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CFPB Sues World Law Group for Charging Illegal Fees and Making False Promises in Debt-Relief Scheme

Lawsuit Names Individuals Responsible for Bilking $67 million from 21,000 Consumers

WASHINGTON, D.C. – Today the Consumer Financial Protection Bureau announced that it has obtained a preliminary injunction against World Law Group and its senior leaders for running a debt-relief scheme that charged consumers exorbitant, illegal upfront fees. The Bureau alleges the debt-relief scheme falsely promised consumers a team of attorneys to help negotiate debt settlements with creditors, failed to provide legal representation, and rarely settled consumers' debts. World Law is alleged to have taken $67 million from at least 21,000 consumers before providing any debt-relief services. The Bureau has obtained an order in U.S. District Court that halts World Law's operations and freezes defendants' assets while the case is pending.

"We took action today against World Law Group for an alleged debt relief scheme that lured consumers with false promises of help from lawyers and collected millions in illegal upfront fees," said CFPB Director Richard Cordray. "We are seeking to put an end to this scheme and prevent more consumers from being harmed."

The Bureau's lawsuit names Derin Scott, David Klein, and Bradley James Haskins, who control World Law Group. The lawsuit alleges that the defendants operate through an interrelated maze of companies, including Orion Processing, LLC, d/b/a World Law Processing, WLD Credit Repair, and World Law Debt; Family Capital Investment & Management LLC a/k/a FCIAM Property Management; World Law Debt Services, LLC; and World Law Processing, LLC. The companies comingle funds and share functions, employees, and office locations to operate the debt-relief scheme.

According to the complaint, World Law promised to help consumers reduce their debts using a "team of attorneys," including "local attorneys," that would provide legal representation and negotiate debt settlements directly with consumers' creditors. World

Law allegedly told consumers to stop paying their debts and instead make a single monthly payment to the company, which its lawyers would use to negotiate debt settlements with creditors. According to the complaint, World Law unlawfully kept many of these payments as fees before providing debt-relief services. As a result, consumers paid millions of dollars in illegal fees and suffered additional harms, including being subjected to collection calls, lawsuits, late fees, and lower credit scores.

The CFPB alleges that the World Law Group violated the Dodd-Frank Wall Street Reform and Consumer Protection Act's prohibitions against unfair, deceptive, or abusive acts and practices and the Telemarketing and Consumer Fraud and Abuse Prevention Act. Specifically, the Bureau alleges that World Law:

- **Charged illegal upfront fees:** According to the Bureau's complaint, World Law charged consumers thousands of dollars in fees before providing debt-relief services. This is barred by the Telemarketing Sales Rule. In fact, the Bureau alleges that 99 percent of consumers who enrolled in World Law's program paid illegal upfront fees. These unlawful fees include a $199 "initial fee" collected during the first three months of the program, an "attorney monthly service fee" of $84.95 per month, and "bundled legal service fees" ranging from 10 percent to 15 percent of the consumers' outstanding debt balance, which are collected during the first 13 months of the program.

- **Made false promises of legal representation:** World Law promised that consumers would receive local legal representation and have their debts negotiated by an attorney. In reality, according to the Bureau, the defendants did not provide the promised legal representation. The Bureau alleges that consumers rarely, if ever, communicated with a lawyer and the vast majority of services provided–if services were provided at all–were debt-relief services provided by non-lawyers.

The Bureau's complaint is not a finding or ruling that the defendants have actually violated the law. The Court issued the preliminary injunction because it found that the Bureau is likely to prevail and that the public interest is served by granting the Order. The case will proceed until the court makes a final determination or the parties settle the matter.