

## Enforcement Alert from Hudson Cook; CFPB Settles Decade-Long Case Against Foreclosure Relief Company and Four Attorneys for \$12 million

February 12, 2024 | [Robert D. Tilley](#) and [Gabriela Chambi](#)

### HIGHLIGHTS:

- The Consumer Financial Protection Bureau ("CFPB") announced that it resolved a decade-long enforcement action against a Foreclosure Relief Company and four individual attorneys (the "Defendants") for \$12 million.
- The settlement requires that the Defendants pay \$10.9 million in consumer redress and \$1.1 million in civil penalties. The district court's judgment in the case—the appeal of which was pending at the time of settlement—would have required the Defendants to pay the same amount in redress and a combined \$18.5 million in penalties.
- The Complaint, originally filed in 2014, alleged that the Defendants violated Regulation O by using deceptive marketing tactics.
- This enforcement action was part of a 2014 coordinated effort by the CFPB, the Federal Trade Commission, and 15 states against various foreclosure relief companies.

### CASE SUMMARY:

On February 8, 2024, after nearly a decade of litigation, the CFPB announced a final settlement for a total of \$12 million with a Foreclosure Relief Company and four individual attorneys. The settlement resolves litigation that began in July 2014, when the CFPB filed a Complaint against the Defendants in the U.S. District Court for the Western District of Wisconsin. In November 2018, the district court issued an order finding that the Defendants violated Regulation O by making misrepresentations in welcome letters and telephone calls, including by telling consumers that they should not communicate with their lenders, that consumers had no obligation to continue to make loan payments on their loans, and that consumers would receive legal representation.

Following an initial appeal, in August 2022 the district court ordered Defendants to pay \$10.9 million in consumer redress and \$18.4 million in civil penalties, and imposed

industry bans on all Defendants. Defendants' appeal of that judgment remained pending at the time of the settlement.

On February 5, 2024, the CFPB and the Defendants entered into a settlement agreement with terms nearly identical to the district court's August 2022 judgment, except that the CFPB agreed to accept a 93% discount on the district court's civil penalty award. The agreement requires the Defendants to pay \$10.9 million in consumer redress and \$1.1 million as a civil penalty, and it also specifies that the Defendants are to remain subject to the bans under the district court's August 2022 order.

#### **RESOURCES:**

You can review all of the relevant court filings and press releases at the [CFPB's Enforcement Page](#).

- [CFPB Press Release](#)
- [Settlement Agreement](#)
- [2022 District Court Order](#)
- [2021 7th Cir. Order](#)
- [2019 District Court Opinion and Order](#)
- [2014 CFPB Complaint](#)

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7037 Ridge Road, Suite 300, Hanover, Maryland 21076  
410.684.3200

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