Providence, Rhode Island 02908 (“58 Pekin Street”), who are elderly Haitian immigrants with extremely limited English proficiency, into selling their family home for a grossly inadequate and commercially unreasonable price.
2. Defendants, each and collectively, represented to the owners that they were offering a refinancing during the negotiation of the transaction but then performed a bait-and-switch by presenting documents for a sale at closing in a language the owners could not understand.

3. The owners did not intend to sell their \$450,000 house for \$100,000, and there is no reason why they would or should have.
4. This scam, which here targeted elderly immigrants who do not speak English, is similar in-kind to a plague of equity and deed theft transactions the FDIC has warned about taking place across the country.<sup>1</sup>
5. This is a consumer protection action brought by the Attorney General in the name of the State of Rhode Island under R.I. Gen. Laws § 6-13.1-5 to enforce provisions of the Deceptive Trade Practices Act, R.I. Gen. Laws §§ 6-13.1-1–6-13.1-30 (“DTPA”).
6. The State seeks redress related to Defendants’ actions to “rescue” two Rhode Island homeowners from foreclosure, whereby Defendants took advantage of homeowners who speak limited English and who had no intention of selling their home.
7. As set forth below, the State complains that Defendants bilked Marie Delva and Jean Marie Delva (the “Delvas”) of their equity in and title to their home, made numerous false and misleading representations to induce the Delvas to execute a real estate sales contract, and obtained the Delvas’ signatures under false pretenses to sell their interests in their home to Preferred Property Solutions, LLC (“Preferred Property Solutions”).
8. Upon information and belief, Defendants engage in similar unfair and deceptive practices targeting hundreds of financially vulnerable Rhode Islanders each year.
9. The State seeks, among other remedies, injunctive relief to reverse the sale of the Delvas’ home, other equitable relief to return money paid to Defendants by the Delvas, and civil penalties to punish and deter Defendants’ unlawful conduct.

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<sup>1</sup> See *Beware of Mortgage Rescue Scams: If It’s Too Good to be True, It Probably Is*, FED. DEPOSIT INS. CORP., (Mar. 2016), <https://www.fdic.gov/consumers/loans/prevention/rescue/images/foreclosurescam.pdf>; *Foreclosure Rescue Scheme*, FREDDIE MAC: FREDDIE MAC SINGLE FAM. (last visited Oct. 30, 2024), <https://sf.freddiemac.com/working-with-us/fraud-prevention/emerging-fraud-trends/foreclosure-rescue-scheme>.

## II. PARTIES

10. Defendant Preferred Property Solutions is a foreign limited liability company organized under the laws of Massachusetts; with a principal office located at 377 Wilbur Avenue #113, Swansea, Massachusetts 02777; and registered with the Rhode Island Secretary of State (“Secretary of State”).
11. Preferred Property Solutions currently owns 58 Pekin Street.
12. Defendant Kyle Seyboth is an owner and manager of Preferred Property Solutions; owner and manager of Red Balloon Capital, LLC; is owner and President, Treasurer, Secretary, and Director of The Seyboth Team Real Estate, Inc.; is licensed to do business in Rhode Island as a real estate corporation; and has inactive real estate broker and real estate salesperson licenses.
13. Defendant Chris Messier is an owner and manager of Preferred Property Solutions and is licensed to do business in Rhode Island as a real estate salesperson.
14. Defendant Lowell Williams resides at 54 Stonelaw Avenue, Providence, Rhode Island 02908 and holds no professional licenses.
15. Defendant Red Balloon Capital, LLC is a foreign limited liability company organized under the laws of Massachusetts; with a principal office located at 969 Waterman Avenue, East Providence, Rhode Island 02914; and registered with the Secretary of State.
16. Defendant The Seyboth Real Estate Team, Inc. (“Century 21 Limitless PRG”) is a foreign corporation organized under the laws of Massachusetts; with a principal office located at 969 Waterman Avenue, East Providence, Rhode Island 02914; and registered with the Secretary of State. The Seyboth Team’s fictitious names include Century 21 The Seyboth Team, Century 21 Limitless, and Century 21 Limitless PRG.

### **III. JURISDICTION AND VENUE**

17. The Court has jurisdiction over this action under R.I. Gen. Laws § 6-13.1-5.

18. Venue is proper in this Court under R.I. Gen. Laws § 6-13.1-5 because each Defendant resides or maintains a principal place of business in Providence County, Rhode Island.

### **IV. FACTUAL ALLEGATIONS**

#### **A. 58 Pekin Street, Its Owners, Family, and Mortgage Obligation**

19. Complainant Marie Delva was born in Haiti and is a native Haitian Creole-speaker who has limited English proficiency. She has resided at 58 Pekin Street for nearly thirty years.

20. Complainant Jean Marie Delva was born in Haiti and is a native Haitian Creole-speaker who has limited English proficiency. He has resided at 58 Pekin Street for nearly thirty years.

21. The Delvas were married to each other from 1982 to 2018 and divorced in 2018.

22. Joana Delva is a daughter of Jean Marie and Marie Delva.

23. Upon information and belief, the Delvas were notified by their mortgage servicer, Wells Fargo, that they were being referred for foreclosure in May 2023.

24. The remaining pay-off balance on the Delvas' mortgage on 58 Pekin Street was \$62,408.01 on July 24, 2023.

25. At the time of the sale, the value of 58 Pekin Street exceeded any mortgage or debt secured by the property by nearly \$400,000.

26. The Delvas have refinanced their mortgage in the past, have been at risk of foreclosure in the past, and understood loan modifications, refinancing, bankruptcy, or reverse mortgages to be available options to prevent foreclosure and retain possession of their home.

27. The Delvas were also aware that they could take advantage of the hot real estate market and list their home for sale to prevent a foreclosure sale.

### **B. Defendants’ “Foreclosure Rescue” Scheme**

28. Defendants’ “foreclosure rescue” scheme combines elements of common scams specifically identified by the Federal Deposit Insurance Corporation: repurchase scams and refinance scams.

29. The FDIC describes a repurchase scam as follows:

**Lease-Back or Repurchase Scams** – In this scenario, a promise is made to pay off [an owner’s] delinquent mortgage, repair [their] credit and possibly pay off credit cards and other debt. However, in order to do this, [they] must “temporarily” sign [their] deed over to a “third party” investor. [They] are allowed to stay in the home as a renter with the option to purchase the home back after a certain amount of time has passed or [their] financial situation improves. The trouble is once [they] have signed away [their] rights in [their] property, [they] may not be able to repurchase the property later, even if [they] can and want to. After the new owner takes ownership of [their] property, the new owner can evict [them]. Furthermore, the scammer is under no obligation to sell the house back to [them]. Typically, after the deed is signed away, the property changes hands numerous times. The scammer may have taken a new mortgage out on [their] home for hundreds of thousands of dollars more than [their] mortgage, making it impossible for [them] to buy back [their] home.<sup>2</sup>

30. The FDIC describes a refinance scam as follows:

**Refinance Scams** – . . . . The scammer presents [them] with “foreclosure rescue” loan documents to sign. [They] are told that the documents are for a refinance loan that will bring the mortgage current. What [they] don’t realize is that [they] are surrendering ownership of [their] home. The “loan” documents are actually deed transfer documents, and the scammer counts on [them] not actually reading the paperwork. Once the deed transfer is executed, [they] believe [their] home has been rescued from foreclosure for months or even years until [they] receive an eviction notice and discover [they] no longer own [their] home. At that point, it is often too late to do anything about the deed transfer.<sup>3</sup>

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<sup>2</sup> *Beware of Mortgage Rescue Scams: If It’s Too Good to be True, It Probably Is*, FED. DEPOSIT INS. CORP., (Mar. 2016), <https://www.fdic.gov/consumers/loans/prevention/rescue/images/foreclosurescam.pdf>.

<sup>3</sup> *Id.*

31. Upon information and belief, Kyle Seyboth, Chris Messier, Preferred Property Solutions and The Kyle Seyboth Real Estate Team, Inc. have invited untrained and unlicensed individuals to engage in real estate transactions by exploiting their friends', families', and neighbors' financial distress when faced with a foreclosure or tax sale.
32. Upon information and belief, Kyle Seyboth, Chris Messier, Preferred Property Solutions and The Kyle Seyboth Real Estate Team, Inc. recruit, train, and engage in business transactions with self-described "foreclosure runners."
33. Upon information and belief, "foreclosure runners" identify properties listed for foreclosure sales and target the financially distressed homeowners with misleading or incorrect information about foreclosures and unfair or deceptive offers to prevent foreclosure.
34. Upon information and belief, Lowell Williams is a "foreclosure runner" engaging in business with Kyle Seyboth and his businesses.
35. Defendants targeted the Delvas, who were at risk of losing their home in foreclosure, with offers to help them keep possession and ownership of their home.
36. Upon information and belief, this targeting is part of a larger course of conduct where Defendants make offers to similarly situated homeowners. In support of their offers, Defendants each and collectively deceive homeowners with misrepresentations, including allusions to refinancing and reverse mortgages, offers to own the home as tenants in common, promises of buyback schemes, and assurances that they are trying to keep the home "in the family" in the long-term.

**C. Initial Solicitation and Deceptions**

37. Thelma Howard is licensed to do business in Rhode Island as a real estate salesperson.

38. Thelma Howard is a real estate agent affiliated with The Seyboth Real Estate Team, Inc. and is supervised by Kyle Seyboth as a member of that team, which is also known as Century 21 Limitless PRG.
39. In or around June 2023, Thelma Howard approached Marie Delva while Marie was outside 58 Pekin Street and asked her how much she would sell her home for. Marie responded that she would sell it for \$400,000, if she were to sell it, and then asked Thelma if she did reverse mortgages. Thelma answered “Yes” and gave Marie her business card, saying that someone would follow up. After the conversation, Marie gave Thelma’s business card to her daughter, Joana Delva, because she had not fully understood what they had discussed.
40. The following day, Lowell Williams came to 58 Pekin Street and identified himself as a real estate agent.
41. Lowell Williams told Marie Delva that he was at her home because Marie was interested in a “reverse” or “refinance.”
42. Marie Delva told Lowell Williams she did not want to sell her home.
43. Marie Delva understood her conversations with Lowell Williams to be negotiating a refinancing of her mortgage.
44. Lowell Williams led Marie Delva and her daughter Joana to believe that he could help them by connecting them to somebody with the financial capacity and willingness to save their home from foreclosure.

**D. June 9 Rescue Offer**

45. On June 9, 2023, Lowell Williams texted Joana Delva an invitation to “come down to the office Monday or Tuesday for paperwork” and setting forth the following “Terms of Financial Agreement” (“June 9 Text Messages”):

- “We will cover June Mortgage,”
- “We will pay off your existing mortgage balance,”
- “This will save the house from foreclosure and release you from previous mortgage obligations,”
- “We will be added to Title as Tenants in common with your mom,”
- “She will remain on the deed,”
- “You will keep ownership with me as tenants in common,”
- “You will be responsible for new mortgage amount to be paid over 30 years amortized,” and
- “We will take our names the title and transfer sole ownership back to you with new mortgage not exceeding a comfortable monthly mortgage cost for your mom.”

**E. June 21 Meeting with Kyle Seyboth and Lowell Williams**

46. On June 15, 2023, Lowell Williams spoke with Joana Delva by phone and explained that Kyle Seyboth was willing to offer \$100,000 to complete the transaction proposed in the June 9 Text Messages, where the \$100,000 included money to pay off the mortgage and \$40,000 to the Delvas.

47. On June 21, 2023, Marie and Joana Delva met with Lowell Williams at a real estate office in East Providence, where Lowell introduced Marie and Joana to representatives of Preferred Property Solutions.

48. No representative from Preferred Property Solutions communicated or provided any information or documents in a language understood by Marie Delva.

49. At the meeting, representatives of Preferred Property Solutions explained, in English, that the Delvas could not own a house for three years because of their foreclosure and then described the terms of a deal, which they believed matched the June 9 Text Messages.

50. At no point in the meeting, did Lowell Williams, Kyle Seyboth, Chris Messier, or anybody else Marie and Joana Delva spoke with disclose that they had any business relationships with each other.

51. The meeting lasted approximately fifteen to twenty minutes.



**F. July 24 Meeting and Alleged Sale**

52. On July 24, 2023, the Delvas and Joana Delva met with Louis Catarina, an attorney, at a Warwick office.
53. Before the meeting began, Joana Delva informed the office receptionist that her parents could not communicate in English and would need an interpreter.
54. No interpretation services were provided during conversations, and no translation services were provided relative to the documents the Delvas were given to sign.
55. At the meeting, Attorney Catarina presented the Delvas with a series of documents written in English and explained the documents in English.
56. The Delvas believed the documents were a refinancing agreement.
57. Joana Delva understood her parents to be entering the negotiated deal wherein she and her parents would be tenants in common to the deed for 58 Pekin Street.
58. The documents were signed by the Delvas and notarized by Louis Catarina.
59. The signed documents did not refinance the Delvas' mortgage.
60. The signed documents did not convey an interest in 58 Pekin Street to Joana Delva.
61. The signed documents conveyed title of 58 Pekin Street from the Delvas to Preferred Property Solutions.
62. The Delvas did not receive copies of the documents they signed.
63. At no point prior to Summer 2024 did the Delvas realize that they had sold 58 Pekin Street at the July 24 meeting.
64. At no point prior to Summer 2024 did the Delvas speak to anyone other than their own children in their native language about the alleged sale, which they believed was a refinance.

65. At no point did anyone explain, or attempt to explain, the true substance or nature of the documents from the July 24 meeting.

**G. Aftermath of the Alleged Sale**

66. Upon information and belief, Defendants required the Delvas to make rent or mortgage payments to Red Balloon Capital, LLC.

67. On or around July 3, 2024, Kyle Seyboth listed 58 Pekin Street for sale for \$450,000.

68. Today, 58 Pekin Street is listed for sale for \$450,000.

69. By deceiving and misleading the Delvas through their misrepresentations, Defendants sought to deprive the Delvas of their equity in their home and to induce the Delvas to give their signature under false pretenses on a real estate sales contract to sell their longtime home.

70. This sale was orchestrated by Defendants, despite the Delvas' expressly stated interest in alternative solutions like refinancing and despite the Delvas' complete lack of intent to sell their interests in their home to Preferred Property Solutions.

71. Through this scheme and by preying on the Delvas' financial distress and limited English proficiency, Defendants unfairly and deceptively induced the Delvas to sell a home that they never intended to sell and to sign terms with which they never intended to agree.

72. Upon information and belief, Defendants' conduct is not limited to the Delvas but represents a business model premised on deception.

**V. CAUSES OF ACTION**

**A. COUNT I: Violation of the Deceptive Trade Practices Act**

73. The State re-alleges and incorporates herein Paragraphs 1 through 67.

74. Defendants violated the DTPA by executing a “foreclosure rescue” scheme that yielded a signature under false pretenses to sell a house through, in part, Defendants’ misrepresentations and omissions and because of the Delvas’ limited English proficiency. *See* R.I. Gen. Laws § 6-13.1-1(6)(xii)–(xiv).

75. Defendants violated the DTPA when they, among other things:

- a. Baited the homeowners with promises of maintaining possession of their home, but switching the deal to a complete sale by presenting documents with different terms than those negotiated in a language the homeowners could not understand;
- b. Proposed and consummated a foreclosure rescue scheme that left the homeowners worse off than if their home had been sold at a foreclosure sale where the owners would have received any surplus funds from the sale;
- c. Made an offer to sell the Delvas’ home, on the Delvas’ behalf, despite lacking authority and professional licensing to do so;
- d. Accepted the same sale offer, despite each homeowner’s unwillingness to sell their home and their lack of intent to make such a sale;
- e. Misrepresented to the Delvas the nature of the transaction and omitted information such that the Delvas were misled as to the nature of the transaction, which the Delvas were led and allowed to believe was not a sale outside of their family;
- f. Made other misrepresentations to the Delvas that were not true or were misleading;
- g. Omitted other information such that the Delvas were misled; and
- h. Engaged in unfair acts by using their counsel and notary to represent both themselves and the Delvas in the sale. *See* R.I. Gen. Laws § 6-13.1-1(6)(xii)–(xiv).

76. Therefore, Defendants engaged in unfair or deceptive acts or practices in the conduct of trade or commerce, in violation of R.I. Gen. Laws § 6-13.1-2, as defined by R.I. Gen. Laws § 6-13.1-1(6).

## **VI. PRAYER FOR RELIEF**

WHEREFORE, the State requests that this Honorable Court, after trial on the merits, grant the following relief:

- A. Declare that Defendants' acts as described above are unfair or deceptive acts or practices in trade or commerce that injure the public interest and violate the DTPA;
- B. Permanently enjoin Defendants and their successors, assigns, officers, directors, managers, members, agents, independent contractors, sub-contractors, any person to whom the Defendants have provided compensation or remuneration of any kind, and all persons in active concert or participation with them from engaging in any acts that violate the DTPA, including, but not limited to, the unfair or deceptive acts or practices alleged herein.
- C. Order Defendants to transfer any and all legal interests in 58 Pekin Street to Marie Delva and Jean Marie Delva.
- D. Order Defendants to pay restitution and other equitable monetary relief to Marie Delva, Jean Marie Delva, and Joana Delva.
- E. Assess a civil penalty against each Defendant of up to ten thousand dollars (\$10,000) per violation of the Deceptive Trade Practices Act as provided by R.I. Gen. Laws § 6-13.1-8 to vindicate the public interest.
- F. Order Defendants to pay the State's costs and attorneys' fees.
- G. Provide for such additional relief as the interests of justice may require.

## VII. JURY DEMAND

The State hereby demands a trial by jury of all issues so triable pursuant to R.I. Super. Ct.

R. Civ. P. 38.

Respectfully submitted,

**STATE OF RHODE ISLAND and**

**PETER F. NERONHA  
ATTORNEY GENERAL**

By: /s/ Jordan G. Mickman

Dated: October 31, 2024

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### CERTIFICATION

I hereby certify that, on October 31, 2024, I filed and served this document through the electronic filing system on the attorneys of record. The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

/s/ Elaney Elliott