

**FINAL ORDER**

**DATE** 2/15/16

**IN THE MATTER OF:**

**PAUL RANDALL  
a/k/a PAUL LAWRENCE RANDALL  
a/k/a RANDALL PAUL;**

**HERBERT D. BRANSCOMB  
a/k/a HERBERT DELROY BRANSCOMB;**

**AMERICAN FINANCIAL RELIEF; and**

**FORECLOSURE SURVIVAL TODAY,**

**Respondents.**

**BEFORE THE MARYLAND**

**COMMISSIONER OF**

**FINANCIAL REGULATION**

**Case No.: CFR-FY2015-0030**

**SUMMARY ORDER TO CEASE AND DESIST  
AND ORDER TO PRODUCE**

WHEREAS, the Maryland Department of Labor, Licensing and Regulation, Office of the Commissioner of Financial Regulation (the "Agency") undertook an investigation into the foreclosure consulting, foreclosure prevention, and other mortgage assistance relief services activities of the following: Paul Randall a/k/a Paul Lawrence Randall a/k/a Randall Paul, Herbert D. Branscomb a/k/a Herbert Delroy Branscomb, American Financial Relief, and Foreclosure Survival Today (collectively, the "Respondents"); and

WHEREAS, as a result of that investigation, the Commissioner of Financial Regulation (the "Commissioner") finds grounds to allege that Respondents violated various provisions of Maryland law, including but not limited to the Protection of Homeowners in Foreclosure Act ("PHIFA," at §§ 7-301-7-325 of the Real Property Article ("RP"), Annotated Code of Maryland) and the Maryland Mortgage Assistance Relief Services Act

("MARSA," at RP §§ 7-501-7-511),<sup>1</sup> and the Commissioner finds that action under §§ 2-114 and 2-115 of the Financial Institutions Article ("FI"), Annotated Code of Maryland, is appropriate.

**NOW, THEREFORE,** the Commissioner has determined, for the reasons set forth below, that Respondents are in violation of Maryland law, and that it is in the public interest that Respondents immediately **CEASE AND DESIST** from directly or indirectly offering, contracting to provide, or otherwise engaging in, any foreclosure consulting services, foreclosure prevention activities, and other mortgage assistance relief services activities related to Maryland residential real property (collectively, hereinafter "mortgage assistance relief services") with Maryland residents, homeowners and/or consumers ("Maryland consumers").

#### GENERAL AUTHORITY AND JURISDICTION

1. FI §§ 2-115(a) and (b) set forth the Commissioner's general authority to issue summary cease and desist orders, and to take additional actions for violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (in addition to taking any other action permitted by law, and subject to a hearing or waiver of hearing), including issuing final cease and desist orders, suspending or revoking licenses, issuing monetary penalties, or taking any combination of these actions.

2. FI §§ 2-114(a) and (b) set forth the Commissioner's general authority to order the production of information, as well as documents and records, while investigating potential violations of laws, regulations, rules, and orders over which the Commissioner has

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<sup>1</sup> This Summary Order does not address violations outside the scope of the Agency's jurisdiction, such as those related to Mr. Randall's unauthorized practice of law.

jurisdiction (which is in addition to the Commissioner's specific investigatory authority set forth in various other Maryland statutes and regulations). Thus, FI § 2-114(a)(2) provides that the Commissioner may "[r]equire . . . a person to file a statement in writing, under oath or otherwise as the Commissioner determines, as to all the facts and circumstances concerning the matter to be investigated." Further, pursuant to FI § 2-114(b), "the Commissioner or an officer designated by the Commissioner may," among other things, "take evidence, and require the production of books, papers, correspondence, memoranda, and agreements, or other documents."

3. The Commissioner has jurisdiction over the business activities at issue in this case. Pursuant to RP § 7-319.1, the Commissioner has the authority to investigate and enforce the provisions of PHIFA. Pursuant to RP § 7-506, the Commissioner has the authority to investigate and enforce the provisions of MARSA.

4 In the present matter, in December 2014, the Agency began an investigation into the business activities of Respondents after receiving a referral from the Circuit Court for Prince George's County, Maryland. Pursuant to the Agency's inquiry into Respondents' business activities, the Commissioner developed reasonable grounds to believe that the Respondents had engaged in mortgage assistance relief services with Maryland consumers that violated various provisions of Maryland law, including, but not limited to, violating multiple provisions of PHIFA and MARSA. The legal and factual bases for these determinations are described below.

APPLICABLE PROVISIONS OF  
PROTECTION OF HOMEOWNERS IN FORECLOSURE ACT (PHIFA)

5. Under PHIFA, (specifically RP § 7-301(i)), the term “homeowner” is defined as “the record owner of a residence in default or a residence in foreclosure, or an individual occupying the residence under a use and possession order issued under Title 8, Subtitle 2 of the Family Law Article.” In turn, pursuant to RP § 7-301(j), the term “residence in default” refers to homeowner-occupied Maryland residential real property “on which the mortgage is at least 60 days in default,” while pursuant to RP § 7-301(k), “residence in foreclosure” refers to homeowner-occupied Maryland residential real property “against which an order to docket or a petition to foreclose has been filed.”

6. Pursuant to RP § 7-301(c), a “foreclosure consultant” is defined as a person who:

(1) Solicits or contacts a homeowner in writing, in person, or through any electronic or telecommunications medium and directly or indirectly makes a representation or offer to perform any service that the person represents will:

(i) Stop, enjoin, delay, void, set aside, annul, stay, or postpone a foreclosure sale;

(ii) Obtain forbearance from any servicer, beneficiary or mortgagee;

(iii) Assist the homeowner to exercise a right of reinstatement provided in the loan documents or to refinance a loan that is in foreclosure and for which notice of foreclosure proceedings has been published;

(iv) Obtain an extension of the period within which the homeowner may reinstate the homeowner's obligation or extend the deadline to object to a ratification;

(v) Obtain a waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a residence in default or contained in the mortgage;

(vi) Assist the homeowner to obtain a loan or advance of funds;

(vii) Avoid or ameliorate the impairment of the homeowner's credit resulting from the filing of an order to

docket or a petition to foreclose or the conduct of a foreclosure sale;

- (viii) Save the homeowner's residence from foreclosure;
  - (ix) Purchase or obtain an option to purchase the homeowner's residence within 20 days of an advertised or docketed foreclosure sale; or
  - (x) Arrange for the homeowner to become a lessee or renter entitled to continue to reside in the homeowner's residence after a sale or transfer; or
- (2) Systematically contacts owners of residences in default to offer foreclosure consulting services.

7. Pursuant to RP § 7-301(d), a "*foreclosure consulting contract*" is defined as "a written, oral, or equitable agreement between a foreclosure consultant and a homeowner for the provision of any foreclosure consulting service."

8. Pursuant to RP § 7-301(e), a "*foreclosure consulting service*" includes:

- (1) Receiving money for the purpose of distributing it to creditors in payment or partial payment of any obligation secured by a lien on a residence in default;
- (2) Contacting creditors on behalf of a homeowner;
- (3) Arranging or attempting to arrange for an extension of the period within which a homeowner may cure the homeowner's default and reinstate the homeowner's obligation;
- (4) Arranging or attempting to arrange for any delay or postponement of the sale of a residence in default;
- (5) Arranging or facilitating the purchase of a homeowner's equity of redemption or legal or equitable title;
- (6) Arranging or facilitating the sale of a homeowner's residence or the transfer of legal title, in any form, to another party as an alternative to foreclosure; or
- (7) Arranging for or facilitating a homeowner remaining in the homeowner's residence after a sale or transfer as a tenant, renter, or lessee under terms provided in a written lease.

9. Therefore, unless otherwise exempt, the provisions of PHIFA apply to, *inter alia*, activities in which an individual or business offers, sells, provides, or enters into an

agreement to provide, foreclosure prevention and other mortgage assistance relief services pertaining to a Maryland residence in default or in foreclosure.

10. PHIFA provides that, "a homeowner has the right to rescind a foreclosure consulting contract at any time" (RP § 7-305), and that a foreclosure consulting contract must include, *inter alia*, appropriate notices of rescission and related information (*see* RP §§ 7-306(a)(6), (b), and (c)).

11. RP § 7-307(2) provides that a foreclosure consultant may not "[c]laim, demand, charge, collect, or receive any compensation until after the foreclosure consultant has fully performed each and every service the foreclosure consultant contracted to perform or represented that the foreclosure consultant would perform." Further, RP § 7-307(7) states that a foreclosure consultant may not "[r]eceive any money to be held in escrow or on a contingent basis on behalf of the homeowner."

12. RP § 7-307(10) provides that a foreclosure consultant may not "[i]nduce or attempt to induce any homeowner to enter into a foreclosure consulting contract that does not comply in all respects with this subtitle."

13. Pursuant to RP § 7-309(b), "[a] foreclosure consultant owes the same duty of care to a homeowner as a licensed real estate broker owes to a client under § 17-532 of the Business Occupations and Professions Article" ("BO&P"). The pertinent duty of care in the referenced statute is stated to be "[the duty to] exercise reasonable care and diligence." BO&P § 17-532(c)(vi).

14. Pursuant to RP § 7-319.1, the Commissioner may enforce the provisions of PHIFA by, among other things, conducting investigations and issuing orders in accordance with the Commissioner's general powers under FI §§ 2-113 – 2-116, including issuing final

cease and desist orders, and imposing a civil penalty up to \$1,000 for a first violation of PHIFA, and up to \$5,000 for each subsequent violation. The Commissioner may also require persons to take affirmative action to correct a violation, including the restitution of money or property to individuals aggrieved by the violation.

**APPLICABLE PROVISIONS RELATED TO THE MARYLAND  
MORTGAGE ASSISTANCE RELIEF SERVICES ACT (MARSA)**

15. MARSA requires compliance with the federal Mortgage Assistance Relief Services Rule (hereinafter, "Regulation O"), set forth in 12 C.F.R. Part 1015. Specifically, RP § 7-502 provides as follows: "[a] mortgage assistance relief service provider providing mortgage assistance relief service in connection with a dwelling in the State that does not comply with 12 C.F.R. §§ 1015.1 through 1015.11 and any subsequent revision of those regulations is in violation of this subtitle." Therefore, any violation of Regulation O is a violation of MARSA pursuant to RP § 7-502.

16. Pursuant to RP § 7-501(d) of MARSA, "mortgage assistance relief service" has the meaning stated in 12 C.F.R. § 1015.2 and any subsequent revision of that federal regulation. Further, pursuant to RP § 7-501(e), "mortgage assistance relief service provider" has the meaning stated in 12 C.F.R. § 1015.2 and any subsequent revision of that regulation, and incorporates the meanings of other terms stated in 12 C.F.R. § 1015.2 to the extent those terms are used to establish the meaning of "mortgage assistance relief service provider."

17. In turn, 12 C.F.R. § 1015.2 defines "mortgage assistance relief service provider" as "any person that provides, offers to provide, or arranges for others to provide, any mortgage assistance relief service," excluding "[t]he dwelling loan holder, or any agent or contractor of such individual or entity," and "[t]he servicer of a dwelling loan, or any

agent or contractor of such individual or entity.” Further, 12 C.F.R. § 1015.2 defines

“mortgage assistance relief service” as follows:

*Mortgage Assistance Relief Service* means any service, plan, or program, offered or provided to the consumer in exchange for consideration, that is represented, expressly or by implication, to assist or attempt to assist the consumer with any of the following:

- (1) Stopping, preventing, or postponing any mortgage or deed of trust foreclosure sale for the consumer's dwelling, any repossession of the consumer's dwelling, or otherwise saving the consumer's dwelling from foreclosure or repossession;
- (2) Negotiating, obtaining, or arranging a modification of any term of a dwelling loan, including a reduction in the amount of interest, principal balance, monthly payments, or fees;
- (3) Obtaining any forbearance or modification in the timing of payments from any dwelling loan holder or servicer on any dwelling loan;
- (4) Negotiating, obtaining, or arranging any extension of the period of time within which the consumer may:
  - (i) Cure his or her default on a dwelling loan,
  - (ii) Reinstate his or her dwelling loan,
  - (iii) Redeem a dwelling, or
  - (iv) Exercise any right to reinstate a dwelling loan or redeem a dwelling;
- (5) Obtaining any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling; or
- (6) Negotiating, obtaining or arranging:
  - (i) A short sale of a dwelling,
  - (ii) A deed-in-lieu of foreclosure, or
  - (iii) Any other disposition of a dwelling other than a sale to a third party who is not the dwelling loan holder.

Therefore, under the pertinent federal regulations, incorporated into Maryland law through RP §§ 7-501 and 502 of MARSAs, the definition of “mortgage assistance relief service provider” includes persons offering, providing, or representing that they can provide, foreclosure prevention and other mortgage assistance relief services.



18. Pursuant to 12 C.F.R. § 1015.3 of Regulation O, mortgage assistance relief service providers are prohibited from making various representations, including representations that a consumer should not contact their mortgage lender or servicer (§ 1015.3(a)), misrepresentations related to any material aspect of any mortgage assistance relief service (§ 1015.3(b)), and representations about the benefits, performance, or efficacy of any mortgage assistance relief service without possessing competent and reliable evidence substantiating that the representation is true (§ 1015.3(c)).

19. Pursuant to 12 C.F.R. § 1015.4, it is a violation of Regulation O for mortgage assistance relief service providers to fail to include the disclosures set forth in § 1015.4(a) for all general commercial communications, and it is a violation of Regulation O for them to fail to include the additional disclosures set forth in § 1015.4(b) for all consumer-specific commercial communications.

20. Pursuant to 12 C.F.R. § 1015.5(a) of Regulation O, mortgage assistance relief service providers are prohibited from collecting any up-front or other fees from consumers prior to the consumer entering into a written agreement with their lender or servicer that incorporates the offer of mortgage assistance relief.

21. Pursuant to 12 C.F.R. § 1015.6, it is a violation of Regulation O “for a person to provide substantial assistance or support to any mortgage assistance relief service provider when that person knows or consciously avoids knowing that the provider is engaged in any act or practice that violates this rule.”

22. Pursuant to RP § 7-506, the Commissioner may enforce the provisions of MARSA by, among other things, conducting investigations and issuing orders in accordance with the Commissioner’s general powers under FI §§ 2-113 – 2-116, including issuing final

cease and desist orders, and imposing a civil penalty up to \$1,000 for a first violation of MARSA, and up to \$5,000 for each subsequent violation. The Commissioner may also require persons to take affirmative action to correct a violation, including the restitution of money or property to individuals aggrieved by the violation.

#### FACTUAL DETERMINATIONS

23. The Agency's investigation of the business activities of Respondents revealed the following:

a. Respondent Paul Randall ("Randall") is an individual residing in Washington, D.C. who represents himself to be a "foreclosure specialist" providing "foreclosure prevention" services to Maryland homeowners. Randall has never been admitted to practice law in Maryland or in the District of Columbia. Randall is not licensed as a mortgage lender, broker, servicer, or originator by the Commissioner, and in fact he has never held any license issued by the Commissioner. Further, Randall is not licensed as a real estate broker, associate real estate broker, or real estate salesperson by the Maryland State Real Estate Commission.

b. Respondent Herbert D. Branscomb ("Branscomb") is an individual residing in Maryland who offers foreclosure prevention services to Maryland homeowners. Branscomb has never been admitted to practice law in Maryland or in the District of Columbia. Branscomb is not licensed as a mortgage lender, broker, servicer, or originator by the Commissioner, and in fact he has never held any license issued by the Commissioner. Further, Branscomb has never been licensed as a real estate broker, associate real estate broker, or real estate salesperson by the Maryland State Real Estate Commission.

c. Respondents American Financial Relief and Foreclosure Survival Today (the "Respondent businesses") are unincorporated businesses that conduct business in Maryland, and which offer foreclosure prevention and other mortgage assistance relief services to Maryland homeowners in default or in foreclosure on their residential mortgage loans. Neither of the Respondent businesses is registered with the Maryland State Department of Assessments & Taxation.

d. Individual Respondents Randall and Branscomb are the owners, directors, officers, managers, and/or agents of the Respondent businesses. These individual Respondents direct or exercise control over the business activities and finances of the Respondent businesses, including with regard to their foreclosure prevention and other mortgage assistance relief services activities with Maryland consumers.

e. All of the Respondents acted in concert in a single enterprise, offering foreclosure prevention and other mortgage assistance relief services to consumers in the State of Maryland. All of these consumers were more than 60 days in default or in foreclosure on their residential mortgage loans.

f. The Respondents operated the web site [www.ForeclosureSurvivalToday.com](http://www.ForeclosureSurvivalToday.com), and utilized the emails [Contact@ForeclosureSurvivalToday.com](mailto:Contact@ForeclosureSurvivalToday.com) and [ForeclosureSurvivalToday@gmail.com](mailto:ForeclosureSurvivalToday@gmail.com). They advertised that they could provide consumers with foreclosure prevention services, as well as assist them with evictions, bankruptcy, loan modifications, and short sales. Their web site also stated the following: WE ARE YOUR FORECLOSURE DEFENSE "INFORMATION SPECIALIST." Their web site provided no address; it only gave a phone and fax number and stated that they were located in Washington, DC.

24. The Agency's investigation revealed that [REDACTED] ("Consumer A"), a Maryland resident against whom a foreclosure action had been filed in the Circuit Court for Prince George's County (the "Circuit Court"), entered into an agreement with Respondents in August 2014 for foreclosure prevention or foreclosure postponement services. Consumer A paid Respondents a total of \$3,700 in up-front fees for these foreclosure relief services in August and September 2014, which included an initial \$2,000 deposit. Respondents in turn filed a single motion for Consumer A with the Circuit Court on August 15, 2015, titled "Verified Emergency Motion to Set Aside Judgment, and Cancel Sale for Failure of Jurisdiction and Lack of Standing." Although this motion was signed by Consumer A, it was a form motion prepared and filed with the Circuit Court by Randall. This motion was subsequently denied by the court.

25. The Agency's investigation revealed that [REDACTED] ("Consumer B"), Maryland residents who were more than 60 days in default or in foreclosure on their Maryland residential real property, entered into an oral agreement with Respondents in 2013 for foreclosure prevention services. Consumer B paid Respondents \$2,000 in up-front fees for these services. Respondents in turn filed an Action to Quiet Title for Consumer B with the Circuit Court on July 1, 2013. This action was subsequently dismissed by the court. In a subsequent foreclosure action filed against Consumer B, Respondents filed an Emergency Motion to Dismiss Foreclosure Proceedings on April 2, 2015. This motion was subsequently denied by the court. Although these court filings were signed by Consumer B, they were form documents prepared and filed with the Circuit Court by Randall.

26. The Agency's investigation determined that Respondents entered into oral or written agreements to provide similar foreclosure prevention services for at least 28 Maryland homeowners. In exchange for the payment of thousands of dollars of up-front fees, Randall prepared and filed various actions or motions with the Circuit Court for these consumers, and even appeared in several Circuit Court proceedings on behalf of the consumers – even though Randall and Branscomb are not admitted to practice law in Maryland (or in any other state). All of these actions and motions were denied or dismissed by the Circuit Court, and were either defective or meritless. The consumers had no involvement in these filings other than to sign the documents. The list of known Maryland consumers and their addresses are listed at Attachment 1.

27. The Agency's investigation determined that the business activities of Respondents are subject to PHIFA. The Maryland consumers to whom Respondents offered foreclosure prevention services were in default or in foreclosure on their Maryland residential mortgage loans. By entering into agreements with Maryland homeowners to provide foreclosure prevention services pertaining to homeowner-occupied Maryland residential real property, which residences were in default or foreclosure, the Respondents acted as "foreclosure consultants" under PHIFA (as that term is defined at RP § 7-301(c)), as they had entered into "foreclosure consulting contracts" with homeowners for the provision of "foreclosure consulting services" (as those terms are defined under RP §§ 7-301(d) and (e), respectively). As such, Respondents were required to comply with all provisions of PHIFA applicable to foreclosure consultants.

28. The Agency's investigation further determined that the foreclosure prevention and related services offered by Respondents constitute "mortgage assistance

relief services” under 12 C.F.R. § 1015.2, and that the Respondents satisfy the definition of “mortgage assistance relief service providers” under 12 C.F.R. § 1015.2. As such, Respondents’ foreclosure prevention and related activities are subject to both Regulation O and MARSA, including the investigative and enforcement authority of the Commissioner set forth in RP § 7-506.

### CHARGES

#### Violations of the Protection of Homeowners in Foreclosure Act (PHIFA)

##### Count 1: Solicited and collected illegal fees

29. Respondents violated RP § 7-307(2) of PHIFA by soliciting or collecting up-front or other fees from Maryland homeowners prior to those homeowners actually receiving the foreclosure prevention or other mortgage assistance relief services promised by Respondents. Thus Respondents violated RP § 7-307(2) by collecting \$3,700 in fees from Consumer A prior to performing any services, and by collecting \$2,000 in up-front fees from Consumer B. Further, Respondents violated RP § 7-307(2) in every other instance where they solicited or collected fees from Maryland homeowners prior to those homeowners actually receiving the promised foreclosure prevention or other mortgage assistance relief services, including by collecting up-front fees from each of the consumers listed in Attachment 1.

##### Count 2: Failed to provide required notices of rescission and related information

30. Respondents violated PHIFA by inducing Maryland homeowners to enter into foreclosure consulting agreements which lacked the notices of rescission and related

information required under RP §§ 7-305 and 7-306(a)(6), (b), and (c), and thus Respondents violated RP § 7-307(10) (“[a] foreclosure consultant may not . . . [i]nduce or attempt to induce any homeowner to enter into a foreclosure consulting contract that does not comply in all respects with [PHIFA]).” Respondents violated RP § 7-307(10) in every instance where they offered or agreed to provide Maryland consumers foreclosure prevention or other mortgage assistance relief services, including as to each of the consumers listed in Attachment 1.

**Count 3: Breached duty of reasonable care and diligence**

31. Respondents violated PHIFA when they breached the duty of reasonable care and diligence required under RP § 7-309(b) and BO&P § 17-532(c)(vi), including, but not limited to, the following conduct: Respondents prepared and filed meritless or defective actions and motions on behalf of Maryland consumers in the Circuit Court for Prince George’s County, Maryland; Respondents engaged in legal activities without being admitted to practice law in Maryland, and without disclosing to consumers that they were engaging in activities for which they were not qualified; Respondents failed to perform any true foreclosure prevention or foreclosure postponement services on behalf of the Maryland consumers which they promised to provide and for which they had collected up-front fees; and Respondents refused to provide refunds to Maryland consumers when such refunds were requested by consumers for lack of service. Respondents violated this provision in every instance where they offered or agreed to provide Maryland consumers foreclosure prevention or other mortgage assistance relief services, including as to each of the consumers listed at Attachment 1.

**Violations of the Maryland  
Mortgage Assistance Relief Services Act (MARSA)**

**Count 4: Misrepresented the likelihood of avoiding foreclosure**

32. As part of the foreclosure prevention and other mortgage assistance relief services that Respondents marketed, offered, sold, or performed for Maryland consumers, Respondents made express or implied material misrepresentations concerning the likelihood of the consumers being able to avoid foreclosure or to obtain other specific results. Thus, for example, Respondents' web site advertised the following: "WE PROVIDE SUPERIOR FORECLOSURE PREVENTION INFORMATION SO THAT YOU CAN SAVE YOUR HOME FROM FORECLOSURE! DON'T MOVE! KNOW YOUR RIGHTS. WE CAN HELP YOU TODAY!!" This advertisement was false and misleading, as it implied that consumers could avoid foreclosure by using Respondents' services, when in fact none of the information or services offered by the Respondents was capable of assisting homeowners in avoiding foreclosure. By making material misrepresentations about the ability of Maryland consumers to avoid foreclosure by using Respondents' services, Respondents violated 12 C.F.R. § 1015.3(b)(1), and thus violated MARSA pursuant to RP § 7-502. Respondents violated these provisions in every instance where they expressly stated or implied that Maryland consumers could "avoid foreclosure" or obtain any other specific result as a result of using Respondents' mortgage assistance relief services.

**Count 5: Misrepresented that Maryland consumers would receive legal representation**

33. As part of the foreclosure prevention and other mortgage assistance relief services that Respondents marketed, offered, sold, or performed for Maryland consumers,



Respondents made express or implied material misrepresentations to the effect that the consumers would receive legal representation. By preparing documents to be filed in court on behalf of Maryland consumers seeking to avoid foreclosure, by filing those documents in court, and/or by appearing in court on behalf of consumers, Respondents' actions implied that they were providing consumers with actual legal representation, when in fact such an implication was completely misleading. None of the Respondents was an attorney authorized to practice law in Maryland, and none was qualified or capable of providing any type of legal representation for these consumers. By making material misrepresentations to the effect that Maryland consumers would receive legal representation, when in fact Respondents were not authorized or qualified to provide legal representation for anyone, Respondents violated 12 C.F.R. § 1015.3(b)(8), and thus violated MARSA pursuant to RP § 7-502. Respondents violated these provisions in every instance where they prepared a legal document for a consumer seeking to avoid foreclosure, where they filed such a document in court, or where they appeared in court on behalf of a consumer.

**Count 6: Made representations about avoiding foreclosure not based on competent and reliable evidence**

34. By indicating that their foreclosure prevention or other mortgage assistance relief services would help consumers save their homes from foreclosure, Respondents made a representation about the benefits, performance, or efficacy of their mortgage assistance relief services that was not based on competent and reliable evidence, and which in fact was false. This false representation violated 12 C.F.R. § 1015.3(c), and thus violated MARSA pursuant to RP § 7-502. Respondents violated these provisions as to every consumer who

entered into an agreement with Respondents for foreclosure prevention or other mortgage assistance relief services.

**Count 7: Failed to include required disclosure in general commercial communications about lack of government association and approval**

35. Respondents failed to make the various disclosures required by 12 C.F.R. § 1015.4(a) in any of their general commercial communications for foreclosure prevention or other mortgage assistance relief services. Among other things, Respondents failed to include the following statement in their general commercial communications to Maryland consumers: “(Name of company) is not associated with the government, and our service is not approved by the government or your lender.” By failing to include this statement, Respondents violated 12 C.F.R. § 1015.4(a)(1), and thus violated MARSA pursuant to RP § 7-502, in every instance where Respondents made any general commercial communication for mortgage assistance relief services to Maryland consumers.

**Count 8: Failed to include required disclosures in consumer-specific commercial communications about stopping doing business, payment for services, etc.**

36. Respondents failed to make the various disclosures required by 12 C.F.R. § 1015.4(b) in any of their consumer-specific commercial communications for foreclosure prevention or other mortgage assistance relief services. Among other things, Respondents failed to include the following statement in their consumer-specific commercial communications to Maryland consumers: “You may stop doing business with us at any time. You may accept or reject the offer of mortgage assistance we obtain from your lender [or servicer]. If you reject the offer, you do not have to pay us. If you accept the offer, you

will have to pay us (insert amount or method of calculating the amount) for our services.” By failing to include this statement, Respondents violated 12 C.F.R. § 1015.4(b)(1), and thus violated MARSA pursuant to RP § 7-502, in every instance where Respondents made consumer-specific commercial communications to Maryland consumers.

**Count 9: Failed to include required disclosure in consumer-specific commercial communications about lack of government association and approval**

37. Respondents also failed to include the following statement in their consumer-specific commercial communications to Maryland consumers for foreclosure prevention or other mortgage assistance relief services: “(Name of company) is not associated with the government, and our service is not approved by the government or your lender.” By failing to include this statement, Respondents violated 12 C.F.R. § 1015.4(b)(2), and thus violated MARSA pursuant to RP § 7-502, in every instance where Respondents made consumer-specific commercial communications to Maryland consumers.

**Count 10: Requested and received illegal advanced payments**

38. Respondents requested and received up-front fees and other advanced payments from Consumers A, B, and other Maryland consumers, including but not limited to those listed in Attachment 1, prior to the consumers executing a written agreement between the consumer and the consumer’s dwelling loan holder or servicer incorporating an offer of mortgage assistance relief obtained by Respondents from the consumer’s dwelling loan holder or servicer. Therefore, Respondents violated 12 C.F.R. § 1015.5(a), and thus violated MARSA pursuant to RP § 7-502, in every instance where Respondents requested or received any payments from Maryland consumers prior to the consumer entering into an

agreement with their mortgage loan holder or servicer incorporating an offer obtained by Respondents.

**Count 11: Provided substantial assistance and support to mortgage assistance relief service providers who were violating Regulation O**

39. To the extent that any of the Respondents do not meet the definition of a mortgage assistance relief service provider ("provider") under Regulation O, those Respondents still violated Regulation O pursuant to 12 C.F.R. § 1015.6 by providing substantial assistance and support to other Respondents who are considered providers under Regulation O, with the knowledge or conscious avoidance of the knowledge that those providers engaged in acts or practices that violated Regulation O. Respondents violated Regulation O pursuant to 12 C.F.R. § 1015.6, and thus violated MARSA pursuant to RP § 7-502, in every instance where Respondents offered or agreed to provide Maryland consumers foreclosure prevention or other mortgage assistance relief services.

**LIABILITY**

40. Each of the violations of PHIFA discussed above subjects Respondents to the penalty provisions and other sanctions of PHIFA set forth in RP § 7-319.1, and to all other enforcement powers of the Commissioner, including but not limited to the Commissioner's authority to issue orders and sanctions under FI § 2-115(b).

41. Each of the violations of MARSA discussed above (incorporating violations of Regulation O) subjects Respondents to the penalty provisions and other sanctions of MARSA set forth in RP § 7-506, and to all other enforcement powers of the Commissioner, including but not limited to the Commissioner's authority to issue orders and sanctions under FI § 2-115(b).

**WHEREFORE**, having determined that immediate action is in the public interest, and pursuant to the aforementioned provisions of the Annotated Code of Maryland, it is; by the Maryland Commissioner of Financial Regulation, hereby

**ORDERED** that Respondents shall immediately **CEASE** and **DESIST** from engaging in any mortgage assistance relief service activities with Maryland consumers, including, but not limited to, directly or indirectly offering, contracting to provide, or otherwise engaging in, foreclosure prevention, foreclosure consulting, or any other related services or activities with Maryland consumers; it is further

**ORDERED** that Respondents shall immediately **CEASE** and **DESIST** from violating the aforementioned statutory provisions of the Annotated Code of Maryland, including, but not limited to, Title 7, Subtitle 3 of the Real Property Article (Protection of Homeowners in Foreclosure Act, or "PHIFA"), and Title 7, Subtitle 5 of the Real Property Article (Maryland Mortgage Assistance Relief Services Act, or "MARSAS"); and that Respondents should be assessed statutory monetary penalties and directed to make restitution for all such violations; and it is further

**ORDERED** that Respondents shall provide to the Office of the Commissioner of Financial Regulation each of the following within 15 days of the receipt of this Summary Order to Cease and Desist:

- a. The names, addresses, phone numbers, and email addresses of all Maryland residents, homeowners and/or consumers (hereinafter "Maryland consumers") who, at any time on or after January 1, 2010, retained or contracted with Respondents, either verbally or in writing, for the purpose (in whole or in part) of obtaining foreclosure prevention, loan modification, "housing assistance relief," or other mortgage assistance relief services related to Maryland residential real property, (collectively, "mortgage assistance relief services").

- b. For every Maryland consumer who entered into a written or verbal agreement with Respondents for the provision of mortgage assistance relief services, indicate the following: the date of the agreement; the dates and amounts of all payments by the consumer; the specific services performed by the Respondents on behalf of each consumer, and the dates that each service was performed; whether the consumer was in default on their residential mortgage loan, and if so, the number of days in default as of the date that they entered into their agreement with Respondents; whether the consumer was in foreclosure, and if so, the status of any foreclosure proceedings; the name of the consumer's mortgage lender or servicer; and whether Respondents or their employees or agents directed the consumer to stop making payments on their residential mortgage loan.
- c. Any and all documents under Respondents' control or in their possession pertaining to the mortgage assistance relief services offered or provided to the Maryland consumers identified above, including but not limited to the following: all agreements or contracts entered into with Maryland consumers; copies of all emails, letters, and other correspondences to or from the consumers; copies of all emails, letters, and other correspondences to or from the consumers' mortgage lenders or services, trustees or substitute trustees, or any other third party related to the consumers' residential mortgage loans; copies of all other emails, letters, and other correspondences related to any of the consumers above, including all communications among the Respondents; copies of all checks, other evidence of payments, and receipts related to the consumers' agreements with Respondents; copies of all mortgage documents and all other documents provide by consumers to the Respondents; and copies of all documents prepared for, or filed on behalf of, these consumers, including but not limited to all complaints, pleadings, motions, correspondences, and all other documents to be filed, or which were filed, in any court, land records office, or other location, or sent to any opposing party, and (where applicable) all date stamps or other proof of filing.
- d. Copies of all marketing and advertising materials potentially reaching Maryland consumers on or after January 1, 2010 which Respondents, or which third parties marketing directly or indirectly on Respondents' behalf, use or have used to market or advertise Respondents' mortgage assistance relief services, including, but not limited to, all internet advertising.
- e. For each of the Respondents, provide all of the following: the full names, addresses, phone numbers, email addresses, and (if applicable) the names and addresses of resident agents.
- f. The names, addresses, and phone numbers of all of Respondents' current and former owners, partners, members, officers, employees, associates, agents, and/or contractors who, on or after January 1, 2010 and during their period of employment or association with Respondents, agreed to provide, provided, or assisted in providing, Maryland consumers with mortgage assistance relief services.

- g. Information or documents providing following: the names of all current and former principals, owners, officers, directors, managing members, members, and partners of the Respondent businesses; the contact information for each person identified, including their business address, mailing address (if different), phone number, and email address; all positions held with Respondents; and the dates in each position.
- h. All organizational and governing documents for the Respondent businesses, including but not limited to the following: articles of organization; articles of incorporation; operating agreements; partnership agreements; bylaws; other governing documents; and other like documents pertaining to each company's overall structure, governance, and/or operations.
- i. Documents detailing financial asset information for all Respondents and for all members and owners of the Respondent businesses for the period from January 1, 2010 through the present, including audited financial statements, unaudited financial statements, tax returns, and like documents.
- j. Copies of any surety bonds which Respondents hold, or have held, which would cover any of the mortgage assistance relief services referenced herein.
- k. If the Respondents, or if any of the principals, owners, officers, directors, managing members, members, or partners of the Respondent businesses, has ever been named as a respondent, defendant, or party in any action by a federal, state, or local regulatory or law enforcement agency (hereinafter, "governmental agency"), information or documents which provide the following: the name of the governmental agency; the date the action was commenced; the status of the action; a copy of any complaint, charging letter, summary order, or like document; and a copy of any final order, judgment, or settlement agreement.

And it is further

**ORDERED** that failure to provide the information and documents set forth above, by the dates specified, will result in negative inferences being drawn against Respondents, including but not limited to the following: that Respondents utilized the same basic form documents and engaged in the same mortgage assistance relief services activities with all Maryland consumers to whom Respondents offered or agreed to provide mortgage assistance relief services; that all of Respondents' business activities with Maryland consumers were subject to PHIFA and MARSAs; that the individual Respondents directed or

controlled all of the activities of the Respondent businesses, and thus all Respondents should be held jointly and severally liable for any violations; that all the mortgage assistance relief service activities of the Respondents were knowing and willful; that the Respondents have acted in bad faith, both in their interactions with Maryland consumers and in their conduct towards the Agency; and that the financial assets of Respondents will not be considered as a mitigating factor in assessing any penalties or restitution; and it is further

**ORDERED** that the failure to provide the information and documents set forth above, by the dates specified, will constitute a violation of an order of the Commissioner and subject the Respondents to monetary sanctions under FI § 2-115(b); and it is further

**ORDERED** that all provisions of this Summary Order, including all orders and notices set forth herein, shall also apply to all unnamed owners, partners, directors, managers, members, officers, employees, and/or agents of the Respondents; and it is further

**ORDERED** that the individual Respondents shall provide a copy of this Summary Order to all unnamed owners, partners, directors, managers, members, officers, employees, and/or agents of the Respondent businesses.

FURTHERMORE,

**RESPONDENTS ARE HEREBY NOTIFIED** that, pursuant to FI § 2-115, and in accordance with State Government Article ("SG") § 10-207(b)(4), Annotated Code of Maryland, Respondents are entitled to a hearing before the Commissioner to determine whether this Summary Order should be vacated, modified, or entered as a final order of the Commissioner; and further,



**RESPONDENTS ARE HEREBY NOTIFIED** that, pursuant to FI § 2-115 and RP §§ 7-319.1 and 7-506, this Summary Order will be entered as a final order of the Commissioner if Respondents do not request a hearing within 15 days of the receipt of this Summary Order; and further,

**RESPONDENTS ARE HEREBY NOTIFIED** that, pursuant to Code of Maryland Regulations (“COMAR”) § 09.01.02.08, and SG §§ 9-1607.1, 10-206.1, and 10-207, and in accordance with SG § 10-207(b)(4), individual Respondents are only permitted to request a hearing, and to appear at such hearing, on behalf of themselves, or through an attorney authorized to practice law in Maryland at Respondents’ own expense; and further,

**RESPONDENTS ARE HEREBY NOTIFIED** that, pursuant to SG §§ 9-1607.1 and 10-206.1, and in accordance with SG § 10-207(b)(4), businesses are only permitted to request a hearing, and to appear at such hearing, through an attorney authorized to practice law in Maryland at Respondents’ own expense; and further,

**RESPONDENTS ARE HEREBY NOTIFIED** that any and all requests for a hearing in this matter must conform to the requirements stated above, must be made in the form of a signed, written request, and must be submitted to the following address:

Administrator  
Enforcement Unit  
Office of the Commissioner of Financial Regulation  
500 North Calvert Street, Suite 402  
Baltimore, Maryland 21202;

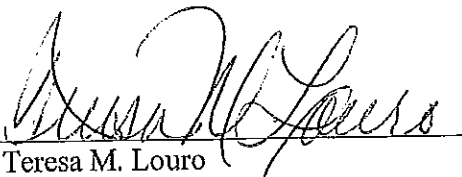
And further,

**RESPONDENTS ARE HEREBY NOTIFIED** that, pursuant to FI § 2-115(b) and RP §§ 7-319.1 and 7-506, and in accordance with SG § 10-207(b)(3), as a result of a

hearing, or of Respondents' failure to timely request a hearing in the manner described above, the Commissioner may, in the Commissioner's discretion, and in addition to taking any other action authorized by law, enter an order making this Cease and Desist Order final, issue a penalty order against Respondents imposing a civil penalty up to \$1,000 for the first of each violation of Maryland law cited above, up to \$5,000 for each subsequent violation (with potential monetary penalties in this case totaling HUNDREDS OF THOUSANDS OF DOLLARS), or may take any combination of the aforementioned actions against Respondents. Additionally, pursuant to RP §§ 7-319.1(c) and 7-506(c), the Commissioner may enter an order directing Respondents to take affirmative action to correct the violations described herein, including providing full restitution of money or property to all Maryland consumers aggrieved by Respondents' violations. The Commissioner may also refer this matter to the appropriate governmental agencies for criminal prosecution under RP §§ 7-321 and 7-509.

MARYLAND COMMISSIONER OF  
FINANCIAL REGULATION

1/28/16  
Date

By:   
Teresa M. Louro  
Acting Deputy Commissioner

**Attachment 1**  
**Redacted in Full**