

CFPB Takes Actions Against Credit Repair Companies for Charging Illegal Fees and Misleading Consumers

Companies and Individuals to Pay More Than \$2 Million in Penalties and Relinquished Funds

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WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) today filed two complaints and proposed final judgments in federal court against four California-based credit repair companies and three individuals for misleading consumers and charging illegal fees. The Bureau alleges that the companies not only charged illegal advance fees for credit repair services, but also misrepresented their ability to repair consumers' credit scores. Under a proposed final judgment, Prime Credit, LLC, IMC Capital, LLC, Commercial Credit Consultants, Blake Johnson, and Eric Schlegel would pay a civil money penalty of more than \$1.5 million. Under a second proposed final judgment, Park View Law, known formerly as Prime Law Experts, Inc., and its owner Arthur Barens would pay \$500,000 in relinquished funds to the U.S. Treasury.

"Today, the Bureau is taking action against companies that charged illegal fees and misled consumers about their ability to fix their credit," said CFPB Director Richard Cordray. "We will remain vigilant about protecting consumers from companies that mislead them to turn a dishonest profit."

Commercial Credit Consultants is a Wyoming corporation with a principal place of business in Los Angeles, Calif., that has also operated under the name Accurise. It offered and sold credit repair services to consumers from the summer of 2009 until the summer of 2012. Prime Credit, also known as Prime Marketing, LLC and Prime Credit Consultants, is a Los Angeles-based company that offered similar credit repair services from the summer of 2012 through the fall of 2014. IMC Capital is a

Los Angeles-based company that provided credit repair services in 2012. Johnson was the founder and majority owner of Commercial Credit Consultants, Prime Credit, and IMC Capital, while Schlegel was the president and a minority shareholder of Commercial Credit Consultants and Prime Credit.

Arthur Barens owned Prime Credit's business partner, Park View Law, based in Los Angeles. From March 2013 through September 2014, Prime Credit marketed and sold credit repair services to consumers using Park View Law's name, and provided credit repair services to consumers who entered into contracts with Park View Law. Park View Law continued to offer and provide credit repair services through a similar arrangement until as late as June 2015.

In complaints filed with the proposed final judgments, the CFPB alleges that the defendants made misleading, unsubstantiated claims that they could remove virtually any negative information from consumers' credit reports and could boost consumers' credit scores by significant amounts. The companies attracted thousands of customers through sales calls and their websites, at times targeting consumers who had recently sought to obtain a mortgage, loan, refinancing, or other extension of credit. The CFPB alleges that the companies charged these consumers millions of dollars in illegal advance fees for their services. The Bureau alleges that these practices violated the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Telemarketing Sales Rule. Specifically, the CFPB alleges that the defendants:

- **Charged illegal advance fees:** Federal law bars telemarketers and certain companies from requesting or collecting fees for credit repair services until certain conditions are met about the delivery of those services. The companies charged a variety of fees for their services before demonstrating that the promised results had been achieved as required by law. Specifically, the companies charged consumers fees for an initial consultation to review a consumer's credit report. The company also charged set-up fees totaling hundreds of dollars and monthly fees that often equaled \$89.99 per month.
- **Failed to disclose limits on "money-back guarantees":** The companies offered a money-back guarantee for certain services. However, they failed to disclose that the guarantee had significant limits, including that the consumer must pay for at least six months of the service to be eligible for the guarantee.
- **Misled consumers about the benefits of their services:** The companies misrepresented that their credit repair services would result in the removal of negative entries on consumers' credit reports. The companies also misrepresented to customers that their credit repair services would, or likely

would, result in a substantial increase to consumers' credit scores. The companies lacked a reasonable basis for making these claims.

In addition to paying the amounts contained in the proposed final judgments, all defendants would be prohibited from doing business within the credit repair industry for five years and permanently prohibited from violating the Dodd-Frank Act or the Telemarketing Sales Rule. They have been filed with the U.S. District Court for the Central District of California, and they are only effective if approved by the presiding judge.

In September 2016, the CFPB filed a lawsuit alleging similar violations of federal law against Prime Marketing Holdings, a credit repair company that partnered with Park View Law from September 2014 to June 2015. That litigation is ongoing.

The Bureau also issued a [consumer advisory](#)  in September 2016 to alert consumers about companies that engage in potentially misleading credit repair services.

A copy of the complaint filed in federal district court against Prime Credit, IMC Capital, Commercial Credit Consultants, Blake Johnson, and Eric Schlegel can be found at: http://files.consumerfinance.gov/f/documents/201706_cfpb_Johnson-Complaint.pdf 

A copy of the proposed final judgement filed in federal district court against Prime Credit, IMC Capital, Commercial Credit Consultants, Blake Johnson, and Eric Schlegel can be found at:

http://files.consumerfinance.gov/f/documents/201706_cfpb_Johnson-Proposed-Stipulated-Final-Judgment-and-Order.pdf 

A copy of the complaint filed in federal district court against Park View Law and Arthur Barends can be found at:

http://files.consumerfinance.gov/f/documents/201706_cfpb_Barends-Complaint.pdf 

A copy of the proposed final judgement filed in federal district court against Park View Law and Arthur Barends can be found at:

http://files.consumerfinance.gov/f/documents/201706_cfpb_Barends-Proposed-Stipulated-Final-Judgment-and-Order.pdf 

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and

fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

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