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13 **UNITED STATES DISTRICT COURT**
14 **CENTRAL DISTRICT OF CALIFORNIA, EASTERN DIVISION**

15 Consumer Financial Protection Bureau,

Case No. 8:14-cv-01155-JVS

16 Plaintiff,

17 v.

18 **FIRST AMENDED COMPLAINT**
19 **FOR PERMANENT INJUNCTION**
20 **AND OTHER RELIEF**

21 Stephen Lyster Siringoringo, an
22 individual, also d/b/a Siringoringo Law
23 Firm; Clausen & Cobb Management
24 Company, Inc., a corporation; and
25 Joshua Cobb, an individual,

Defendants.

26 **JURISDICTION AND VENUE**

27 1. This Court has subject-matter jurisdiction over this action because it is
28 “brought under Federal consumer financial law,” 12 U.S.C. § 5565(a)(1), presents

1 a federal question, 28 U.S.C. § 1331, and is brought by an agency of the United
2 States, 28 U.S.C. § 1345.

3 2. Venue is proper under 28 U.S.C. § 1391(b) and 12 U.S.C. § 5564(f)
4 because a substantial part of the events or omissions and course of conduct giving
5 rise to the claims set forth in this Complaint occurred in this district.

6 **INTRODUCTION**

7 3. The Consumer Financial Protection Bureau brings this action under
8 sections 1031, 1036(a), 1054, and 1055 of the Consumer Financial Protection Act
9 of 2010 (CFPA), 12 U.S.C. §§ 5531, 5536(a), 5564, 5565, and under section 626
10 of the Omnibus Appropriations Act, 2009 (as amended by section 1097 of the
11 CFPA), 12 U.S.C. § 5538, and its implementing regulation, the Mortgage
12 Assistance Relief Services Rule (MARS Rule, or Regulation O), 12 C.F.R. Part
13 1015 (2011), in connection with Defendants' marketing and sale of purported
14 mortgage assistance relief services.

15 **PARTIES**

16 4. The Consumer Financial Protection Bureau is an independent agency
17 of the United States charged with regulating the offering and provision of
18 consumer-financial products and services under federal consumer-financial laws,
19 including the CFPA and Regulation O. 12 U.S.C. §§ 5481(12)(Q), (14), 5491(a),
20 5531, 5538.

21 5. The Bureau is authorized to initiate federal district court proceedings,
22 by its own attorneys, to enjoin violations of the CFPA and Regulation O, and to
23 secure such relief as may be appropriate in each case. 12 U.S.C. §§ 5564(a)-(b),
24 5565. This includes the rescission or reformation of contracts, the refund of
25 moneys paid, restitution, disgorgement or compensation for unjust enrichment, and
26 civil money penalties. *Id.* § 5565(a)(2).

1 6. Defendant Stephen Lyster Siringoringo (Siringoringo) was the
2 principal of Siringoringo Law Firm, a purported law firm with offices in San
3 Bernardino County, Riverside County, Orange County, and Los Angeles County,
4 all in California. Siringoringo has transacted business in this district.

5 7. Defendant Clausen & Cobb Management Company, Inc. (CCMC) is a
6 California corporation with an office in San Bernardino County, California. CCMC
7 has transacted business in this district.

8 8. Defendant Joshua Cobb (Cobb) was an owner and manager of CCMC.
9 Cobb has transacted business in this district.

10 9. Defendants Siringoringo, CCMC, and Cobb, each acting alone or in
11 concert with others, offered or provided, or arranged for others to provide,
12 “mortgage assistance relief services,” as defined in Regulation O (12 C.F.R.
13 § 1015.2 (2011)), and “financial advisory services” within the meaning of the
14 CFPA, 12 U.S.C. § 5481(15)(A)(viii), including but not limited to loan-
15 modification and foreclosure-relief services.

16 10. Cobb had managerial responsibility for CCMC and materially
17 participated in the conduct of its affairs, including the development and approval of
18 the purported mortgage assistance relief services described here. Cobb was
19 intimately familiar with and directed CCMC’s operations, including its purported
20 mortgage assistance relief services. Cobb knew of and approved all of the practices
21 described in this Complaint.

22 **SUMMARY OF COMPLAINT**

23 11. Beginning in or about December 2010, Defendants marketed and sold
24 purported mortgage assistance relief services to consumers. Defendants attracted
25 financially distressed homeowners through advertisements, mailings, and in-person
26 consultations, deceptively promising loan modifications and foreclosure relief in
27 exchange for advance fees. Defendants also misled consumers into believing that

1 an attorney would represent them in negotiations with their lenders or servicers. In
2 the end, consumers paid thousands of dollars each in advance fees, but in
3 numerous instances received none of the promised services or relief.

4 **DEFENDANTS' BUSINESS PRACTICES**

5 12. In or about December 2010, Defendants entered into an agreement
6 under which CCMC – a company co-owned and co-managed by Cobb – provided
7 staffing, marketing, office space, equipment, and general operational and
8 administrative support to the Siringoringo Law Firm (SLF) – a purported law firm
9 of which Siringoringo was the principal – in its offering of loan-modification
10 services. Cobb actively directed and managed SLF's operations, including
11 managing staff and overseeing administrative functions; setting and enforcing
12 policies and procedures; developing marketing; and setting fees and controlling
13 office finances. Siringoringo did not typically have contact or involvement with
14 clients or their lenders; those functions were left to non-attorney CCMC personnel.
15 Client files typically lacked any documents written, authored, or signed by
16 Siringoringo.

17 13. Defendants heavily marketed SLF's purported loan-modification
18 services through television, radio, and internet advertisements, as well as direct
19 mail and email solicitations, in both English and Spanish. A number of
20 advertisements featured Siringoringo describing his skills, experience, and success
21 in obtaining loan modifications. The advertisements deceptively suggested that
22 SLF enjoyed high rates of success in obtaining loan modifications and other
23 foreclosure relief and misled consumers into believing that they would receive the
24 services of an attorney, Siringoringo.

25 14. Consumers who went to SLF to inquire about the services it could
26 provide would meet with individuals employed by CCMC. Those individuals
27 would mislead consumers into believing that they were eligible for a loan

1 modification, that they would obtain a modification within 45 days, and that
2 Siringoringo would directly negotiate with their lender or servicer to obtain the
3 desired relief. CCMC personnel would present consumers with an SLF retainer
4 agreement that also misleadingly suggested that they would be receiving the
5 services of an attorney.

6 15. Defendants enrolled thousands of consumers through these practices.

7 16. Under the terms of the retainer agreement, Defendants charged
8 consumers an initial fee of between \$1,995 and \$3,500 for the purported
9 preparation of a loan-modification application and then charged a monthly fee of
10 \$495 for purported continued processing, communication, and negotiation with the
11 lender or servicer. Consumers paid all such fees before any written agreement was
12 reached with the consumers' lender or servicer or any other mortgage assistance
13 relief was obtained. Defendants never disclosed to consumers that they may stop
14 doing business with Defendants or reject an offer of mortgage assistance without
15 having to pay for Defendants' services. Defendants also failed to disclose that they
16 were not associated with the government and their services were not approved by
17 the government or the consumer's lender.

18 17. In numerous instances, after consumers paid Defendants' advance
19 fees, Defendants failed to answer or return consumers' telephone calls and emails
20 and failed to provide updates about the status of consumers' loan-modification
21 applications. In numerous instances, after consumers paid Defendants' advance
22 fees, Defendants failed to obtain loan modifications or foreclosure relief for
23 consumers.

24 18. In numerous instances, consumers received no representation by an
25 attorney.

1 **REGULATION O**

2 19. In 2010, the Federal Trade Commission promulgated the MARS Rule
3 to prohibit unfair and deceptive acts or practices with respect to mortgage-loan or
4 foreclosure-relief services. 16 C.F.R. Part 322. In the CFPB, Congress transferred
5 rulemaking authority over the MARS Rule to the Bureau, which recodified the
6 Rule as 12 C.F.R. Part 1015 and designated it “Regulation O.” The Bureau has
7 authority to enforce Regulation O, as well as the prior MARS Rule, under 12
8 U.S.C. §§ 5538(a), 5564. (References below to “Regulation O” encompass both
9 Regulation O and the MARS Rule.)

10 20. Regulation O defines “mortgage assistance relief service” as “any
11 service, plan, or program, offered or provided to the consumer in exchange for
12 consideration, that is represented, expressly or by implication, to assist or attempt
13 to assist the consumer with . . . [n]egotiating, obtaining, or arranging a
14 modification of any term of a dwelling loan, including a reduction in the amount of
15 interest, principal balance, monthly payments, or fees.” 12 C.F.R. § 1015.2 (2011).

16 21. Regulation O defines “mortgage assistance relief service provider” as
17 “any person that provides, offers to provide, or arranges for others to provide, any
18 mortgage assistance relief service,” other than the dwelling loan holder, the
19 servicer of a dwelling loan, or any agent or contractor of such individual or entity.
20 12 C.F.R. § 1015.2 (2011).

21 22. Defendants were “mortgage assistance relief provider[s]” engaged in
22 the provision of “mortgage assistance relief services” as those terms are defined in
23 Regulation O. 12 C.F.R. § 1015.2 (2011).

24 23. Regulation O prohibits any mortgage assistance relief service provider
25 from requesting or receiving payment of any fee or other consideration until the
26 consumer has executed a written agreement between the consumer and the
27

1 consumer's loan holder or servicer that incorporates the offer that the provider
2 obtained from the loan holder or servicer. 12 C.F.R. § 1015.5(a) (2011).

3 24. Regulation O further prohibits any mortgage assistance relief service
4 provider from misrepresenting, expressly or by implication: (1) the likelihood of
5 negotiating, obtaining, or arranging any represented service or result; (2) the
6 amount of time it will take the mortgage assistance relief service provider to
7 accomplish any represented service or result; or (3) that the consumer will receive
8 legal representation. 12 C.F.R. § 1015.3(b) (1), (2), (8) (2011).

9 25. Regulation O requires any mortgage assistance relief service provider,
10 in every general commercial communication, as defined by 12 C.F.R. § 1015.2, to
11 disclose that the provider is not associated with the government and its service is
12 not approved by the government or the consumer's lender. 12 C.F.R.
13 § 1015.4(a)(1) (2011).

14 26. Regulation O further requires any mortgage assistance relief service
15 provider, in every consumer-specific commercial communication, as defined by 12
16 C.F.R. § 1015.2, to disclose: (1) that the consumer may stop doing business with
17 the provider or reject an offer of mortgage assistance without having to pay for the
18 services; and (2) that the provider is not associated with the government and its
19 service is not approved by the government or the consumer's lender. 12 C.F.R.
20 § 1015.4(b)(1), (2) (2011).

21 27. Regulation O further provides that it is a violation "for a person to
22 provide substantial assistance or support to any mortgage assistance relief service
23 provider when that person knows or consciously avoids knowing that the provider
24 is engaged in any act or practice that violates" the rule. 12 C.F.R. § 1015.6 (2011).

25 28. Under section 1097 of the CFPA, 12 U.S.C. § 5538, a violation of
26 Regulation O constitutes an unfair, deceptive, or abusive act or practice under the
27

1 CFPA, in violation of sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531,
2 5536.

3 **THE CFPA**

4 29. Sections 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531,
5 5536(a)(1)(B), prohibit “covered person[s]” or “service provider[s]” from engaging
6 “in any unfair, deceptive, or abusive act or practice.” Section 1036(a)(1)(A) also
7 prohibits “covered person[s]” or “service provider[s]” from “offer[ing] or
8 provid[ing] to a consumer any financial product or service not in conformity with
9 Federal consumer financial law, or otherwise commit any act or omission in
10 violation of a Federal consumer financial law.” 12 U.S.C. § 5536(a)(1)(A).

11 30. Section 1036(a)(3) of the CFPA further prohibits any person from
12 “knowingly or recklessly provid[ing] substantial assistance to a covered person or
13 service provider in violation of the provisions of section 1031 . . . and
14 notwithstanding any provision of [the CFPA], the provider of such substantial
15 assistance shall be deemed to be in violation of that section to the same extent as
16 the person to whom such assistance is provided.” 12 U.S.C. § 5536(a)(3).

17 31. Section 1002(25) defines the term “related person” to mean “any
18 director, officer, or employee charged with managerial responsibility for, or
19 controlling shareholder of,” or “any shareholder . . . or other person . . . who
20 materially participates in the conduct of the affairs of” of a non-bank provider of a
21 consumer financial product or service. 12 U.S.C. § 5481(25)(C). Section 1002(25)
22 further provides that a “related person” shall be “deemed to mean a covered person
23 for all purposes of any provision of Federal consumer financial law.” 12 U.S.C.
24 § 5481(25)(B).

25 32. Defendants were “covered person[s],” “service provider[s]” or
26 “related person[s],” and they provided “substantial assistance” within the meaning
27 of the CFPA. 12 U.S.C. §§ 5481(6), (25), (26), 5536(a)(3).

COUNT I

(Advance Fees in Violation of Regulation O)

Asserted Against All Defendants

33. The allegations in paragraphs 1 to 32 are incorporated here by reference.

34. In numerous instances, in the course of providing, offering to provide, or arranging for others to provide mortgage assistance relief services, Defendants asked for or received payment from consumers before those consumers had executed a written agreement with the loan holder or servicer that incorporated the offer obtained by Defendants, in violation of Regulation O, 12 C.F.R. § 1015.5(a) (2011).

COUNT II

(Misrepresentations in Violation of Regulation O)

Asserted Against CCMC and Cobb

35. The allegations in paragraphs 1 to 32 are incorporated here by reference.

36. In numerous instances, in the course of providing, offering to provide, or arranging for others to provide mortgage assistance relief services, Defendants engaged in misrepresenting, expressly or by implication, material aspects of their services, including but not limited to:

a. the likelihood of obtaining mortgage loan modifications or accomplishing any other represented service or result, in violation of Regulation O, 12 C.F.R. § 1015.3(b)(1) (2011);

b. the amount of time it would take to obtain mortgage loan modifications or accomplish any other represented service or result, in violation of Regulation O, 12 C.F.R. § 1015.3(b)(2) (2011); and

1 c. that consumers would receive legal representation, in violation
2 of Regulation O, 12 C.F.R. § 1015.3(b)(8) (2011).

3 **COUNT III**

4 **(Failure to Make Certain Disclosures in Violation of Regulation O)**

5 **Asserted Against CCMC and Cobb**

6 37. The allegations in paragraphs 1 to 32 are incorporated here by
7 reference.

8 38. In numerous instances, in the course of providing, offering to provide,
9 or arranging for others to provide mortgage assistance relief services, Defendants:

10 a. violated Regulation O, 12 C.F.R. § 1015.4(a)(1) (2011), by
11 failing to make the following disclosure in all general commercial
12 communications: “Siringoringo Law Firm is not associated with the
13 government, and our service is not approved by the government or your
14 lender”; and

15 b. violated Regulation O, 12 C.F.R. § 1015.4(b)(1), (2) (2011), by
16 failing to make the following disclosures in all consumer-specific
17 commercial communications:

18 i. “You may stop doing business with us at any time. You
19 may accept or reject the offer of mortgage assistance we obtain from
20 your lender [or servicer]. If you reject the offer, you do not have to
21 pay us. If you accept the offer, you will have to pay us (insert amount
22 or method for calculating the amount) for our services.”; and

23 ii. “Siringoringo Law Firm is not associated with the
24 government, and our service is not approved by the government or
25 your lender.”

COUNT IV

(Deceptive Acts and Practices in Violation of the CFPA)

Asserted Against CCMC and Cobb

39. The allegations in paragraphs 1 to 32 are incorporated here by reference.

40. In numerous instances, in connection with the offering or provision of mortgage assistance relief services, Defendants represented, expressly or by implication, that:

a. they generally would obtain mortgage loan modifications for consumers or would help them avoid foreclosure;

b. they generally would obtain such mortgage assistance relief within a certain time, such as 45 days; and

c. they would provide legal representation for consumers.

41. In truth and in fact, Defendants generally did not obtain mortgage loan modifications for consumers, generally did not help them avoid foreclosure, generally provided no actual mortgage assistance relief within the represented time, and generally did not provide legal representation for consumers. These representations were material and likely to mislead a reasonable consumer at the time they were made.

42. Therefore, Defendants' representations as set forth in paragraph 40 constituted deceptive acts and practices in violation of sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536.

PRAYER FOR RELIEF

WHEREFORE, the Bureau requests that the Court:

a. permanently enjoin Defendants from committing future violations of Regulation O and the CFPA and enter such other injunctive

1 relief as appropriate;

2 b. award restitution, jointly and severally, against Defendants in
3 the amount of all unlawfully collected fees;

4 c. order disgorgement of ill-gotten revenues against Defendants;

5 d. award civil money penalties against Defendants;

6 e. order the rescission or reformation of contracts where necessary
7 to redress injury to consumers;

8 f. award costs against Defendants; and

9 g. award additional relief as the Court may determine to be just
10 and proper.

11 Dated: January 4, 2017

Respectfully submitted,

12
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