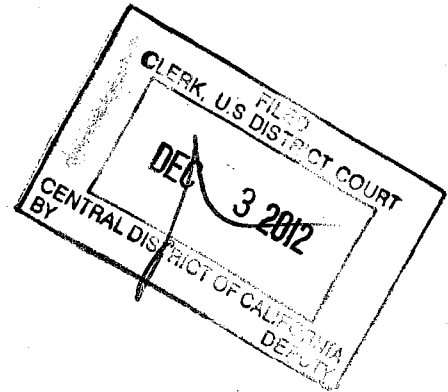


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Consumer Financial Protection Bureau

17 **UNITED STATES DISTRICT COURT**  
18 **CENTRAL DISTRICT OF CALIFORNIA**  
19 **SACV12-02088 AG (ANx)**

20 Consumer Financial Protection Bureau,

21 Plaintiff,

22 Najia Galan (a/k/a Sarah Johnson, Sarah  
or Sara St. John, Sarah Kim, Najia  
23 Jalah, Sarah John, Sarah Love, or Najia  
24 Ebrahimi, and d/b/a National Legal  
25 Help Center, NationalLegalHelp.com,  
26 National Legal Assistance, Legal  
27 Modification Firm CP, First Class Doc  
Prep, Williams Law Center JW,  
Williams Litigation Center / Cash

Case No. \_\_\_\_\_

**COMPLAINT FOR PERMANENT  
INJUNCTION AND OTHER  
RELIEF**

**(FILED UNDER SEAL)**

LOGGED

DEC 3 12:33  
CLERK U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIF.  
SANTA ANA

ORIGINAL

1 Entertainment and Najia Jalan), an  
2 individual;

3 National Legal Help Center, Inc. (f/k/a  
4 iModify Law, Inc., and d/b/a National  
5 Legal Help Center,  
6 NationalLegalHelp.com, National  
7 Legal Help Center EP, National  
8 Consumers Bank & Trust, First Class  
9 Doc Prep / NCHC, and National Legal  
10 Help Center HB), a corporation;

11 and

12 Richard K. Nelsen (a/k/a Richard or  
13 Rick Nelson, and d/b/a/ National Legal  
14 Help Center, NationalLegalHelp.com,  
15 National Legal Assistance, First Class  
16 Doc Prep, National Consumers Help  
17 Center, and Williams Litigation Center  
18 / Cash Entertainment), an individual;

19 Defendants.

20 Plaintiff, the Consumer Financial Protection Bureau (“CFPB” or “Bureau”),  
21 alleges:

22 1. The Bureau brings this action under (1) Sections 1031, 1036(a), 1054, and  
23 1055 of the Consumer Financial Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531,  
24 5536(a), 5564, and 5565; and (2) Section 626 of the Omnibus Appropriations Act, 2009  
25 (as amended by Section 1097 of the CFPA), 12 U.S.C. § 5538, and its implementing  
26 regulation, the Mortgage Assistance Relief Services Rule (“MARS Rule”), recodified as  
27 Mortgage Assistance Relief Services (collectively, “Regulation O”), 16 C.F.R. § 322  
28 (2010), recodified as 12 C.F.R. §1015 (2011).





1 2122, and 5482 Wilshire Boulevard, Suite 1513, Los Angeles, California. NLHC offers,  
2 provides, or arranges for others to provide mortgage assistance relief services, as defined  
3 in Regulation O (16 C.F.R. § 322.2 (2010), recodified as 12 C.F.R. § 1015.2 (2011)), and  
4 financial advisory services within the meaning of the CFPA, 12 U.S.C.  
5 § 5481(15)(A)(viii), including but not limited to loan modification and foreclosure relief  
6 services. At all times material to this complaint, NLHC transacts or has transacted  
7 business in the Central District of California.

8 11. Defendant Richard K. Nelsen (“Nelsen”), also known as Richard Nelson,  
9 Rick Nelsen, and Rick Nelson, is an individual who, directly and through NLHC, offers,  
10 provides, or arranges for others to provide mortgage assistance relief services, as defined  
11 in Regulation O (16 C.F.R. § 322.2 (2010), recodified as 12 C.F.R. § 1015.2 (2011)), and  
12 financial advisory services within the meaning of the CFPA, 12 U.S.C.  
13 § 5481(15)(A)(viii), including but not limited to loan modification and foreclosure relief  
14 services.

15 12. Nelsen is the Secretary and Chief Financial Officer (“CFO”) of NLHC.  
16 Nelson has managerial responsibility for NLHC and materially participates in the conduct  
17 of its affairs. At all times material to this complaint, Nelsen transacts or has transacted  
18 business in the Central District of California.

### 19 **SUMMARY OF COMPLAINT**

20 13. Since at least early 2010, Jalan, NLHC, and Nelsen (collectively,  
21 “Defendants”) have engaged in an ongoing, unlawful mortgage relief scheme that preys  
22 on financially distressed homeowners nationwide by falsely promising mortgage  
23 assistance relief services in exchange for an advance fee. Defendants have used websites,  
24 mailers, unsolicited emails, and outbound phone calls – more than 90,000 phone calls  
25 were placed over a three-month period to consumers in all 50 states – to attract struggling  
26 homeowners by deceptively promising foreclosure relief or mortgage modifications that  
27 will make consumers’ payments substantially more affordable. They also promise that  
28

1 they will obtain such results within a certain period of time. In exchange for these  
2 promises, Defendants have charged homeowners unlawful advance fees ranging from  
3 \$1,000 to \$3,000, and in some cases more than \$10,000.

4 14. Defendants have collected at least \$1.6 million from consumers since early  
5 2010.

6 15. Defendants gain consumers' confidence by misrepresenting that they are a  
7 government agency or are approved by or affiliated with the government. For example,  
8 one of Defendants' domain names, makinghomeaffordable.ca, has contained content  
9 indistinguishable from that of makinghomeaffordable.gov, the official webpage of the  
10 federal government's Making Home Affordable program ("MHA"). The only apparent  
11 difference is the phone number consumers are given to call for help. Defendants  
12 regularly send spam emails to consumers with sender names such as "U.S.[.] Dep of  
13 Housing New Programs," "United States Department of Mortgage Fraud and Consumer  
14 Assistance," and National Homeowners['] Assistance Program Approved by the FTC  
15 855-LAW-5559." Defendants have sent spam and mailers to consumers that include the  
16 marks of the U.S. Department of Housing and Urban Development ("HUD"), the U.S.  
17 Securities and Exchange Commission ("SEC"), the Office of the Comptroller of the  
18 Currency ("OCC"), and the U.S. Department of the Treasury ("Treasury"). Defendants  
19 have recently sent spam to consumers in which Defendants purport to be the California  
20 Office of the Attorney General.

21 16. Additionally, Defendants are innovative in updating their marketing to keep  
22 pace with the latest government programs. Some of Defendants' recent marketing  
23 materials reference "Independent Foreclosure Review," which is, in reality, a program  
24 overseen by the OCC and the Federal Reserve in which borrowers who believe that they  
25 have suffered injury as a result of deficiencies in foreclosure proceedings may request  
26 free third-party review of their cases. Defendants' recent marketing materials also  
27  
28

1 reference the nationwide mortgage servicing settlement that state and federal authorities  
2 recently reached with the five largest mortgage servicers.

3 17. Defendants also misrepresent that NLHC is a “full-service law firm” and  
4 that consumers will be represented by attorneys who are experienced in negotiating or  
5 litigating foreclosure relief or negotiating mortgage loan modifications. In reality,  
6 Defendants merely affiliate with attorneys who neither represent consumers nor have an  
7 attorney-client relationship with them.

8 18. Regulation O was promulgated for the explicit purpose of preventing  
9 consumer harm from mortgage assistance relief scams like Defendants’. Mortgage  
10 Assistance Relief Services; Final Rule, 75 Fed. Reg. 75,092, 75,097-98 (Dec. 1, 2010).  
11 Defendants, however, structure their program in a failed attempt to circumvent  
12 Regulation O. For example, Defendants charge some homeowners for a “forensic audit”  
13 or “securitization report,” which is a purported analysis of mortgage loan documents to  
14 find law violations. They claim that they will use this document to gain leverage over,  
15 and improve the outcome of negotiating foreclosure relief or a mortgage loan  
16 modification with, consumers’ lenders or servicers. In some instances, Defendants  
17 provide contracts to consumers stating that their upfront fee is for only the “forensic  
18 audit” or “securitization report,” apparently so they can assert that they provide the  
19 promised foreclosure relief or loan modification for “free” and not in exchange for an  
20 advance fee.

21 19. In reality, Defendants do little or nothing to assist consumers. Rather,  
22 Defendants direct consumers to avoid interactions with their lender and to stop making  
23 their mortgage payments. In numerous instances, Defendants also do not obtain  
24 mortgage loan modifications for consumers that will make their payments substantially  
25 more affordable or will help them avoid foreclosure.

26 20. As a result of all of the foregoing conduct, many consumers suffer  
27 significant economic injury, including foreclosure and the loss of their homes.  
28





1 or have maintained numerous mortgage-related websites, including imodifylaw.com,  
2 hudmortgagehelp.org, nationalbankfraud.com, makinghomeaffordable.ca,  
3 hampriskdepartment.org, helpwithmylender.com, 995-hope.com,  
4 obamamortgagehelp.com, fhamortgagehelp.com, nationallegalhelp.com,  
5 nationalconsumersassistancecenter.com, rocket-lawyer.net, loan-safe.org, green-light.tv,  
6 lending-tree.tv, law-page.org, fightmortgagefraud.us, nationalmortgagehelp.tv,  
7 homeloanassistance.org, nationallawcenter.net, and securitizationlitigation.com.

8 25. Defendants have operated several websites nearly identical to those of  
9 government entities or government-endorsed not-for-profit organizations. The only  
10 apparent difference, in many instances, has been the phone number that consumers are  
11 asked to call. Not only did Defendants' makinghomeaffordable.ca appear  
12 indistinguishable from the federal government's makinghomeaffordable.gov, but  
13 Defendants' 995-hope.org and hampriskdepartment.org appeared nearly indistinguishable  
14 from 995hope.org, the website of the Homeownership Preservation Foundation, a  
15 network of non-profits that help distressed homeowners.

16 26. In some instances, Defendants' websites contain the logos of major home  
17 mortgage lenders and servicers.

18 27. In numerous instances, Defendants' websites focus on loan modifications.  
19 For example, on obamamortgagehelp.org, Defendants describe how a homeowner can  
20 restructure a loan – for example, to reduce interest rate or principal, or change an  
21 adjustable rate to a fixed rate – with the assistance of lawyers. The page also refers to  
22 HAMP and suggests that NLHC's lawyers can help consumers access the program.

23 28. Similarly, helpwithmylender.com states that Defendants will negotiate loan  
24 modifications with consumers' lenders; it promises, "We will express to your lender your  
25 unique FINANCIAL HARDSHIP using our proven negotiation techniques. Using  
26 current laws and a new start to get back on track with LOWER PAYMENTS based on  
27 your qualifications."  
28



33. Another of Defendants' direct mail solicitations contains images and language misrepresenting affiliation with various government entities and nonprofit housing agencies. This mailer includes seals and marks owned by Treasury, HUD, and the SEC. It directs recipients to call 855LAW5559, Defendants' toll-free number, which it identifies as the "Homeowner's HELP Hotline," an ersatz version of the Homeowner's HOPE Hotline, a nonprofit alliance recognized by Treasury and HUD. For example:

To contact a housing counselor, call:  
**855LAW 5559**  
 Homeowner's HELP Hotline



Account Number	Date Due	Amount Due
51580130	02/29/12	10,000.00
	After	Pay
	03/06/12	10,200.00

Check Number
Amount Paid
\$

Detach here at the perf line

Make Check Payable and mail to:

NATIONAL LEGAL HELP  
 1740 EAST GARRY AVE  
 SUITE 206  
 SANTA ANA CA 92705



⑆3 2227 1627⑆ 9516598 12⑈

\* \* \*

**HELPING YOU STAY IN YOUR HOME.**



\* \* \*

Thank you,  
 2012-Mortgage Relief Advisory  
 Main Office: **855 529 5559**

The Home Re-Structure Program was created to help millions of homeowners refinance or modify their mortgages. As part of this program your new balance will be determined based on the appraised value of the property.



**FREQUENTLY ASKED QUESTIONS**

Get the answers you need to some of the most common questions.

\* \* \*

To contact a housing counselor, call:

855LAW 5559

Homeowner's HELP Hotline

Office of the Comptroller of the Currency

Ensuring a Safe and Sound National Banking System for all Americans.

### Independent Foreclosure Review For Fraud

NationalLegalHelp.com



To Find Out More Information about Asset-Backed Securities Please Visit SEC.GOV

### Important Notice:

Your loan may be eligible for an Independent Foreclosure Review that may result in compensation or other remedy. Please respond by 12/31/12.

Foreclosure Grant Review: 855 529 5559

If you have more than one mortgage account that meets the initial criteria for an independent review, you will receive a separate notice for each. You will need to submit a separate Request for Review for each account.

34. One page of the direct mail solicitation lists the OCC in its header. The text below the header then falsely reads,

“The Bureau of Consumer Frauds and Protection, part of the Economic Justice Division, prosecutes businesses and individuals engaged in fraudulent, misleading, deceptive, or illegal trade practices . . . Your lender in [sic] under investigation by the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency . . . Our records indicate that you have been approved for \$10,000 in Grant Assistance.”

The bottom of this page falsely states, “This notice is being sent at the direction of federal bank regulators.”

35. Another page of Defendants’ direct mail solicitation states, beneath an MHA header, that consumers “may be able to make [their] payments more affordable,” that consumers will be able to “modify [their] mortgage payments,” and that Defendants have numerous “modification options.” The same page states that Defendants will stop a foreclosure sale.

36. Defendants’ direct mail solicitations fail to disclose in a clear and prominent manner that: (1) the consumer may stop doing business with the provider or reject an

1 offer of mortgage assistance without having to pay for the services; (2) Defendants'  
2 company is not associated with the government or approved by the government or the  
3 consumer's lender; and (3) even if the consumer uses Defendants' service, the  
4 consumer's lender may not agree to modify the loan.

### 5 **Defendants' Deceptive Spam Solicitations**

6 37. As part of their scheme, Defendants send unsolicited spam emails to  
7 financially distressed homeowners throughout the United States to convince consumers to  
8 call or email Defendants to inquire about Defendants' purported mortgage assistance  
9 relief services.

10 38. In numerous instances, Defendants' spam emails contain images and  
11 language, such as the logo of the MHA program, the OCC seal, references to HAMP, and  
12 references to the SEC and the Attorney General of California, that misrepresent an  
13 affiliation with government entities. They also include a toll-free phone number to call  
14 for help.

15 39. Defendants' spam solicitations come from misleading domain names, such  
16 as helpwithmybank.ws, makinghomeaffordable.ca, hampriskdepartment.org, and hud-  
17 guidelines.com.

18 40. Defendants' spam solicitations make such statements as:

- 19 • "HAMP REDUCTION PROGRAM TERMS WHEN YOUR [sic]  
20 APPROVED: New Rates start at 1.99% with FixTerms . . . Principle [sic] &  
21 Equity Reduction of Mortgage Loan . . . All Past Due Payments Forgiven  
22 (Due to the Errors, Violations and Damages on the mortgage contract.)"  
23 Defendants sent this spam solicitation from the email address  
24 equalhousing@hud-guidelines.com. It directs the recipient to visit  
25 www.hampriskdepartment.org or call (855) 529-5559.
- 26 • "The misrepresentations conducted by [your lender] was [sic] the main  
27 reason your application was approved for the NEW HAMP REDUCTION  
28

1 PROGRAM.” Defendants sent this email from the email address  
2 underwritingreview@helpwithmybank.ws. It directs the recipient to call  
3 (855) 270-5421 or (855) LAW-5559.

- 4 • “After all Phases are timely completed and you have submitted all the  
5 required conditions, your mortgage will be permanently modified and the  
6 foreclosure process Stopped.” The email was sent from  
7 underwritingreview@helpwithmybank.ws. It directs the recipient to call  
8 (855) 270-5421 or (855) LAW-5559.
- 9 • “U.S. Securities and Exchange Commission is reviewing your loan approval  
10 for the new modification reduction program.” Defendants sent this email  
11 from the email address approvals@makinghomeaffordable.ca. It directs the  
12 recipient to visit makinghomeaffordable.ca or call (855) 270-5421.

13 41. Defendants’ spam solicitations fail to disclose in a clear and prominent  
14 manner that: (1) the consumer may stop doing business with the provider or reject an  
15 offer of mortgage assistance without having to pay for the services; (2) Defendants’  
16 company is not associated with the government or approved by the government or the  
17 consumer’s lender; and (3) even if the consumer uses Defendants’ service, the  
18 consumer’s lender may not agree to modify the loan.

### 19 **Defendants’ Deceptive Sales Scheme**

20 42. Consumers who respond to Defendants’ marketing efforts have home  
21 mortgage loans and typically are having difficulty making their mortgage payments.

22 43. Consumers speak with Defendants’ telephone sales representatives after  
23 entering their information on Defendants’ websites, receiving outbound telemarketing  
24 calls, or calling the toll-free numbers listed on websites, spam emails, and direct mail.

25 44. In numerous instances, Defendants promise to obtain foreclosure relief or  
26 loan modifications for consumers that will make their mortgage payments substantially  
27 more affordable in exchange for an advance fee.

1           45. In numerous instances, Defendants represent that they are affiliated with a  
2 government entity.

3           46. In numerous instances, Defendants tell consumers that Defendants have  
4 special expertise in negotiating with mortgage lenders and that they have proven prior  
5 success in obtaining foreclosure relief or loan modifications.

6           47. In numerous instances, Defendants represent that consumers will obtain  
7 mortgage relief as a result of a “forensic audit” or “securitization report” provided by  
8 Defendants. In numerous instances, after promising to obtain foreclosure relief or loan  
9 modifications for consumers in exchange for an upfront fee, Defendants provide  
10 consumers with contracts in which they claim to charge a fee for the “forensic audit” or  
11 “securitization report” but not for the promised foreclosure relief or loan modification.

12           48. In numerous instances, Defendants claim that they can help consumers  
13 obtain mortgage relief within a certain period of time, *e.g.*, 90-120 days.

14           49. In numerous instances, Defendants claim that they can prevent foreclosures  
15 or that the modification process will stay lenders’ ability to foreclose.

16           50. In numerous instances, Defendants discourage consumers from  
17 communicating directly with their lenders. Defendants tell consumers not to contact their  
18 lenders and claim Defendants will handle all communications with consumers’ lenders.

19           51. In numerous instances, Defendants tell consumers that they need not make  
20 periodic mortgage payments once they start making payments to Defendants. In those  
21 instances, Defendants do not disclose that if consumers stop making mortgage payments  
22 they could lose their homes and damage their credit ratings.

23           52. In numerous instances, Defendants tell consumers that Defendants are a law  
24 firm that specializes in obtaining loan modifications and preventing foreclosure and that  
25 Defendants’ lawyers will represent them. In numerous instances, Defendants represent to  
26 consumers that Defendant Jalan is a lawyer.

1           53. Defendants generally charge an upfront fee ranging from one thousand to  
2 several thousand dollars. Defendants typically tell consumers that they must make  
3 payments before Defendants will begin to provide any services.

4           54. After depositing consumers' checks, Defendants sometimes cause debits to  
5 be made from consumers' bank accounts without consumers' authorization or  
6 knowledge. Defendants generally cause these debits to be made by entering the account  
7 and routing numbers listed on consumers' paper checks into electronic check-writing  
8 software and issuing themselves an unauthorized check.

9  
10                           **Defendants Do Not Obtain the Promised Mortgage Relief,**  
11   **Causing Consumer Injury**

12           55. In numerous instances, after consumers pay Defendants' advance fees,  
13 Defendants fail to obtain foreclosure relief or mortgage loan modifications for consumers  
14 that make their payments substantially more affordable.

15           56. In numerous instances, after consumers pay Defendants' advance fees,  
16 Defendants fail to provide consumers with any meaningful mortgage assistance relief  
17 services.

18           57. In numerous instances, after consumers have paid Defendants' advance fees,  
19 Defendants fail to answer or return consumers' telephone calls and emails and fail to  
20 provide updates about the status of Defendants' purported communications with lenders.  
21 When consumers are able to reach Defendants, Defendants generally assure consumers  
22 that Defendants are working with the consumers' lenders.

23           58. In numerous instances, Defendants instruct consumers to stop paying their  
24 mortgage either in full or in part.

25           59. In numerous instances, consumers have paid more to Defendants than they  
26 anticipated because Defendants have caused unauthorized payments to be made from  
27 consumers' bank accounts.  
28







1 provision of [the CFPA], the provider of such substantial assistance shall be deemed to be  
2 in violation of that section to the same extent as the person to whom such assistance is  
3 provided.” 12 U.S.C. § 5536(a)(3).

4 74. Defendants are “covered person[s],” “related persons,” or “service  
5 provider[s]” within the meaning of the CFPA, 12 U.S.C. § 5481(6), (25), and (26).

### 6 **COUNT I**

7 75. In numerous instances, in connection with the offering or provision of  
8 mortgage assistance relief services, Defendants have represented, expressly or by  
9 implication, that they generally will obtain mortgage loan modifications for consumers  
10 that will make their payments substantially more affordable, or will help them avoid  
11 foreclosure.

12 76. In truth and in fact, Defendants generally do not obtain mortgage loan  
13 modifications for consumers that will make their payments substantially more affordable,  
14 and generally do not help them avoid foreclosure.

15 77. Therefore, Defendants’ representation as set forth in Paragraph 75 is false  
16 and misleading and constitutes a deceptive act or practice in violation of Sections 1031  
17 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536.

### 18 **COUNT II**

19 78. In numerous instances, in connection with the offering or provision of  
20 mortgage assistance relief services, Defendants have represented, expressly or by  
21 implication, that Defendants are an agency of the United States government or are  
22 affiliated with, endorsed or approved by, or otherwise associated with the United States  
23 government.

24 79. In truth and in fact, Defendants are not an agency of the United States  
25 government or affiliated with, endorsed or approved by, or otherwise associated with the  
26 United States government.







1 documents sent by a consumer’s lender or servicer in order to avert foreclosure or obtain  
2 concessions from the lender or servicer.” 75 Fed. Reg. at 75,100 n.110 (Dec. 1, 2010)  
3 (discussion of Section 322.2 Definitions).

4 98. Regulation O defines “mortgage assistance relief service provider” as “any  
5 person that provides, offers to provide, or arranges for others to provide, any mortgage  
6 assistance relief service,” other than the dwelling loan holder, the servicer of a dwelling  
7 loan, or any agent or contractor of such individual or entity. 16 C.F.R. § 322.2(j) (2010),  
8 recodified as 12 C.F.R. § 1015.2 (2011).

9 99. Defendants are “mortgage assistance relief service provider[s]” engaged in  
10 the provision of “mortgage assistance relief services” as those terms are defined in  
11 Regulation O. 16 C.F.R. § 322.2(j) (2010), recodified as 12 C.F.R. § 1015.2 (2011).

12 100. Regulation O prohibits any mortgage assistance relief service provider from  
13 requesting or receiving payment of any fee or other consideration until the consumer has  
14 executed a written agreement between the consumer and the consumer’s loan holder or  
15 servicer that incorporates the offer that the provider obtained from the loan holder or  
16 servicer. 16 C.F.R. § 322.5(a) (2011), recodified as 12 C.F.R. § 1015.5(a) (2011).

17 101. Regulation O prohibits any mortgage assistance relief service provider from  
18 representing, expressly or by implication, that a consumer cannot or should not contact or  
19 communicate with his or her lender or servicer. 16 C.F.R. § 322.3(a) (2010), recodified  
20 as 12 C.F.R. § 1015.3(a) (2011).

21 102. Regulation O prohibits any mortgage assistance relief service provider from  
22 misrepresenting, expressly or by implication: (1) the likelihood of negotiating, obtaining,  
23 or arranging any represented service or result; (2) the amount of time it will take the  
24 mortgage assistance relief service provider to accomplish any represented service or  
25 result; (3) that a mortgage assistance relief service provider is affiliated with, endorsed or  
26 approved by, or otherwise associated with the United States government, any  
27 governmental homeowner assistance plan, any federal, state, or local government agency,  
28

1 unit or department, any nonprofit housing counselor agency or program, or the maker,  
2 holder, or servicer of the consumer's dwelling loan; or (4) the consumer's obligation to  
3 make scheduled periodic payments pursuant to the terms of the consumer's dwelling  
4 loan. Regulation O also prohibits any mortgage assistance relief service provider from  
5 misrepresenting, expressly or by implication, that the consumer will receive legal  
6 representation. 16 C.F.R. § 322.3(b)(1)-(4), (8) (2010), recodified as 12 C.F.R.  
7 § 1015.3(b)(1)-(4), (8) (2011).

8 103. Regulation O prohibits any mortgage assistance relief service provider from  
9 failing to place a statement in every general commercial communication disclosing that:  
10 (1) the provider is not associated with the government and its service is not approved by  
11 the government or the consumer's lender; and (2) in cases where the provider has  
12 represented, expressly or by implication, that consumers will receive certain services or  
13 results, a statement disclosing that the consumer's lender may not agree to modify a loan,  
14 even if the consumer uses the provider's service. 16 C.F.R. § 322.4(a)(1)-(2) (2010),  
15 recodified as 12 C.F.R. § 1015.4(a)(1)-(2) (2011).

16 104. Regulation O prohibits any mortgage assistance relief service provider from  
17 failing to place a statement in every consumer-specific commercial communication: (1)  
18 confirming that the consumer may stop doing business with the provider or reject an offer  
19 of mortgage assistance without having to pay for the services; (2) disclosing that the  
20 provider is not associated with the government and its service is not approved by the  
21 government or the consumer's lender; and (3) in cases where the provider has  
22 represented, expressly or by implication, that consumers will receive certain services or  
23 results, disclosing that the consumer's lender may not agree to modify a loan, even if the  
24 consumer uses the provider's service. 16 C.F.R. § 322.4(b)(1)-(3) (2010), recodified as  
25 12 C.F.R. § 1015.4(b)(1)-(3) (2011).

26 105. Regulation O prohibits any mortgage assistance relief service provider, in  
27 cases where the provider has represented that the consumer should temporarily or  
28



1 permanently discontinue payments on a dwelling loan, from failing to clearly and  
2 prominently state in close proximity to any such representation that the consumer could  
3 lose his or her home and damage his or her credit rating if the consumer stops paying the  
4 mortgage. 16 C.F.R. § 322.4(c) (2010), recodified as 12 C.F.R. § 1015.4(c) (2011).

5 106. Pursuant to § 1097 of the CFPA, 12 U.S.C. § 5538, a violation of Regulation  
6 O constitutes an unfair, deceptive, or abusive act or practice under the CFPA, in violation  
7 of Sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536.

## 8 **VIOLATIONS OF REGULATION O**

### 9 **COUNT VIII**

10 107. In numerous instances, since the effective dates of the MARS Rule, in the  
11 course of providing, offering to provide, or arranging for others to provide mortgage  
12 assistance relief services, Defendants have asked for or received payment before  
13 consumers have executed a written agreement between the consumer and the loan holder  
14 or servicer that incorporates the offer obtained by Defendants, in violation of Regulation  
15 O, 16 C.F.R. § 322.5(a) (2011), recodified as 12 C.F.R. § 1015.5(a) (2011).

### 16 **COUNT IX**

17 108. In numerous instances, since the effective dates of the MARS Rule, in the  
18 course of providing, offering to provide, or arranging for others to provide mortgage  
19 assistance relief services, Defendants have misrepresented, expressly or by implication,  
20 that a consumer should not contact or communicate with his or her lender or servicer, in  
21 violation of Regulation O, 16 C.F.R. § 322.3(a) (2010), recodified as 12 C.F.R.  
22 § 1015.3(a) (2011).

### 23 **COUNT X**

24 109. In numerous instances, since the effective dates of the MARS Rule, in the  
25 course of providing, offering to provide, or arranging for others to provide mortgage  
26 assistance relief services, Defendants have misrepresented, expressly or by implication,  
27 material aspects of their services, including, but not limited to:  
28

- 1 a. Defendants' likelihood of obtaining mortgage loan modifications for  
2 consumers that will make their payments substantially more affordable,  
3 in violation of Regulation O, 16 C.F.R. § 322.3(b)(1) (2010), recodified  
4 as 12 C.F.R. § 1015.3(b)(1) (2011);
- 5 b. the amount of time it will take for Defendants to obtain mortgage loan  
6 modifications for consumers that will make their payments substantially  
7 more affordable, in violation of Regulation O, 16 C.F.R. § 322.3(b)(2)  
8 (2010), recodified as 12 C.F.R. § 1015.3(b)(2) (2011);
- 9 c. Defendants' affiliation with, endorsement or approval by, or other  
10 association with the United States government, a governmental  
11 homeowner assistance plan, any Federal, State, or local governmental  
12 agency, unit, or department, or a nonprofit housing counselor agency or  
13 program, in violation of Regulation O, 16 C.F.R. § 322.3(b)(3)(i), (ii),  
14 (iii), and (iv) (2010), recodified as 12 C.F.R. § 1015.3(b)(3)(i), (ii), (iii),  
15 and (iv) (2011);
- 16 d. Defendants' affiliation with, endorsement or approval by, or other  
17 association with the maker, holder, or servicer of the consumer's  
18 dwelling loan, in violation of Regulation O, 16 C.F.R. § 322.3(b)(3)(v)  
19 (2010), recodified as 12 C.F.R. § 1015.3(b)(3)(v) (2011); and
- 20 e. that consumers will receive legal representation, in violation of  
21 Regulation O, 16 C.F.R. § 322.3(b)(8) (2010), recodified as 12 C.F.R.  
22 § 1015.3(b)(8) (2011).

23 **COUNT XI**

24 110. In numerous instances, since the effective dates of the MARS Rule, in the  
25 course of providing, offering to provide, or arranging for others to provide mortgage  
26 assistance relief services, Defendants:  
27  
28

1 a. have failed to make the following disclosures in all general commercial  
2 communications –

3 i. “(Name of Company) is not associated with the government, and  
4 our service is not approved by the government or your lender,” in  
5 violation of Regulation O, 16 C.F.R. § 322.4(a)(1) (2010),  
6 recodified as 12 C.F.R. § 1015.4(a)(1) (2011); and

7 ii. “Even if you accept this offer and use our service, your lender  
8 may not agree to change your loan,” in violation of Regulation O,  
9 16 C.F.R. § 322.4(a)(2) (2010), recodified as 12 C.F.R.  
10 § 1015.4(a)(2) (2011);

11 b. have failed to make the following disclosures in all consumer-specific  
12 commercial communications –

13 i. “You may stop doing business with us at any time. You may  
14 accept or reject the offer of mortgage assistance we obtain from  
15 your lender [or servicer]. If you reject the offer, you do not have  
16 to pay us. If you accept the offer, you will have to pay us (insert  
17 amount or method for calculating the amount) for our services,” in  
18 violation of Regulation O, 16 C.F.R. § 322.4(b)(1) (2010),  
19 recodified as 12 C.F.R. § 1015.4(b)(1) (2011);

20 ii. “(Name of company) is not associated with the government, and  
21 our service is not approved by the government or your lender,” in  
22 violation of Regulation O, 16 C.F.R. § 322.4(b)(2) (2010),  
23 recodified as 12 C.F.R. § 1015.4(b)(2) (2011); and

24 iii. “Even if you accept this offer and use our service, your lender  
25 may not agree to change your loan,” in violation of Regulation O,  
26 16 C.F.R. § 322.4(b)(3) (2010), recodified as 12 C.F.R.  
27 § 1015.4(b)(3) (2011); and  
28

1 c. have failed to make the following disclosure in all communications in  
2 cases where Defendants have represented, expressly or by implication,  
3 in connection with the advertising, marketing, promotion, offering for  
4 sale, sale, or performance of any mortgage assistance relief service, that  
5 the consumer should temporarily or permanently discontinue payments,  
6 in whole or in part, on a dwelling loan, clearly and prominently, and in  
7 close proximity to any such representation: “If you stop paying your  
8 mortgage, you could lose your home and damage your credit rating,” in  
9 violation of Regulation O, 16 C.F.R. § 322.4(c) (2010), recodified as 12  
10 C.F.R. § 1015.4(c) (2011).

### 11 **CONSUMER INJURY**

12 111. Consumers have suffered and will continue to suffer substantial injury as a  
13 result of Defendants’ violations of the CFPA and Regulation O. In addition, Defendants  
14 have been unjustly enriched as a result of their unlawful acts or practices. Absent  
15 injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap  
16 unjust enrichment, and harm the public interest.

### 17 **THIS COURT’S POWER TO GRANT RELIEF**

18 112. The CFPA empowers this Court to grant any appropriate legal or equitable  
19 relief including, without limitation, a permanent or temporary injunction, rescission or  
20 reformation of contracts, the refund of moneys paid, restitution, disgorgement or  
21 compensation for unjust enrichment, and monetary relief, including but not limited to  
22 civil money penalties, to prevent and remedy any violation of any provision of law  
23 enforced by the Bureau. 12 U.S.C. §§ 5538(a); 5565(a), (c).

### 24 **PRAAYER FOR RELIEF**


25 113. Wherefore, Plaintiff Consumer Financial Protection Bureau, pursuant to  
26 Sections 1054 and 1055 of the CFPA, 12 U.S.C. §§ 5564 and 5565, and the Court’s own  
27 powers to grant legal or equitable relief, requests that the Court:  
28

- 1 a. award Plaintiff such preliminary injunctive and ancillary relief as may  
2 be necessary to avert the likelihood of consumer injury during the  
3 pendency of this action, and to preserve the possibility of effective final  
4 relief, including but not limited to a temporary restraining order, a  
5 preliminary injunction, an order freezing assets, immediate access, and  
6 appointment of a receiver;
- 7 b. enter a permanent injunction to prevent future violations of the CFPA  
8 and Regulation O by Defendants;
- 9 c. award such relief as the Court finds necessary to redress injury to  
10 consumers resulting from Defendants' violations of the CFPA and  
11 Regulation O, including but not limited to rescission or reformation of  
12 contracts, the refund of moneys paid, restitution, and disgorgement or  
13 compensation for unjust enrichment;
- 14 d. award Plaintiff civil money penalties; and
- 15 e. award Plaintiff the costs of bringing this action, as well as such other  
16 and additional relief as the Court may determine to be just and proper.

17  
18 Dated: December 3, 2012

Respectfully submitted,

19  
20 Kent Markus  
Enforcement Director

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