

[Banking and Finance Law Daily Wrap Up, ENFORCEMENT ACTIONS— Maryland AG, CFPB ask for contempt order against Klopp in mortgage kickback settlement, \(Jun. 9, 2017\)](#)

Banking and Finance Law Daily Wrap Up

[Click to open document in a browser](#)

By [Thomas G. Wolfe, J.D.](#)

The Maryland Attorney General's Consumer Protection Division and the federal Consumer Financial Protection Bureau have asked the U.S. District Court for the District of Maryland to find Gary Klopp in contempt of a November 2015 court order entered in connection with a settlement of government claims that Klopp engaged in an unlawful "loan referral and mortgage kickback scheme" in violation of the Real Estate Settlement Procedures Act and the Maryland Consumer Protection Act. According to the state and federal agencies, despite the prohibitions imposed on Klopp as a result of the settlement of charges brought against him, "Klopp has been extensively engaged in the mortgage business" beyond his very restricted role as a personnel or human resources manager.

As depicted by the court's November 2015 "[Stipulated Final Judgment and Order](#)," Klopp settled allegations that he engaged in a mortgage kickback scheme with a defunct Maryland title company, Genuine Title, LLC, by referring mortgage clients to Genuine Title in exchange for payments made to his companies.

Highlights. In a June 8, 2017, release, Maryland AG Brian E. Frosh [commented](#), "We cannot allow someone who engaged in an illegal kickback scheme to again disregard the law by violating a court order." Accordingly, in their "Application for an Order to Show Cause Why Gary Klopp Should Not Be Held in Contempt," the Maryland AG and CFPB [assert](#) that, despite the specified prohibitions to the contrary, Klopp has been:

- dealing with consumers' mortgage loan applications by communicating with lenders about the applications;
- dealing with third-party businesses engaged in offering settlement services by communicating with lenders, title companies, and appraisers;
- accepting a fee, kickback, or thing of value, when accepting free lunches for his branch office from soliciting title companies;
- failing to disclose his current role in any business activity;
- failing to comply with the consent order's reporting requirements;
- failing to make required disclosures to the government agencies as well as other parties; and
- demonstrating in general that he has no intention of complying with the court's stipulated judgment.

Attorneys: Anthony Alexis, Jeffrey P. Ehrlich, John C. Wells, and Benjamin Konop for the Consumer Financial Protection Bureau. Lucy A. Cardwell for the Maryland Attorney General.

Companies: Genuine Title, LLC

LitigationEnforcement: CFPB EnforcementActions MarylandNews Mortgages RESPA