

**2020 SURVEY OF ACTIVITIES IDENTIFIED AS UNFAIR, DECEPTIVE, OR
ABUSIVE UNDER THE DODD-FRANK ACT,
PART TWO**

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I. INTRODUCTION

This is our latest article in a series that surveys activities identified as unfair, deceptive, or abusive acts or practices (“UDAAPs”) by the Consumer Financial Protection Bureau (“CFPB”), state attorneys general, and consumer financial services regulators using federal UDAAP powers created by the Dodd-Frank Act.¹ This article covers relevant UDAAP activity that occurred between July 1, 2020, and December 31, 2020, and it surveys enforcement actions and other statements by the CFPB in reports that discuss UDAAP violations.² These activities provide insight into the specific types of practices that could be considered UDAAP violations in the future.³

¹ Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5301, *et seq.* (the “Dodd-Frank Act”); *see, e.g.*, 12 U.S.C. § 5552 (2012).

² We have attempted to make this survey as comprehensive as possible; however, it is not exhaustive and other relevant actions may not be discussed in this survey.

³ The term “unfair” is defined in the Dodd-Frank Act as an act or practice that “causes or is likely to cause substantial injury to consumers which is not reasonably avoidable by

We intend to publish periodic updates to this article cataloging new UDAAP activity based upon the federal UDAAP powers contained in the Dodd-Frank Act as the use of this enforcement authority continues to evolve.

II. OVERVIEW: IDENTIFICATION OF UNFAIR, DECEPTIVE, OR ABUSIVE ACTS OR PRACTICES

Between July 1, 2020, and December 31, 2020, the CFPB engaged in 28⁴ public enforcement actions involving alleged UDAAP violations. Past UDAAP actions can provide a road map for industry participants to identify and better understand acts or practices considered problematic by law enforcement authorities. UDAAP enforcement actions during the period of this summary involved debt collection, certificates of deposit, student loans, Truth in Lending, military lending, debt relief services, small dollar loans, auto finance, remittances, overdrafts, and mortgage servicing.

Summaries of the UDAAP actions below appear in chronological order and are intended to provide a straightforward identification of the specific acts or practices that were alleged to be unfair, deceptive, or abusive under the Dodd-Frank Act.

consumers [and the] injury is not outweighed by countervailing benefits to consumers or to competition.” 12 U.S.C. § 5531(c)(1) (2012). The term “deceptive” is not statutorily defined, but it is defined in the CFPB’s examination manual as when the material “representation, omission, act, or practice misleads or is likely to mislead the consumer,” provided “the consumer’s interpretation is reasonable under the circumstances.” CONSUMER FIN. PROTECTION BUREAU, CFPB SUPERVISION AND EXAMINATION MANUAL V.2 9 (2012), http://files.consumerfinance.gov/f/201210_cfpb_supervision-and-examination-manual-v2.pdf. The Dodd-Frank Act introduced the term “abusive” and defined it as an act or practice that either:

[1] materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service; or

[2] takes unreasonable advantage of [either]:

(A) a lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or service;

(B) the inability of the consumer to protect the interests of the consumer in selecting or using a consumer financial product or service; or

(C) the reasonable reliance by the consumer on a covered person [such as a bank or other financial institution] to act in the interests of the consumer. 12 U.S.C. § 5531(d) (2012).

⁴ One matter was brought by the CFPB and the New York Attorney General.

III. CFPB ENFORCEMENT ACTIONS

A. *My Loan Doctor LLC d/b/a Loan Doctor* — July 2020 (Certificates of Deposit).⁵

The CFPB filed a complaint against My Loan Doctor LLC d/b/a Loan Doctor and Edgar Radjabli (collectively the “company”) concerning the company’s marketing and sale of purported “Healthcare Finance (HCF) Savings CD Accounts” and “HCF High Yield CD Accounts.” The CFPB alleged that the company advertised that its business plan involved originating loans for health care professionals seeking to purchase or start a practice and then selling those loans for a profit to pre-committed secondary investors. The CFPB further alleged that, to fund these loans, the company offered its purported certificate of deposit products (“CDs”) to consumers, featuring a high savings yield. The CFPB alleged that the company collected more than \$15 million from at least 400 consumers who opened and deposited funds into CDs with the company. The CFPB alleged that instead of using consumers’ deposits to fund loans to health care professionals, the company invested the funds in the owner’s hedge fund.

The CFPB alleged the following practices were deceptive:

- Misrepresenting to consumers that it would use the funds deposited into the company’s CDs to fund loans to health care professionals for which the company already obtained pre-committed buyers;
- Misrepresenting to consumers that their deposits, when not being used to fund loans, were held in Federal Deposit Insurance Corporation (“FDIC”)-insured accounts, accounts insured by Lloyd’s of London, or a “cash alternative” or “cash equivalent”, when those deposits were primarily invested in actively traded securities in a hedge fund;
- Misrepresenting to consumers that the CDs were comparable to a traditional savings account with a guaranteed return, when the deposits were actually invested in volatile securities;
- Misrepresenting to consumers that it was a commercial bank; and
- Misrepresenting to consumers that the company’s CDs paid interest at rates from 5% to 6.25% in the years before 2019

⁵ Complaint, *Bureau of Consumer Financial Protection v. My Loan Doctor LLC d/b/a Loan Doctor, et al.*, No. 1:20-cv-05159 (S.D.N.Y. July 6, 2020).

when, in fact, the company did not offer CDs before August 2019.

The complaint seeks to permanently enjoin the company from engaging in further violations. The complaint also seeks damages, redress, disgorgement, and civil money penalties.

B. *Sovereign Lending Group, Inc.* — July 2020 (Military Lending).⁶

Sovereign Lending Group, Inc. (the “company”) is a mortgage broker and lender dealing in mortgages guaranteed by the U.S. Department of Veterans Affairs (“VA”). The company markets loans through direct-mail advertising campaigns targeted at service members and veterans. The CFPB alleged that the company’s advertisements deceptively marketed the company’s loan products and contained inadequate disclosures. This was the first of nine enforcement actions that the CFPB announced in connection with its sweep of mortgage companies’ deceptive direct-mail advertising campaigns for VA-backed mortgages.

The CFPB alleged the following practices were deceptive:

- Misrepresenting that specific credit terms were available (such as specific APRs, payment amounts, and the variable or fixed nature of the rates or payments);
- Misrepresenting that consumers who received mortgage advertisements had been prequalified or prescreened for the advertised mortgage based on their credit reports or that the advertised terms were available to consumers with a “low FICO score”;
- Misrepresenting that the company was affiliated with the government or that the mortgage products related to a federal tax benefit; and
- Misrepresenting that consumers receiving advertisements were late on their loan payments and that there were unauthorized rate adjustments or unnecessary payment increases on their loan.

⁶ Consent Order, *In re Sovereign Lending Group, Inc.*, CFPB No. 2020-BCFP-0005 (July 24, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

The CFPB also alleged violations of Regulation Z (“Reg. Z”) and the Mortgage Acts and Practices — Advertising Rule under Regulation N (the “MAP Rule”). The order enjoins the company from engaging in future violations in connection with its mortgage advertising materials. The order further requires the company to appoint an advertising monitoring official to ensure compliance with the order. The order also imposes a \$460,000 civil money penalty.

C. *Prime Choice Funding, Inc.* — July 2020 (Military Lending).⁷

Prime Choice Funding, Inc. (the “company”) is a mortgage broker and lender dealing in mortgages guaranteed by the VA. The company markets loans through direct-mail advertising campaigns. The CFPB alleged that the company’s advertisements deceptively marketed the company’s loan products and contained inadequate disclosures. This was the second enforcement action that the CFPB announced in connection with its sweep of mortgage companies’ deceptive mail advertising campaigns for VA-backed mortgages.

The CFPB alleged the following practices were deceptive:

- Misrepresenting that specific credit terms were available (such as specific APRs, payment amounts, the variable or fixed nature of rates or payments, closing costs, or rate increase caps);
- Misrepresenting that the company had specific information about the consumer (such as the consumer’s finances, qualification for the loan, and benefits to the consumer);
- Misrepresenting that the company was affiliated with the government or that the mortgage products related to a federal tax benefit or that it was otherwise sponsored by the Internal Revenue Service (“IRS”); and
- Misrepresenting to consumers that the advertisement contained a property assessment or that the mortgage product was based on a property tax assessment.

The CFPB also alleged violations of Reg. Z and the MAP Rule. The order enjoins the company from engaging in future violations in connection with its mortgage advertising materials. The order further requires the

⁷ Consent Order, *In re Prime Choice Funding, Inc.*, CFPB No. 2020-BCFP-0006 (July 24, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

company to appoint an advertising monitoring official to ensure compliance with the order. The order also imposes a \$645,000 civil money penalty.

D. *TD Bank, N.A.* — August 2020 (Overdrafts).⁸

TD Bank, N.A. (the “bank”) offers its account holders its Debit Card Advance (“DCA”) overdraft-protection service, which covers certain ATM transactions and one-time debit card transactions outside of the bank’s standard overdraft protections. The CFPB alleged that the bank’s enrollment practices with respect to its DCA service misrepresented the scope of the service and failed to apprise consumers of the potential fees involved with the DCA service.

The CFPB alleged that the following practices were abusive:

- Failing to provide consumers with the written overdraft notice form until the end of the account opening process and only doing so with a pre-marked box reflecting the consumer’s enrollment preference based on oral discussions;
- Failing to provide overdraft notice forms to consumers at account opening events;
- Enrolling new customers in the DCA service without requesting their oral enrollment decision;
- Obscuring the overdraft notice form so that consumers would enroll in the service; and
- Requiring consumers to sign overdraft notice forms with enrollment in the DCA service without discussing the service.

The CFPB alleged that the following practices were deceptive:

- Misrepresenting that the DCA service is a free service or benefit for account holders;
- Misrepresenting that the DCA service is a feature, package, or a benefit that “comes with” all consumer checking accounts;
- Misrepresenting that the DCA service covered overdrafts that were already covered by the bank’s standard overdraft protection;
- Misrepresenting that the DCA service was a default setting required to open a new consumer-checking account;

⁸ Consent Order, *In re TD Bank, N.A.*, CFPB No. 2020-BCFP-0007 (Aug. 20, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

- Misrepresenting that the DCA service takes effect on the day of enrollment; and
- Misrepresenting that the DCA service would enable consumers to exceed the daily ATM withdrawal limit while only incurring a single overdraft fee

The CFPB also alleged violations of the Electronic Fund Transfer Act (“EFTA”), Regulation E (“Reg. E”), the Fair Credit Reporting Act, and Regulation V. The order enjoins the bank from engaging in future violations and directs the bank to pay approximately \$97 million in restitution to certain customers. The order also imposes a \$25 million civil money penalty.

E. *Go Direct Lenders, Inc.* — August 2020 (Military Lending).⁹

Go Direct Lenders, Inc. (the “company”) is a mortgage broker and lender dealing in mortgages guaranteed by the VA. The company markets loans through direct-mail advertising campaigns. The CFPB alleged that the company’s advertisements deceptively marketed its loan products and contained inadequate disclosures. This was the third enforcement action that the CFPB announced in connection with its sweep of mortgage companies’ deceptive mail advertising campaigns for VA-backed mortgages.

The CFPB alleged the following practices were deceptive:

- Misrepresenting that specific credit terms were available (such as specific APRs, whether a fixed rate applied to the mortgage, and the costs or fees associated with the mortgage);
- Misrepresenting that the value of the consumer’s property had increased;
- Misrepresenting a consumer’s ability to obtain a cash-out refinance without income and asset documentation or that advertised credit terms were available to borrowers with FICO scores as low as 500; and
- Misrepresenting that the company was affiliated with the government or that the mortgage products related to a federal tax benefit or that it was otherwise sponsored by the IRS.

⁹ Consent Order, *In re Go Direct Lenders, Inc.*, CFPB No. 2020-BCFP-0008 (Aug. 21, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

The CFPB also alleged violations of Reg. Z and the MAP Rule. The order enjoins the company from engaging in future violations in connection with its mortgage advertising materials. The order further requires the company to appoint an advertising monitoring official to ensure compliance with the order. The order also imposes a \$150,000 civil money penalty.

F. *PHLoans.com, Inc.* — August 2020 (Military Lending).¹⁰

PHLoans.com, Inc. (the “company”) is a mortgage broker and lender dealing in mortgages guaranteed by the VA. The company markets loans through direct-mail advertising campaigns. The CFPB alleged that the company’s advertisements deceptively marketed its loan products and contained inadequate disclosures. This was the fourth enforcement action that the CFPB announced in connection with its sweep of mortgage companies’ deceptive mail advertising campaigns for VA-backed mortgages.

The CFPB alleged the following practice was deceptive:

- Misrepresenting that specific credit terms were available (such as payment amounts, loan costs, and the availability of cash-out refinancing).

The CFPB also alleged violations of Reg. Z and the MAP Rule. The order enjoins the company from engaging in future violations in connection with its mortgage advertising materials. The order further requires the company to appoint an advertising monitoring official to ensure compliance with the order. The order also imposes a \$260,000 civil money penalty.

G. *Trans-Fast Remittance LLC d/b/a New York Bay Remittance* — August 2020 (Remittances).¹¹

Trans-Fast Remittance LLC (the “company”) operated as a non-bank remittance transfer provider, providing international money transfers, including remittance transfers. The CFPB alleged that the company’s advertisements and disclosures in connection with its remittance transfer

¹⁰ Consent Order, *In re PHLoans.com, Inc.*, CFPB No. 2020-BCFP-0009 (Aug. 26, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

¹¹ Consent Order, *In re Trans-Fast Remittance LLC, d/b/a New York Bay Remittance, Inc.*, CFPB No. 2020-BCFP-0010 (Aug. 31, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

products deceived consumers regarding the company's services and consumers' rights to address errors in connection with remittance transfers.

The CFPB alleged that the following practices were deceptive:

- Misrepresenting that the company's remittance transfers were "instant transfers" or that the transfer would occur within minutes;
- Misrepresenting that the company would investigate error notices at the company's "option" for notices submitted to the company after 90 days, when the company was required to investigate and remedy error notices for a 180-day period after the transfer; and
- Stating in its disclosures that the company did not assume liability for obligations not stated therein and disclaiming liability for acts beyond its control, contrary to its obligations under the EFTA and the Remittance Rule.

The CFPB also alleged violations of the EFTA and the Remittance Rule. The order enjoins the company from engaging in future violations. The order also imposes a \$1.6 million civil money penalty.

H. *Hypotec, Inc.* — September 2020 (Military Lending).¹²

Hypotec, Inc. (the "company") is a mortgage broker dealing in mortgages guaranteed by the VA. The company markets loans through direct-mail advertising campaigns. The CFPB alleged that the company's advertisements deceptively marketed its loan products and contained inadequate disclosures. This was the fifth enforcement action that the CFPB announced in connection with its sweep of mortgage companies' deceptive mail advertising campaigns for VA-backed mortgages.

The CFPB alleged the following practices were deceptive:

- Misrepresenting that specific credit terms were available (such as payment amounts, APR, and interest rates);
- Misrepresenting that the company was affiliated with the government, including the VA; and

¹² Consent Order, *In re Hypotec, Inc.*, CFPB No. 2020-BCFP-0012 (Sept. 1, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

- Misrepresenting that the VA loan program was time-limited and consumers needed to act promptly to secure a VA loan.

The CFPB also alleged violations of Reg. Z and the MAP Rule. The order enjoins the company from engaging in future violations in connection with its mortgage advertising materials. The order further requires the company to appoint an advertising monitoring official to ensure compliance with the order. The order also imposes a \$50,000 civil money penalty.

I. *Service 1st Mortgage, Inc.* — September 2020 (Military Lending).¹³

Service 1st Mortgage, Inc. (the “company”) is a mortgage broker dealing in mortgages guaranteed by the VA. The company markets loans through direct-mail advertising campaigns. The CFPB alleged that the company’s advertisements deceptively marketed its loan products and contained inadequate disclosures. This was the sixth enforcement action that the CFPB announced in connection with its sweep of mortgage companies’ deceptive mail advertising campaigns for VA-backed mortgages.

The CFPB alleged the following practices were deceptive:

- Misrepresenting that specific credit terms were available (such as payment amounts, interest rate and APR combinations, and the availability of a specific escrow refund amount);
- Misrepresenting that the company was affiliated with the government;
- Misrepresenting a customer’s ability to “skip” or “miss” two loan payments, when those payments would simply get capitalized into the loan amount; and
- Misrepresenting that the VA loan program was time-limited and borrowers needed to act promptly to secure a VA loan.

The CFPB also alleged violations of Reg. Z and the MAP Rule. The order enjoins the company from engaging in future violations in connection with its mortgage advertising materials. The order further requires the company to appoint an advertising monitoring official to ensure compliance with the order. The order also imposes a \$230,000 civil money penalty.

¹³ Consent Order, *In re Service 1st Mortgage, Inc.*, CFPB No. 2020-BCFP-0013 (Sept. 1, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

J. *Accelerate Mortgage, LLC* — September 2020 (Military Lending).¹⁴

Accelerate Mortgage, LLC (the “company”) is a mortgage broker and lender dealing in mortgages guaranteed by the VA. The company markets loans through direct-mail advertising campaigns. The CFPB alleged that the company’s advertisements deceptively marketed its loan products and contained inadequate disclosures. This was the seventh enforcement action that the CFPB announced in connection with its sweep of mortgage companies’ deceptive mail advertising campaigns for VA-backed mortgages.

The CFPB alleged the following practices were deceptive:

- Misrepresenting that specific credit terms were available (such as payment amounts, specific interest rates, and closing costs);
- Misrepresenting that the company was affiliated with the government, such as through the VA, IRS, or FDIC; and
- Misrepresenting that the VA loan program was time-limited and borrowers needed to act promptly to secure a VA loan.

The CFPB also alleged violations of Reg. Z and the MAP Rule. The order enjoins the company from engaging in future violations in connection with its mortgage advertising materials. The order further requires the company to appoint an advertising monitoring official to ensure compliance with the order. The order also imposes a \$225,000 civil money penalty.

K. *Encore Capital Group, Inc.* — September 2020 (Debt Collection).¹⁵

The CFPB filed a complaint against Encore Capital Group, Inc.; Midland Funding, LLC; Midland Credit Management, Inc.; and Asset Acceptance Capital Corp. (collectively the “company”) concerning the company’s alleged violations of a 2015 consent order¹⁶ with the CFPB, along with newly alleged misconduct. The company purchases and attempts to collect on portfolios of defaulted consumer debt. The CFPB alleged that

¹⁴ Consent Order, *In re Accelerate Mortgage, LLC*, CFPB No. 2020-BCFP-0014 (Sept. 2, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

¹⁵ Complaint, *Bureau of Consumer Financial Protection v. Encore Capital Group, Inc., et al.*, No. 3:20-cv-01750 (S.D. Cal. Sept. 8, 2020). A Stipulated Final Judgment and Order was entered on October 16, 2020, in which the parties agreed to settle and resolve the matters arising from the conduct alleged in the complaint.

¹⁶ Consent Order, *In re Encore Capital Group, Inc.; Midland Funding, LLC; Midland Credit Management, Inc.; and Asset Acceptance Capital Corp.*, CFPB No. 2015-CFPB-0022 (Sept. 9, 2015).

the company violated certain conduct provisions from the 2015 order by: (i) suing consumers without possessing certain original account-level documentation; (ii) suing consumers without providing certain required disclosures; (iii) failing to timely provide original account-level documentation to consumers upon request; and (iv) suing on time-barred debts. The CFPB also alleged that the company's violations of the 2015 order constituted unfair and deceptive acts and practices.

The CFPB alleged the following practices were deceptive:

- Misrepresenting to consumers that the company would provide original account-level documentation within 30 days upon request; and
- Filing suit against consumers to collect time-barred debt.

The CFPB alleged that the following practice was unfair:

- Failing to disclose to consumers that their payments to the company, which were processed by a payment processor based in a foreign country, may result in international-transaction fees for certain consumers.

The CFPB also alleged violations of the Fair Debt Collection Practices Act ("FDCPA"). Under the Stipulated Final Judgment and Order, the company must furnish certain disclosures to consumers, refrain from collecting on time-barred debt absent certain disclosures, and abide by conduct provisions under the 2015 order for five more years. The order also requires the company to pay \$79,308.81 in restitution to consumers and imposes a \$15 million civil money penalty.

L. *JPL Recovery Solutions, LLC* — September 2020 (Debt Collection).¹⁷

The CFPB and the Attorney General for the State of New York (the "NY AG") filed a complaint against JPL Recovery Solutions, LLC; Check Security Associates, LLC d/b/a Warner Location Services and Orchard Payment Processing Systems; ROC Asset Solutions LLC d/b/a API Recovery Solutions; Regency One Capital LLC; Keystone Recovery Group, LLC; Christopher L. Di Re; Scott A. Croce; Brian J. Koziel; and Marc D. Gracie (collectively the "company") concerning the company's debt collection practices. The CFPB and the NY AG alleged that over a roughly

¹⁷ Complaint, *Bureau of Consumer Financial Protection v. JPL Recovery Solutions, LLC, et al.*, No. 1:20-cv-01217 (W.D.N.Y. Sept. 8, 2020).

five-year period, the company operated a coordinated debt operation under which the company acquired defaulted consumer debt and, thereafter, attempted to collect the debt using illegal and deceptive tactics, including a what the company deemed the “circles” approach. The CFPB and NY AG alleged that the company trained its employees to use the “circles” approach; whereby, company representatives researched consumers’ social circles for potential contacts. The company sought to informally deputize a debtor’s contacts, so that when the company contacted the debtor’s contacts, they would in turn reach out to the debtor and motivate payment.

The CFPB alleged the following practices were deceptive:

- Misrepresenting to consumers that the company would seek arrest or imprisonment for nonpayment of debts;
- Misrepresenting to consumers that the company would file a collection suit and that such a filing was imminent without truly intending to do so; and
- Misrepresenting to consumers that the company would garnish wages or property before the company had a right to do so.

The CFPB and NY AG also allege violations of the FDCPA and New York state consumer protection laws. The complaint seeks to permanently enjoin the company from engaging in further violations and seeks damages, redress, disgorgement, and civil money penalties.

M. *ClearPath Lending, Inc.* — September 2020 (Military Lending).¹⁸

ClearPath Lending, Inc. (the “company”) is a mortgage broker and lender dealing in mortgages guaranteed by the VA. The company markets loans through direct-mail advertising campaigns. The CFPB alleged that the company’s advertisements deceptively marketed its loan products and contained inadequate disclosures. This was the eighth enforcement action that the CFPB announced in connection with its sweep of mortgage companies’ deceptive mail advertising campaigns for VA-backed mortgages.

The CFPB alleged the following practices were deceptive:

¹⁸ Consent Order, *In re ClearPath Lending, Inc.*, CFPB No. 2020-BCFP-0015 (Sept. 14, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

- Misrepresenting that specific credit terms were available (such as specific APRs, the fixed or variable nature of rates or payments, lender fees, and equity levels); and
- Misrepresenting that the company was affiliated with the government, such as through the VA.

The CFPB also alleged violations of Reg. Z and the MAP Rule. The order enjoins the company from engaging in future violations in connection with its mortgage advertising materials. The order further requires the company to appoint an advertising monitoring official to ensure compliance with the order. The order also imposes a \$625,000 civil money penalty.

N. *PEAKS Trust 2009-1* — September 2020 (Student Loans).¹⁹

The CFPB filed a complaint against PEAKS Trust 2009-1; Deutsche Bank National Trust Company, solely in its capacity as lender trustee of the PEAKS Trust 2009-1; Deutsche Bank Trust Company Delaware, solely in its capacity as owner trustee of PEAKS Trust 2009-1; and Deutsche Bank Trust Company Americas, solely in its capacity as indenture trustee and collateral agent (collectively the “company”). The CFPB alleged that the company provided substantial assistance to ITT Educational Services, Inc. (“ITT”) in engaging in unfair acts and practices in violation of the Dodd-Frank Act. The company is a special purpose entity that was created to fund, purchase, manage, and hold certain private student loans (“PEAK Loans”) offered exclusively to students enrolled at ITT Technical Institute, which was run by ITT. The CFPB alleged that the company helped create the program, raising money for the PEAK Loans, ratifying loan criteria, and supervising the origination and servicing of the PEAK Loans. The CFPB alleged that ITT offered its students a “Temporary Credit” to cover the difference between the amount they could obtain in federal loans and grants and the costs of attending ITT. The Temporary Credit was a no-interest loan payable in a single lump sum nine months after enrollment. The CFPB alleged that as the Temporary Credit came due and students needed to enroll for the next academic term, ITT financial aid staff pressured students to refinance their Temporary Credit into the high-cost, high-risk PEAK Loans.

The CFPB alleged the following practices were unfair:

¹⁹ Complaint, *Bureau of Consumer Financial Protection v. PEAKS Trust 2009-1, et al.*, No. 1:20-cv-02386 (S.D. Ind. Sept. 15, 2020). A Stipulated Final Judgment and Order was entered on October 1, 2020, in which the parties agreed to settle and resolve the matters arising from the conduct alleged in the complaint.

- Pulling students out of class to attend financial aid meetings to pressure them into taking out PEAK Loans;
- Rushing students through their financial aid meetings without adequately describing the nature of the meeting or the terms and conditions of the PEAK Loans;
- Utilizing the short-term Temporary Credits to allow students to meet initial funding gaps without disclosing ITT's future refinancing scheme involving the PEAK Loans; and
- Utilizing unauthorized access to student accounts to complete PEAK Loan processing, including e-signing loan documents, without the students' knowledge or participation.

Under the Stipulated Final Judgment and Order, the company must cease collecting on all outstanding PEAK Loans, discharge all outstanding PEAK Loans (estimated loan forgiveness of \$330 million), and request that all consumer reporting agencies to which the company reported information delete tradelines related to the PEAK Loans. The company also must notify borrowers that their debt is discharged and that the company is seeking to delete relevant tradelines from their credit reports.

O. *Lobel Financial Corporation* — September 2020 (Auto Finance).²⁰

Lobel Financial Corporation (the “company”) originates and services sub-prime auto loans by taking assignments of retail installment sales contracts from auto dealers. The company provides borrowers a loss damage waiver (“LDW”) product that is, a substitute for collateral protection insurance. The company’s LDW agreement provides that if a borrower’s insurance fails to meet certain criteria, the company would add LDW to the borrower’s account and charge a monthly premium. The LDW product covers certain repairs and cancels the borrower’s debt in the event of a total loss. The LDW agreement authorizes the company to cancel the LDW coverage if the borrower defaults under the loan.

The CFPB alleged the following practices were unfair:

- Canceling borrowers’ LDW coverage for loan delinquencies, but continuing to charge the LDW premium; and
- Assessing fees in connection with a vehicle’s total loss that the company did not disclose to consumers, including a salvage

²⁰ Consent Order, *In re Lobel Financial Corporation*, CFPB No. 2020-BCFP-0016 (Sept. 21, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

value fee and a charge representing the consumer's monthly payments accruing between the approval of a LDW claim and cancellation of the consumer's loan.

The order enjoins the company from denying LDW coverage for which it has charged a fee and from assessing undisclosed fees to consumers. The order further requires the company to pay \$1,345,224 in consumer redress and imposes a \$100,000 civil money penalty.

P. *Nissan Motor Acceptance Corporation* — October 2020 (Auto Finance).²¹

Nissan Motor Acceptance Corporation (the “company”) services auto loans and leases originated by Nissan and Infiniti dealerships. The CFPB alleged that the company's representatives engaged in unlawful conduct with respect to repossessions of vehicle collateral, its failure to disclose fee amounts and payment options for phone payments, and improper representations to consumers regarding their bankruptcy rights.

The CFPB alleged the following practices were unfair:

- Contrary to policy and communications with customers, repossessing vehicles of customers who had decreased their delinquency to less than 60 days past due;
- Contrary to policy and communications with customers, repossessing vehicles of customers who made and kept promises to pay;
- Contrary to policy and communications with customers, repossessing vehicles of customers who had made promises to pay by a future date that had not yet passed;
- Contrary to policy and communications with customers, repossessing vehicles of customers who had agreed to extension agreements with the company;
- Refusing to return consumers' personal property contained in repossessed vehicles unless consumers paid upfront fees; and
- Failing to disclose fees associated with telephone payments through the company's third-party phone-payment processor.

The CFPB alleged the following practice was deceptive:

²¹ Consent Order, *In re Nissan Motor Acceptance Corporation*, CFPB No. 2020-BCFP-0017 (Oct. 13, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

- Misrepresenting to consumers in loan extension agreements that consumers waived their right to file for bankruptcy protection.

The order enjoins the company from misrepresenting consumers' bankruptcy rights and from committing continued violations in connection with its repossession practices. The order further requires the company to pay up to \$1 million in consumer redress and imposed a \$4 million civil money penalty.

Q. *Low VA Rates, LLC* — October 2020 (Military Lending).²²

Low VA Rates, LLC (the “company”) is a mortgage broker and lender dealing in mortgages guaranteed by the VA. The company markets loans through direct-mail advertising campaigns. The CFPB alleged that the company’s advertisements deceptively marketed its loan products and contained inadequate disclosures. This was the ninth enforcement action that the CFPB announced in connection with its sweep of mortgage companies’ deceptive mail advertising campaigns for VA-backed mortgages.

The CFPB alleged the following practices were deceptive:

- Misrepresenting that specific credit terms were available (such as payment amounts, specific APRs, loan periods, available cash or credit, fees, cost comparisons, closing costs, and the fixed or variable nature of rates or payments); and
- Misrepresenting that a cash-out refinancing would result in an elimination of debt.

The CFPB also alleged violations of Reg. Z and the MAP Rule. The order enjoins the company from engaging in future violations in connection with its mortgage advertising materials. The order further requires the company to appoint an advertising monitoring official to ensure compliance with the order. The order also imposes a \$1.8 million civil money penalty.

R. *SMART Payment Plan, LLC* — November 2020 (Auto Finance).²³

²² Consent Order, *In re Low VA Rates, LLC*, CFPB No. 2020-BCFP-0018 (Oct. 26, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

²³ Consent Order, *In re SMART Payment Plan, LLC*, CFPB No. 2020-BCFP-0020 (Nov. 2, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

SMART Payment Plan, LLC (the “company”) offers payment plan services to consumers in connection with their auto loans. The company collects and transmits biweekly payments for consumers instead of a single monthly payment. The company marketed this service as a way to pay off an auto loan faster and with reduced interest expense. The CFPB alleged that the company’s fees negated any interest savings that customers may experience through the company’s service.

The CFPB alleged the following practices were deceptive:

- Failing to disclose that most consumers would incur fees through the payment plan exceeding the interest savings stated in the company’s “Benefits Summary” disclosure;
- Misrepresenting to consumers a specific “Accelerated Payment Advantage” savings amount that actually required a greater payment amount;
- Failing to disclose the total cost or net cost of the payment plan to consumers; and
- Misrepresenting to consumers that the payment plan was a financial benefit when the vast majority of consumers paid more by enrolling in the plan.

The order enjoins the company from further misrepresentations regarding its payment plans and further requires the company to account for total cost and net savings or costs after deducting for fees whenever the company contends that a program confers savings or financial benefit to the consumer. The order also requires the company to pay \$7.5 million in consumer redress, which is suspended upon payment of \$1.5 million due to a demonstrated inability to pay. The order also imposes a \$1 civil money penalty.

S. *Performance SLC, LLC* — November 2020 (Student Loans).²⁴

The CFPB filed a complaint against Encore Capital Group, Inc.; Midland Funding, LLC; Midland Credit Management, Inc.; and Asset Acceptance Capital Corp. (collectively the “company”) concerning the company’s telemarketing of its debt-resolution services to consumers. The company provides student loan document preparation and debt-relief services. Among other things, the company prepared and submitted

²⁴ Complaint, *Bureau of Consumer Financial Protection v. Performance SLC, LLC, et al.*, No. 8:20-cv-02132 (C.D. Cal. Nov. 5, 2020).

paperwork to the U.S. Department of Education in support of consumers' applications for various federal student loan relief programs.

The CFPB alleged the following practices were deceptive:

- Misrepresenting to consumers that a lead generator referred consumers to the company on the basis that the company may be able to help consumers obtain a loan;
- Misrepresenting that the company is underwriting or qualifying consumers for a loan and collecting consumer information for that purpose; and
- Misrepresenting to consumers that they were rejected for a loan and instead steering them toward the company's debt-resolution services.

The CFPB also alleges violations of the Telephone Marketing Sales Rule ("TSR"). The complaint seeks to permanently enjoin the company from engaging in further deceptive marketing tactics. The complaint also seeks damages, redress, disgorgement, and civil money penalties.

T. *Driver Loan, LLC*— November 2020 (Small Dollar Loans).²⁵

The CFPB filed a complaint against Driver Loan, LLC and Angelo Jose Sarjeant (collectively the "company") concerning the company's personal loan and deposit products, which the company primarily markets to Uber and Lyft drivers. The company makes short-term, high-interest personal loans to consumers that are repaid in daily installments. The company also offers a deposit product that the company uses to help fund additional loans.

The CFPB alleged the following practices were deceptive:

- Misrepresenting to consumers that the funds deposited into the company's deposit product were FDIC insured at member financial institutions with a fixed APY of 15%;
- Misrepresenting the company's deposit product as akin to a bank's saving account products;
- Misrepresenting that new consumers were depositing funds with the company about every minute; and

²⁵ Complaint, *Bureau of Consumer Financial Protection v. Driver Loan, LLC, et al.*, No. 1:20-cv-24550-DLG (S.D. Fla. Nov. 5, 2020).

- Misrepresenting the company’s loans as carrying APRs of 440% when the APRs ranged from 975% to 978%.

The complaint seeks to permanently enjoin the company from engaging in further violations. The complaint also seeks damages, redress, disgorgement, and civil money penalties.

U. *FDATR, Inc.* — November 2020 (Student Loans).²⁶

The CFPB filed a complaint against FDATR, Inc.; Dean Tucci; and Kenneth Wayne Halverson (collectively the “company”) concerning the company’s marketing of its student loan debt relief and credit repair services. The CFPB alleged that, despite its promises to cure many problems related to student loan debt, the company typically only completed and filed loan consolidation paperwork with the U.S. Department of Education.

The CFPB alleged the following practices were deceptive:

- Misrepresenting that the company’s services would reduce student loan payments in half;
- Misrepresenting that the company’s services would eliminate student loan payments;
- Misrepresenting that the company’s services would improve consumers’ credit scores; and
- Misrepresenting that the company’s services would remove negative credit status codes or ratings from consumers’ credit reports.

The CFPB also alleges violations of the TSR. The complaint seeks to permanently enjoin the company from engaging in further violations. The complaint also seeks damages, redress, disgorgement, and civil money penalties.

V. *U.S. Equity Advantage, Inc.* — November 2020 (Auto Finance).²⁷

²⁶ Complaint, *Bureau of Consumer Financial Protection v. FDATR, Inc., et al.*, No. 1:20-cv-06879 (N.D. Ill. Nov. 20, 2020).

²⁷ Consent Order, *In re U.S. Equity Advantage, Inc., et al.*, CFPB No. 2020-BCFP-0022 (Nov. 20, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

U.S. Equity Advantage, Inc. and Robert M. Steenbergh (the “company”) offers payment plan services to consumers in connection with their auto loans. The company collects and transmits biweekly payments for consumers instead of a single monthly payment. The company marketed this service as a way to pay off an auto loan faster and with reduced interest expense. The CFPB alleged that the company’s fees negated any interest savings that customers may experience through the company’s service.

The CFPB alleged the following practices were deceptive:

- Failing to disclose that most consumers would incur fees through the payment plan exceeding the interest savings stated in the company’s disclosures;
- Failing to disclose to consumers that the “benefits” conferred through the payment plan actually required a greater payment amount; and
- Misrepresenting that the company had saved its customers \$29 million or more in interest.

The order enjoins the company from further misrepresentations regarding its payment plans. The order also requires the company to pay \$9.3 million in consumer redress, which is suspended upon payment of \$900,000 due to demonstrated inability to pay. The order also imposes a \$1 civil money penalty.

W. *DMB Financial, LLC* — December 2020 (Debt Relief).²⁸

The CFPB filed a complaint against DMB Financial, LLC (the “company”) concerning the company’s marketing of its debt relief services. The CFPB alleged that the company misled consumers about when it would charge fees and the underlying fee structure for its services.

The CFPB alleged that the following practices were deceptive:

- Misrepresenting that the company would not charge any fee for its services until it settled a debt and the consumer made a settlement payment to the creditor; and
- Misrepresenting to consumers that the company would charge a fee based on the debt amount at the time of enrollment, when the

²⁸ Complaint, *Bureau of Consumer Financial Protection v. DMB Financial, LLC*, No. 1:20-cv-12147 (D. Mass. Dec. 1, 2020).

company actually calculated the fee based on debt amounts after enrollment.

The CFPB also alleges violations of the TSR. The complaint seeks to permanently enjoin the company from engaging in further violations. The complaint also seeks damages, redress, disgorgement, and civil money penalties.

X. *Nationstar Mortgage LLC, d/b/a Mr. Cooper* — December 2020 (Mortgage Servicing).²⁹

The CFPB filed a complaint against Nationstar Mortgage LLC, d/b/a Mr. Cooper (the “company”) concerning the company’s mortgage servicing practices. The CFPB alleged that the company, which is the largest nonbank mortgage servicer in the United States, failed to properly process loan modifications upon loan transfer, mishandled borrowers’ escrow accounts and private mortgage insurance, and conducted improper foreclosures. In 2013 and 2015, the CFPB had directed the company to address deficiencies in its processing of “in-flight modifications,” which consisted of loans transferred to the company for servicing during borrowers’ trial modification periods or while borrowers waited for permanent loan modifications.

The CFPB alleged the following practices were unfair:

- Failing to identify loans with existing in-flight modifications, which resulted in a failure to honor consumers’ loan modification agreements; and
- Increasing consumers’ permanent monthly payments from the trial plan payment amount after consumers successfully completed trial modification periods.

The CFPB alleged that the following practices were deceptive:

- Misrepresenting that the company would not foreclose on consumers’ homes while the consumers’ loan modification applications were pending; and

²⁹ Complaint, *Bureau of Consumer Financial Protection v. Nationstar Mortgage LLC, d/b/a Mr. Cooper*, No. 3:20-cv-03550 (D.D.C. Dec. 7, 2020). A Stipulated Final Judgment and Order was entered on December 8, 2020, in which the parties agreed to settle and resolve the matters arising from the conduct alleged in the complaint.

- Misrepresenting that consumers must achieve a 75% loan-to-value ratio on their mortgage before the company could cancel their PMI premiums.

The CFPB also alleged violations of the Real Estate Settlement Procedures Act (“RESPA”) and the Homeowners Protection Act of 1998. In separate actions, attorneys general and bank regulators for all 50 states, Puerto Rico, the District of Columbia and the Virgin Islands filed separate settlements with the company. Under the Stipulated Final Judgment and Order, the company must revise its servicing policies and procedures to address the violations and submit a compliance plan to the CFPB. The order also requires the company to pay approximately \$73 million in consumer redress and imposes a \$1.5 million civil money penalty.

Y. *RAB Performance Recoveries, LLC* — December 2020 (Debt Collection).³⁰

RAB Performance Recoveries, LLC (the “company”) purchased consumer debt accounts, which it then placed with collection attorneys for collection. Generally, the company obtained default judgments against consumers and employed judgment enforcement mechanisms to collect on the debt. The CFPB alleged that during a roughly three-year period, the company failed to maintain the proper debt collector license under Rhode Island, Connecticut, and New Jersey state laws, while using judicial process to collect consumer debts in those states.

The CFPB alleged that the company engaged in deceptive practices by threatening to sue and actually filing suit against consumers during a period when the company lacked the right to do so under applicable state licensing laws.

The CFPB also alleged violations of the FDCPA. The order enjoins the company from collecting on judgments that it obtained during the period when it lacked proper licensure. The order also requires the company to vacate all judgments it obtained when it lacked the right to use legal process to collect consumer debt and to notify affected consumers. The order also imposes a \$204,000 civil money penalty.

³⁰ Consent Order, *In re RAB Performance Recoveries, LLC*, CFPB No. 2020-BCFP-0023 (Dec. 8, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

Z. *BounceBack, Inc.* — December 2020 (Debt Collection).³¹

The CFPB filed a complaint against BounceBack, Inc. (the “company”), which operates a bad-check diversion program for more than 90 district attorneys (“DAs”) throughout the country. In the company’s business model, merchants submit dishonored checks to an affiliate of the company, who then compiles and forwards a list to applicable DAs’ offices as well as the company. The DAs’ offices then alert the company as to which check writers to pursue for enrollment in pretrial diversion programs. The CFPB alleged that the company, without input from the DAs’ offices, contacted all check writers and attempted to enroll them in a pretrial diversion program. The CFPB alleged that the company sent letters to the check writers on the DAs’ letterhead, urging the check writers to repay the dishonored checks and enroll in the company’s pretrial diversion program, without the DAs having made a probable cause determination under applicable law.

The CFPB alleged the following practices were deceptive:

- Misrepresenting that failure to repay the alleged debt and pretrial diversion program fees would result in criminal prosecution;
- Misrepresenting that failure to enroll in pretrial diversion with the company would result in criminal prosecution; and
- Misrepresenting that the company’s notices were sent by the DAs’ offices.

The CFPB also alleges violations of the FDCPA. The complaint seeks to permanently enjoin the company from engaging in further violations. The complaint also seeks damages, redress, disgorgement, and civil money penalties.

AA. *Seterus, Inc.* — December 2020 (Mortgage Servicing).³²

Seterus, Inc. (the “company”) was a large nonbank mortgage servicer that was a wholly owned subsidiary of Kyanite Services, Inc., now the successor in interest to the company. To process consumers’ loss mitigation applications, the company contracted with a third-party vendor to

³¹ Complaint, *Bureau of Consumer Financial Protection v. BounceBack, Inc.*, No. 5:20-cv-06179 (W.D. Mo. Dec. 9, 2020).

³² Consent Order, *In re Seterus, Inc., et al.*, CFPB No. 2020-BCFP-0024 (Dec. 18, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

scan and track the applications, extract relevant data, and generate acknowledgement notices in response to the loss mitigation applications. Due to coding errors and inaccurate data, the company's acknowledgment notices often contained inaccurate information.

The CFPB alleged that the following practices were unfair:

- Using inaccurate data or inaccurate coding from third-party vendors that deprived consumers of a reasonable opportunity for their loss mitigation applications to be reviewed; and
- Increasing consumers' permanent monthly payments from the trial plan payment amount after consumers successfully completed trial modification periods.

The CFPB alleged that the following practices were deceptive:

- Sending acknowledgment notices that misrepresented whether the company received certain loss mitigation documents;
- Sending acknowledgment notices that misrepresented whether a loss mitigation application was complete or facially complete; and
- Sending acknowledgment notices that misrepresented the consumer's deadline to submit missing documents.

The CFPB also alleged violations of RESPA. The order requires Kyanite Services, Inc. to pay \$4,932,525 in consumer redress and imposes a \$500,000 civil money penalty. If Kyanite Services, Inc. engages in mortgage servicing, the order requires Kyanite Services, Inc. to establish servicing policies and procedures to address the violations.

BB. *Discover Bank* — December 2020 (Student Loans).³³

The CFPB entered into a consent order with Discover Bank, The Student Loan Corporation, and Discover Products, Inc. (collectively the "company") concerning the company's alleged violations of a 2015 consent order³⁴ with the CFPB, along with newly alleged misconduct in connection with the company's student loan servicing. Approximately two years after the 2015 consent order, the company migrated its student loan servicing operations to a new platform, which resulted in certain student loan

³³ Consent Order, *In re Discover Bank, et al.*, CFPB No. 2020-BCFP-0026 (Dec. 22, 2020). A separate stipulation was filed on the same date in which the parties agreed to certain facts cited in the consent order.

³⁴ Consent Order, *In re Discover Bank, et al.*, CFPB No. 2015-CFPB-0016 (July 22, 2015).

servicing errors in violation of the 2015 consent order. The CFPB alleged that though the company knew of these migration errors, it failed to advise the CFPB of the known violations of the 2015 consent order (as well as other violations unrelated to the migration). The CFPB alleged that the company violated certain conduct provisions from the 2015 order by: (i) misrepresenting consumers' minimum monthly payments; (ii) misrepresenting the amount of interest paid; (iii) engaging in other misrepresentations stemming from the migration, including inaccurate interest rates, interest balances, due dates, and repayment information; and (iv) failing to pay required redress.

The CFPB alleged the following practices were deceptive:

- Misrepresenting the minimum period payment amount; and
- Misrepresenting the amount of interest that consumers had paid.

The CFPB alleged that the following practices were unfair:

- Withdrawing automatic payments without proper authorization; and
- Canceling or failing to withdraw automatic payments without notice.

The CFPB also alleged violations of the EFTA and Reg. E. The order enjoins the company from further violations and directs the company to submit a compliance plan. The order also requires the company to pay at least \$10 million in redress and imposes a \$25 million civil money penalty.

IV. UPDATES ON PAST CASES

A. *Certified Forensic Loan Auditors, LLC* — September 2019 (Mortgage Assistance Relief Services)³⁵

We previously reported on the CFPB's complaint against Certified Forensic Loan Auditors, LLC; Andrew Lehman; and Michael Carrigan (collectively, the "company"). In September 2019, the CFPB filed a complaint, alleging deceptive and abusive acts and practices in connection with the company's marketing and sale of financial advisory and mortgage assistance relief services to consumers. The CFPB alleged that the company

³⁵ Stipulated Final Consent Order, *Bureau of Consumer Financial Protection v. Certified Forensic Loan Auditors, LLC; Andrew Lehman; and Michael Carrigan*, No. 2:19-cv-07722 (C.D. Cal. July 20, 2020).

provided “securitization audits” and form litigation documents to consumers seeking to avoid foreclosure or to negotiate a loan modification. The CFPB alleged that the company’s purported foreclosure avoidance system does not assist consumers and is routinely rejected by courts. Since our prior report, the court entered a stipulated final judgment against the remaining defendants, Certified Forensic Loan Auditors, LLC and Andrew Lehman, permanently banning them from providing mortgage assistance relief services or financial advisory services. The order also imposes a suspended redress judgment of \$3 million and imposes a civil money penalty of \$40,000.

*B. Katharine Snyder/Performance Arbitrage — October 2019 (Small Dollar Loans)*³⁶

We previously reported on the CFPB’s and the South Carolina Department of Consumer Affairs’ (“DCA”) complaint against Katharine Snyder; Performance Arbitrage Company, Inc.; and Life Funding Option, Inc. (collectively, the “company”). In October 2019, the CFPB and the DCA filed a complaint, alleging deceptive and unfair acts and practices in connection with the company’s offer of certain high-interest credit to consumers. The CFPB and the DCA alleged that the company entered into unenforceable contracts with veterans whereby the consumers agreed to sell their disability or pension benefits for upfront payments. The contracts were allegedly disguised high-interest loans and attempted to illegally cause veterans to assign federally protected disability and pension benefits. The court entered a stipulated final judgment permanently banning the company from collecting money from affected consumers and from providing any other consumer-financial products or services. The judgment also requires Ms. Snyder, who obtained a bankruptcy discharge in May 2020, to pay a civil money penalty of \$500 to the Bureau and \$500 to South Carolina.

*C. Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center—October 2019 (Student Loan Debt Relief Services).*³⁷

³⁶ Stipulated Final Consent Order, *Bureau of Consumer Financial Protection, et al. v. Katharine Snyder, et al.*, No. 6:19-cv-02794-DCC (D.S.C. Nov. 12, 2020).

³⁷ Corrected, Amended, Stipulated Final Judgment and Order, *Bureau of Consumer Financial Protection, et al. v. Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al.*, 8:19-cv-01998-JVS-JDE (C.D. Cal. Aug. 26, 2020); Stipulated Final Judgment and Order, *Bureau of Consumer Financial Protection, et al. v. Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al.*, 8:19-cv-01998-JVS-JDE (C.D. Cal. Aug. 28, 2020); Stipulated Final Judgment and Order, *Bureau of Consumer Financial Protection, et al. v. Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al.*, 8:19-cv-01998-JVS-JDE (C.D. Cal. Sept. 8, 2020); Default Judgment and

We previously reported on a complaint filed by the CFPB, the Minnesota Attorney General, the North Carolina Attorney General, and the Los Angeles City Attorney against Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center; True Count Staffing Inc., d/b/a SL Account Management; Prime Consulting LLC, d/b/a Financial Preparation Services; TAS 2019 LLC d/b/a Trusted Account Services; Horizon Consultants LLC; First Priority LLC d/b/a Priority Account Management; Albert Kim, a/k/a Albert King; Kaine Wen, a/k/a Wenting Kaine Dai, Wen Ting Dai, and Kaine Wen Dai; Tuong Nguyen, a/k/a Tom Nelson; and certain relief defendants (collectively, the “company”). In October 2019, the CFPB and the state regulators filed a complaint (amended in February 2020), alleging deceptive acts and practices in connection with the company’s student loan debt relief services. The CFPB and the states alleged that the company misled consumers about the company’s methods to modify the consumers’ student loan obligations and the application of the company’s fees.

- The court entered a stipulated final judgment against defendants Prime Consulting LLC and Horizon Consultants LLC, permanently banning the defendants from engaging in debt relief services or misrepresenting their services. The court also entered a redress judgment in favor of the CFPB of \$95,057,757, which is suspended due to inability to pay, upon transfer of certain frozen assets. The court also imposed a \$1 civil money penalty in favor of the CFPB and \$75,000 in civil money penalties in favor of the states.
- The court also entered a stipulated final judgment against defendant Tuong Nguyen and a relief defendant, permanently banning the defendants from engaging in debt relief services or misrepresenting their services. The court also entered a redress judgment in favor of the CFPB of \$95,057,757, which is suspended due to inability to pay, upon transfer of certain frozen assets. The court also imposed a \$1 civil money penalty in favor of the CFPB and \$15,000 in civil money penalties in favor of the states.
- The court also entered a stipulated final judgment against relief defendants Hold the Door, Corp. and Mice and Men LLC, entering redress judgments of \$1,638,687 and \$5,041,069, which are suspended due to inability to pay, upon transfer of certain frozen assets.

- The court also entered a default judgment against First Priority LLC and True Count Staffing Inc., permanently banning the defendants from engaging in debt relief services or misrepresenting their services. The court also entered redress judgments in favor of the CFPB of \$55,360,817.14 and \$165,848.05. The court also imposed a civil money penalty against True Count Staffing Inc. of \$30 million and a civil money penalty against First Priority LLC of \$2.5 million.

D. *Chou Team Realty, LLC d/b/a MonsterLoans* — January 2020 (Student Loan Debt Relief Services)³⁸

We previously reported on the CFPB’s complaint against Chou Team Realty, LLC, f/k/a Chou Team Realty, Inc., d/b/a Monster Loans, d/b/a MonsterLoans; Lend Tech Loans, Inc.; Docu Prep Center, Inc., d/b/a DocuPrep Center, d/b/a Certified Document Center; Document Preparation Services, LP, d/b/a DocuPrep Center, d/b/a Certified Document Center; Certified Doc Prep, Inc.; Certified Doc Prep Services, LP; Assure Direct Services, Inc.; Assure Direct Services, LP; Direct Document Solutions, Inc.; Direct Document Solution, LP; Secure Preparation Services, LP; Doc Done Right, Inc.; Docs Done Right, LP; Bilal Abdelfattah, a/k/a Belal Abdelfattah, a/k/a Bill Abdel; Robert Hoose; Eduardo “Ed” Martinez; Jawad Nesheiwat; Frank Anthony Sebreros; David Sklar; Thomas “Tom” Chou; Sean Cowell; Kenneth Lawson; Cre8Lab, Inc.; XO Media, LLC; and TDK Enterprises, LLC (collectively, the “company”). In January 2020, the CFPB filed a complaint, alleging deceptive acts and practices in connection with the company’s marketing and sale of student loan debt relief services to consumers. The CFPB alleged that certain defendants unlawfully obtained roughly 7 million prescreened consumer credit reports, which they then sold to other defendants who used those lists to market their student loan debt relief services. Since our prior report, the court entered a stipulated final judgment against individual defendant Robert Hoose, imposing a \$7 million redress judgment, banning him from the debt-relief industry, and imposing a \$1 civil money penalty against him. The court also entered a stipulated final judgment against defendants Kenneth Lawson and XO Media, LLC, imposing a \$200,000 redress judgment.

³⁸ Stipulated Final Consent Order, *Bureau of Consumer Financial Protection Bureau v. Chou Team Realty, LLC, et al.*, No. 8:20-cv-00043-TWT (C.D. Cal. July 7, 2020); Stipulated Final Consent Order, *Bureau of Consumer Financial Protection Bureau v. Chou Team Realty, LLC, et al.*, No. 8:20-cv-00043-TWT (C.D. Cal. Oct. 19, 2020).

V. CFPB Rules Updates and Additional Guidance

Supervisory Highlights:

*CFPB Summer 2020 Supervisory Highlights Issue.*³⁹

Released in September 2020, the highlights note continued UDAAP concerns in the payday lending area, including:

(1) *Ability to Apply for a Loan Online.* The CFPB noted instances where payday lenders advertised that consumers could apply for loans online when, in truth, consumers still needed to finish their applications in person after entering certain information online.

(2) *Credit Checks.* The CFPB noted instances where lenders advertised that they did not perform credit checks when lenders did actually perform credit checks of loan applicants.

(3) *False Threats.* The CFPB noted instances where lenders falsely threatened lien placement or asset seizure if consumers failed to make payments.

(4) *Late Fees.* The CFPB noted instances where lenders falsely threatened imposing late fees that the lender did not actually charge.

³⁹ CONSUMER FIN. PROT. BUREAU, CFPB SUPERVISORY HIGHLIGHTS (Issue 22, Summer 2020), https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-22_2020-09.pdf.