

## Enforcement Alert from Hudson Cook, LLP: CFPB Announces Enforcement Action Against the Owner of a Student-Loan Debt Relief Company over Alleged Unauthorized Charges and Withdrawals from Student Borrower Bank Accounts

June 10, 2022 | [Michael A. Goodman](#) and [Gabriela Chambi](#)

### HIGHLIGHTS:

- The CFPB announced a complaint against a single defendant - the owner of a student loan debt relief company - concerning unauthorized charges and withdrawals from student borrower accounts in violation of the Consumer Financial Protection Act. At the same time, the CFPB also announced a proposed settlement of this matter.
- The defendant neither admitted nor denied the allegations, but consented to entry of the proposed stipulated final judgment and order, which includes a \$175,000 civil money penalty.
- In addition, the stipulated resolution, if accepted by the court, would ban the defendant from providing debt relief services or financial advisory services.
- This enforcement action demonstrates the CFPB's continued enforcement against and watchful eye over previous alleged wrongdoers as this enforcement action is one that stems from a previously resolved CFPB investigation.

### CASE SUMMARY:

On June 9, 2022, the CFPB announced a proposed stipulated judgment, which the CFPB alleged was connected to a prior stipulated judgment from March 30, 2016 with a different debt relief company. In that prior matter, the CFPB resolved allegations of violations of consumer financial protection laws, including charges of unlawful fees and false promises to borrowers. The defendant in this current enforcement action founded a separate debt relief company that "obtained account and billing information for hundreds of consumers" from the former business without the consumers' consent and began "collecting fees from consumer bank accounts" without obtaining authorization for the withdrawals from those consumer accounts.

Specifically, the complaint alleges that this defendant engaged in unfair acts and practices related to unauthorized debiting of consumer accounts; and provided substantial assistance to his company to engage in unfair practices by debiting consumer bank accounts without consumer authorization.

The defendant agreed to the proposed settlement without admitting these allegations while consenting to a ban from the debt relief industry and the entry of an order to pay a \$175,000 fine.

#### **RESOURCES:**

You can review all of the relevant court filings and press releases at the **CFPB's Enforcement page**.

- [Complaint](#)
- [Stipulated Order](#)
- [CFPB Press Release](#)

*Enforcement Alerts by Hudson Cook, LLP*, written by the attorneys in the firm's [Government Investigations, Examinations and Enforcement](#) and [Litigation](#) practice groups, are provided to keep you informed of federal and state government enforcement actions and related actions that may affect your business. Please contact our attorneys if you have any questions regarding this Alert. You may also view [articles](#), register for an upcoming [CFPB Bites monthly webinar](#) or request a [past webinar](#) recording on our website.

Hudson Cook, LLP provides articles, webinars and other content on its website from time to time provided both by attorneys with Hudson Cook, LLP, and by other outside authors, for information purposes only. Hudson Cook, LLP does not warrant the accuracy or completeness of the content, and has no duty to correct or update information contained on its website. The views and opinions contained in the content provided on the Hudson Cook, LLP website do not constitute the views and opinion of the firm. Such content does not constitute legal advice from such authors or from Hudson Cook, LLP. For legal advice on a matter, one should seek the advice of counsel.

**SUBSCRIBE TO INSIGHTS**

# HUDSON COOK

Hudson Cook, LLP is a national law firm representing the financial services industry in compliance, privacy, litigation, regulatory and enforcement matters.

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

**[hudsoncook.com](https://www.hudsoncook.com)**

© Hudson Cook, LLP. All rights reserved. Privacy Policy | Legal Notice  
Attorney Advertising: Prior Results Do Not Guarantee a Similar Outcome

