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A joint enforcement action with states to stop illegal advance fees

BY [KENT MARKUS](#)

Today, a federal district court entered an [order](#) that returns money to the pockets of American consumers and stops a company from violating laws. The case also represents a landmark for us: it's the first time we've joined with state attorneys general in filing suit to enforce consumer-financial-protection laws. The order is a win for the company's customers.

Payday Loan Debt Solution, Inc. (PLDS) is a debt-relief service provider that purports to help consumers settle their payday-loan debts. A Bureau investigation found evidence that PLDS routinely charged consumers a fee in advance of actually settling their debts. This practice violates the Federal Trade Commission's Telemarketing Sales Rule, the Dodd-Frank Act, and the laws of various states.

We brought this lawsuit to stop PLDS's unlawful practice and to obtain compensation for consumers who were unlawfully charged advance fees. Upon learning of the Bureau's investigation, PLDS immediately ceased its unlawful conduct and has cooperated with the Bureau's investigation. Today, the court enters an order that resolves this matter. The order:

1. Finds that PLDS and its president, Sanjeet Parvani, engaged in practices that violated the federal consumer financial protection laws and the laws of several states;
2. Enjoins PLDS and Parvani from engaging in the unlawful conduct in the future;
3. Requires PLDS to pay \$100,000, amounting to full restitution for consumers who were charged advance fees, but who received no debt-settlement services from PLDS by the time their accounts were closed;
4. Requires PLDS to pay to the Bureau \$5,000 in a civil money penalty; and
5. Requires PLDS and Parvani to cooperate with the Bureau in any future investigations of other entities related to the transactions that are the subject of the complaint.

This was our first joint enforcement action with state attorneys general. As we sought to enforce federal consumer protection laws, the states of Hawaii, New Mexico, North Carolina, North Dakota, and Wisconsin all joined our investigation and lawsuit to enforce their own laws. Today's order grants complete injunctive relief to consumers under the laws of these states, as well as restitution to harmed consumers there and elsewhere.

The court order includes instructions to pay a civil monetary penalty. PLDS and Parvani immediately ceased the unlawful conduct and cooperated with our investigation, which helped limit the size of the civil penalty.

This matter affects only a single debt-relief service provider, but it is part of our comprehensive effort to police the debt-relief industry. Our work focuses not only on debt-relief service providers, but also on their partners, including those who facilitate their unlawful conduct and who may also run afoul of the federal consumer financial protection laws.



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