

Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—C.D. Cal.: CFPB obtains \$11.4 million judgment and injunction in mortgage-relief, debt-relief action, (Jul. 29, 2013)

By Thomas G. Wolfe, J.D.

The Consumer Financial Protection Bureau has obtained an \$11.4 million civil judgment and a permanent injunction against various defendants who were involved—either directly or indirectly—in the marketing or selling of mortgage-relief and debt-relief products or services to consumers. In granting the monetary and injunctive relief to the CFPB, the U.S. District Court for the Central District of California finalized its prior June 2013 order granting summary judgment to the CFPB while denying the defendants’ own request for summary judgment. The court’s final judgment and permanent injunction also supplements its prior February 2013 stipulated final judgment and order for permanent injunction against all other named defendants in the CFPB’s action ([*Consumer Financial Protection Bureau v. Gordon, et al.*](#), July 26, 2013, Anderson, U.S. District Judge).

Defendants. The latest monetary and injunctive relief granted to the CFPB by the court pertains to the actions of defendants Chance E. Gordon, The Gordon Law Firm, P.C., Abraham M. Pessar, Division One Investment and Loan, Inc., and Processing Division, L.L.C.

Monetary relief. The judgment for “equitable monetary relief” in the amount of \$11,403,338.63, along with post-judgment interest, was entered by the court against the “Gordon Defendants”—both jointly and severally—and is enforceable against any asset owned by or for the Gordon Defendants.

Injunctive relief. As part of the permanent injunctive relief granted by the court, the Gordon Defendants are prohibited from directly or indirectly engaging in any conduct in violation of the Consumer Financial Protection Act and the Mortgage Assistance Relief Services Rule. Among other things, the defendants are prohibited from misrepresenting or assisting others in misrepresenting: (i) the terms or rates available for a loan or other extension of credit; (ii) a person’s ability to improve his or her credit record, credit history, or credit rating; (iii) the amount of savings a consumer will receive from purchasing or using a consumer financial product or service; and (iv) that the consumer will have a reduction or cessation of collection calls as a result of the purchase or use of the consumer financial product or service.

In addition, the Gordon Defendants are prohibited from advertising, marketing, promoting, offering, or selling any mortgage-assistance-relief product or service or any debt-relief product or service. Similarly, the defendants are prohibited from assisting others in that regard.

Along those lines, under the permanent injunction, the Gordon Defendants are prohibited from collecting, attempting to collect, or otherwise transferring any right to collect any payment from a consumer “who purchased or agreed to purchase mortgage assistance relief products or services” from the defendants.

Further, the Gordon Defendants, including their officers, agents, employees, attorneys, or others participating with them, are prohibited from disclosing, using, or benefitting from any customer information. At the same time, before destroying the customer information, the defendants are required to disclose the information to the CFPB.