



FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

Mortgage Relief Pitchmen Settle FTC Charges That They Deceived Consumers

'Danielson Law Group,' Others Preyed on Consumers in Financial Distress

FOR RELEASE

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A group of Utah-based defendants claiming to be legal experts in loan modifications have settled Federal Trade Commission charges that they broke the law by conning consumers into paying hefty fees for worthless mortgage relief services. The five proposed orders settling the FTC's charges ban the defendants, led by Philip J. Danielson and his company, Danielson Law Group, from offering mortgage assistance relief services and from participating in the debt relief industry.

"It's troubling when anyone takes advantage of homeowners in financial distress," said Jessica Rich, Director of the Bureau of Consumer Protection. "This scam is particularly offensive because it used an attorney's legal credentials to create a facade of authenticity."

The [FTC filed its complaint in July 2014](#), as part of a multi-agency federal and state law enforcement sweep targeting operations that fraudulently pitched loan modifications to consumers. At the FTC's request, a U.S. district court temporarily halted the operation, which promised legal help to consumers to avoid foreclosure or get relief from unaffordable mortgages but then did little or nothing to help. The court order froze the defendants' corporate and personal assets pending litigation of the case.

[According to the Commission, the defendants lured consumers](#) into paying \$500 to \$3,900 by falsely promising that attorneys would negotiate loan modifications that would substantially reduce the consumers' mortgage payments. The defendants touted a success rate that exceeded 90 percent purportedly based on their legal expertise and a pre-qualification process that identified clients that they knew they could help. The complaint also alleged that the defendants used the name Danielson Law Group and other attorney or law firm names to look like they had lawyers all over the country, even though many consumers never met or spoke to an attorney.

The FTC charged the defendants with violating the FTC Act and the Mortgage Assistance Relief Services (MARS) Rule, now known as Regulation O. The Rule bans mortgage foreclosure rescue and loan modification service providers from collecting fees until homeowners have a written offer from their lender or servicer that they deem acceptable.

Under the [proposed settlements announced today](#), the defendants are banned from participating in the mortgage

relief and debt relief industries, and are prohibited from misrepresenting various features of any product or service or making advertising claims that are unsupported by competent and reliable evidence.

The proposed settlements also impose a \$28.6 million judgment against all the defendants, reflecting the total amount of fees taken in by the scheme. The proposed judgment will be suspended as to the individual defendants provided they surrender certain of their assets, including a \$200,000 house in Utah as required by the settlement orders. If it is later determined that any defendant provided false financial information to the FTC, the full amount of the judgment against them will become due. The proposed settlement also requires relief defendant April Norton to turn over unearned ill-gotten gains that she received from the scheme. The full judgment remains in effect against the corporate defendants.

Today's settlements also resolves a contempt action the FTC concurrently filed against two individuals named in this case – Philip J. Danielson and Tony D. Norton – and four companies they controlled, Philip Danielson, LLC; Foundation Business Solutions, LLC; Direct Results Solutions, LLC; and Strata G Solutions, LLC, for violating a 2010 court order in a phony work-at-home scheme that falsely claimed ties to Google Inc.

After a court shut down that scam and prohibited the defendants from making deceptive claims, Danielson and Norton turned their sights to preying on vulnerable homeowners in violation of that order, alleged the FTC. The settlement subjects the contempt defendants to a complete ban from telemarketing activities.

For consumer information about avoiding mortgage and foreclosure rescue scams, see Home Loans.

The Commission vote approving each of the five proposed stipulated final orders was 5-0. They were filed in the U.S. Court for the District of Nevada.

NOTE: Stipulated orders have the force of law when approved and signed by the District Court judge.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online Complaint Assistant or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides free information on a variety of consumer topics. Like the FTC on Facebook, follow us on Twitter, and subscribe to press releases for the latest FTC news and resources.

PRESS RELEASE REFERENCE:

Federal and State Agencies Stop Phony Mortgage Relief Schemes

FTC Settles with Defendants that Claimed Bogus Ties to Google and Unlawfully Charged Consumers Hidden Fees

Contact Information

MEDIA CONTACT:

Mitchell J. Katz
Office of Public Affairs
202-326-2161

STAFF CONTACT:

Thomas Widor

Bureau of Consumer Protection

202-326-3039



ftc.gov