

Consumer Financial Protection Bureau Settles with Monster Loans, Thomas Chou, Sean Cowell, and Related Companies

MAY 14, 2020

WASHINGTON, D.C. — The Consumer Financial Protection Bureau (Bureau) today filed a proposed stipulated final judgment to resolve its allegations in its lawsuit against California mortgage lender Chou Team Realty, LLC, which does business as Monster Loans (Monster Loans), and several individuals and related companies, including Thomas Chou and Sean Cowell. The Bureau alleged that Chou and Cowell were among the leaders of a scheme to use Monster Loans' account with a major credit bureau to unlawfully obtain consumer reports for their associated student loan debt-relief companies, which in turn used the consumer reports to deceptively market their services nationwide and then charged consumers illegal fees. The proposed settlement, if entered by the court, would impose an \$18 million redress judgment against Monster Loans, ban Monster Loans, Chou, and Cowell from the debt-relief industry, and impose a total \$450,001 civil money penalty against them.

The Bureau's lawsuit alleged that between 2015 and 2017, Monster Loans violated the Fair Credit Reporting Act (FCRA) by obtaining consumer-report information for over 7 million consumers with student loan debt from a major credit bureau based on the false representation that the company would use the information to offer mortgage loans to consumers. Monster Loans allegedly provided the reports to several associated student loan debt-relief companies to use in marketing their services. The Bureau also alleged that in 2017 Monster Loans helped create a sham entity called Lend Tech Loans to perpetuate the scheme to unlawfully obtain consumer reports: Lend Tech Loans purported to be a mortgage brokerage, but in fact has only ever been used to unlawfully obtain consumer report information. As alleged in the complaint, because of Monster Loans' assistance, Lend Tech Loans was able to wrongfully obtain consumer reports for over 12 million additional consumers between 2017 and 2019. The Bureau further alleged that, with Monster Loans' assistance, the student loan debt-relief companies violated the Consumer Financial Protection Act (CFPA) and the Telemarketing Sales Rule (TSR) by making several deceptive representations about the companies' services and violated the TSR by unlawfully collecting advance fees for debt relief services.

Chou and Cowell were officers of Monster Loans, investors in the student-loan debt relief companies, and allegedly helped create the sham entity Lend Tech Loans. The Bureau alleged that they participated in the FCRA violations and then received purported profits from the student-loan debt-relief companies. As alleged in the complaint, in reality, those profits represented funds that were wrongfully taken from consumers through unlawful conduct. If the court approves the proposed settlement,

Monster Loans, Chou, and Cowell will be permanently banned from the debt-relief services industry and subject to limits on using or obtaining consumer reports, including a ban from using or obtaining prescreened consumer reports.

If entered by the court, the proposed settlement will also impose a judgment for redress of \$18 million against Monster Loans. As explained in the proposed order, full payment of the judgment for redress will be suspended subject to Monster Loans' payment of \$200,000 for consumer redress. The settlement will also require Chou and his company to disgorge \$403,750 in profits for the purpose of providing redress and will impose a judgment for redress of \$406,150 against Cowell and his company, which will be suspended. These suspended amounts account for certain of these defendants' limited ability to pay more based on sworn financial statements. If the court enters the proposed settlement, Monster Loans will pay a \$1 civil penalty based on its documented inability to pay, Chou will pay a \$350,000 penalty, and Cowell will pay a \$100,000 penalty. The penalties will be paid to the Bureau and deposited in the Bureau's Civil Penalty Fund.

The Bureau's claims against the other defendants and relief defendants in this action, including Lend Tech Loans, remain pending in the court.

A copy of the complaint is available

at: https://files.consumerfinance.gov/f/documents/cfpb_chou-team-realty-monster-loans_complaint_2020-01.pdf

A copy of the proposed stipulated final judgment and order is available

at: https://files.consumerfinance.gov/f/documents/cfpb_chou-team-realty-monster-loans_proposed-stipulated-judgment-order_2020-05.pdf

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