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

15 Consumer Financial Protection Bureau,

16 Plaintiff,

17 v.

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

24 Defendants.

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

**DEFAULT JUDGMENT  
AND ORDER FOR PERMANENT  
INJUNCTION AND CIVIL MONEY  
PENALTIES AGAINST DEFENDANTS  
CLAUSEN & COBB MANAGEMENT  
COMPANY, INC., A CORPORATION;  
AND JOSHUA COBB, AN INDIVIDUAL**

1 Plaintiff Consumer Financial Protection Bureau (“CFPB” or “Bureau”)  
2 commenced this civil action on July 22, 2014, under sections 1031, 1036(a), 1054,  
3 and 1055 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C.  
4 §§ 5531, 5536(a), 5564, 5565, and under section 626 of the Omnibus  
5 Appropriations Act, 2009 (as amended by section 1097 of the CFPA), 12 U.S.C.  
6 § 5538, and its implementing regulation, the Mortgage Assistance Relief Services  
7 Rule (MARS Rule, or Regulation O), 12 C.F.R. Part 1015 (2011), in connection  
8 with Defendants’ marketing and sale of purported mortgage-assistance-relief  
9 services.

10 Defendants Clausen & Cobb Management Company, Inc., a corporation  
11 (CCMC), and Joshua Cobb, an individual (Cobb) failed to file an answer or  
12 otherwise defend this action. The Clerk entered defaults against defendants CCMC  
13 and Cobb on January 21, 2015 (Docket No. 28). The Bureau has filed a Notice of  
14 Application and Application for Entry of Default Judgment and Order for  
15 Permanent Injunction and Civil Money Penalties against defendants CCMC and  
16 Cobb (hereinafter Defaulting Defendants) pursuant to Fed. R. Civ. P. 55(b)(2) and  
17 Local Rules 55-1 and 55-2. The Court, having considered the Bureau’s  
18 Application, supporting declarations and exhibits, and the entire record in this  
19 matter, finds good cause to grant the relief requested in the Bureau’s Application.

20 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** as follows:

21 **FINDINGS**

22 1. When, as here, an action involves multiple defendants, a court may  
23 direct entry of a final judgment as to fewer than all defendants only if the court  
24 expressly determines that there is no just reason for delay. Fed.R.Civ.Proc. 54(b).  
25 Based on the following, the Court hereby determines that there is no just reason for  
26 delaying entry of final judgment against Defaulting Defendants. Upon entry of  
27 judgment against Defaulting Defendants, Plaintiff will amend the complaint to

1 remove Alfred Clausen as a defendant and withdraw all unadjudicated claims  
2 against codefendant Stephen Lyster Siringoringo, an individual, also d/b/a  
3 Siringoringo Law Firm (Siringoringo). The Court has adjudicated Siringoringo's  
4 liability under Count I of the Complaint (Minute Order, Docket No. 80) and has  
5 awarded a civil money penalty and other relief against Siringoringo relating to that  
6 liability determination (Amended Minute Order Docket No. 108; Order, Docket  
7 No. 109). Accordingly, upon entry of judgment against Defaulting Defendants and  
8 subsequent amendment of the complaint – to drop Clausen and withdraw Counts II  
9 to IV against Siringoringo – no unadjudicated claims will remain against any party,  
10 a final judgment can be entered against Siringoringo, and the entire action will be  
11 concluded. Accordingly, there is no just reason for delay.

12         2. This is an action by the Bureau instituted under Sections 1031,  
13 1036(a), 1054, and 1055 of the CFPA, 12 U.S.C. §§ 5531, 5536(a), 5564, and  
14 5565; and Regulation O, 12 C.F.R. Part 1015 (2011). The Complaint seeks  
15 permanent injunctive relief and civil money penalties. The Bureau has authority to  
16 seek this relief.

17         3. This Court has jurisdiction over the subject matter of this case and has  
18 jurisdiction over Defaulting Defendants, pursuant to 12 U.S.C. § 5565(a)(1) and 28  
19 U.S.C. §§ 1331 and 1345.

20         4. Venue in the Central District of California is proper under 28 U.S.C.  
21 §§ 1391(b) and 12 U.S.C. § 5564(f).

22         5. Defaulting Defendants have been properly served with the Summons  
23 and Complaint.

24         6. Defaulting Defendants have failed to answer or otherwise defend this  
25 action.

26         7. The Clerk of Court properly entered defaults against defendants  
27 CCMC and Cobb on January 21, 2015.

1 8. Defaulting Defendants are not minors, incompetent persons, or current  
2 members of the military service.

3 9. Defaulting Defendants were served with written notice of the  
4 Application (via United Parcel Service – Next Day Air) on November 20, 2015, at  
5 least seven days before any hearing on the application. The written notice included  
6 the amount of civil penalties requested by Plaintiff.

7 10. The Complaint states a claim upon which relief can be granted.

8 11. Because of Defaulting Defendants’ default, the allegations in the  
9 Complaint filed in this action are taken as true.

10 12. Judgment is entered against Defaulting Defendants, in favor of  
11 Plaintiff, on Counts I through IV.

12 13. Section 1055 of the CFPA, 12 U.S.C. § 5565, empowers this Court to  
13 order injunctive relief and civil money penalties.

14 14. The Bureau is entitled to an Order imposing a permanent injunction  
15 and requiring Defaulting Defendants to pay a civil money penalty in the amount of  
16 \$12,000,000.00.

17 15. This action and the relief awarded herein are in addition to, and not in  
18 lieu of, other remedies as may be provided by law, including both civil and  
19 criminal remedies.

20 16. Entry of this Order is in the public interest.

21 ***Advance Fees in Violation of Regulation O (Count I)***

22 17. Defaulting Defendants unlawfully charged consumers advance fees  
23 for purported mortgage-assistance-relief services in violation of Regulation O.  
24 Defaulting Defendants charged and collected thousands of dollars in fees – an  
25 initial fee of between \$1,995 and \$3,500 and a monthly fee of \$495 – before  
26 obtaining an executed written agreement between the consumer and the  
27

1 consumer's dwelling loan holder or servicer. (Compl. ¶ 17.) See 12 CFR  
2 § 1015.5(a).

3 ***Misrepresentations in Violation of Regulation O (Count II)***

4 18. Defaulting Defendants made misrepresentations in violation of  
5 Regulation O. Defaulting Defendants misleadingly suggested that they enjoyed  
6 high rates of success in obtaining loan modifications, misled consumers into  
7 believing they would obtain a modification within 45 days, and misled consumers  
8 into believing they would receive the services of an attorney. (Compl. ¶¶ 14-15.) In  
9 numerous instances, consumers received no representation by an attorney, and in  
10 numerous instances consumers never received loan modifications, let alone within  
11 45 days. (*Id.* ¶¶ 18-19.) See 12 CFR § 1015.3(b)(1), (2), (8).

12 ***Failure to Make Disclosures in Violation of Regulation O (Count III)***

13 19. Defaulting Defendants failed to make required disclosures in violation  
14 of Regulation O. Defaulting Defendants never disclosed that they were not  
15 associated with the government and that their purported mortgage-assistance-relief  
16 services were not approved by the government or the consumer's lender. (Compl.  
17 ¶ 17.) Defaulting Defendants also never disclosed that consumers could cease  
18 doing business with Defaulting Defendants without paying for their purported  
19 mortgage-assistance-relief services. (*Id.*) See 12 CFR § 1015.4(a)(1), (b)(1)-(2).

20 ***Deceptive Acts and Practices in Violation of the CFPA (Count IV)***

21 20. Defaulting Defendants engaged in deceptive acts and practices in  
22 violation of the CFPA. Defaulting Defendants heavily marketed their purported  
23 loan-modification services to financially distressed consumers, representing that an  
24 attorney would represent consumers when no attorney actually represented them.  
25 (Compl. ¶¶ 12,14-15.) Defaulting Defendants also represented to consumers that  
26 they would obtain a loan modification within 45 days, when such modifications  
27

1 generally did not materialize within that period, if at all. (Compl. ¶¶ 15, 18.) See 12  
2 U.S.C. §§ 5531, 5536.

3 ***Basis for Equitable and Monetary Relief***

4 21. As described above, Defaulting Defendants unlawfully charged and  
5 collected unlawful fees from thousands of financially distressed consumers – in  
6 many instances providing none of the promised relief. If Defaulting Defendants  
7 were to renew these activities, other potential victims could suffer similar harm.  
8 Were Defaulting Defendants free to return to their old ways, future victims may  
9 receive only a fraction of monetary damages to compensate them for injuries,  
10 particularly in light of the multitude of victims ensnared in the original scheme.  
11 Considering the balance of hardships and the public interest, the public interest is  
12 served by an injunction that reasonably “fences in” Defaulting Defendants from  
13 engaging in behavior related to their previous illegal conduct. *Cf. FTC v. Colgate-*  
14 *Palmolive Co.*, 380 U.S. 374, 395 (1965). Accordingly, the permanent injunction  
15 ordered in Sections I-IV, *infra*, is “appropriate . . . equitable relief.” 12 U.S.C.  
16 §§ 5564, 5565.

17 22. The penalty amount ordered in Section V, *infra*, is based on an  
18 estimated 2,400 consumers who paid the Defaulting Defendants advance fees  
19 between July 2011 and July 2013, but received no loan modification. A first-tier  
20 penalty amount of \$5,000 multiplied by this number of consumers yields a penalty  
21 of \$12,000,000. See 12 U.S.C. § 5565(c)(2)(A).

22 23. This penalty is conservative. First, it is based only on the number of  
23 consumers who paid advance fees but received no loan modification. However,  
24 Defaulting Defendants violated the law every time they charged or collected fees  
25 from a consumer before execution of a written loan-modification agreement with  
26 the dwelling loan holder or servicer – regardless of whether such an agreement was  
27 ultimately obtained. Uncontroverted evidence establishes that as of January 2012,  
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1 Defaulting Defendants had already collected such advance fees from over 4,000  
2 consumers. (Henderson Decl. Supp. Appl. Default J. ¶¶ 9, 13.) Second, the penalty  
3 is based on a first-tier amount of \$5,000, when uncontroverted evidence could  
4 establish that Defaulting Defendants be penalized at higher penalty tiers. *Cf.* 12  
5 U.S.C. § 5565(c)(2)(B) (\$25,000 per day for reckless violations); 12 U.S.C.  
6 § 5565(c)(2)(C) (\$1,000,000 per day for knowing violations).

7 24. There is no evidence in the record supporting the application of any  
8 mitigating factors under 12 U.S.C. § 5562(c)(2)(3), particularly in light of the  
9 conservative penalty calculation detailed above.

### 10 **DEFINITIONS**

11 For the purposes of this Order, the following definitions shall apply:

12 1. “Consumer financial product or service” has the same meaning as in  
13 section 1002(5) and (15) of the CFPA, 12 U.S.C. § 5481(5) and (15).

14 2. “Mortgage-assistance-relief product or service” means any product,  
15 service, plan, or program, offered or provided to the consumer in exchange for  
16 consideration, that is represented, expressly or by implication, to assist or attempt  
17 to assist the consumer with any of the following:

18 a. stopping, preventing, or postponing any mortgage or deed of  
19 trust foreclosure sale for the consumer’s dwelling, any repossession of  
20 the consumer’s dwelling, or otherwise saving the consumer’s dwelling  
21 from foreclosure or repossession;

22 b. negotiating, obtaining, or arranging a modification of any term  
23 of dwelling loan, including a reduction in the amount of interest,  
24 principal balance, monthly payments, or fees;

25 c. obtaining any forbearance or modification in the timing of  
26 payments from any dwelling loan holder or servicer on any dwelling  
27 loan;

- d. negotiating, obtaining, or arranging any extension of the period of time within which the consumer may (i) cure his or her default on a dwelling loan, (ii) reinstate his or her dwelling loan, (iii) redeem a dwelling, or (iv) exercise any right to reinstate a dwelling loan or redeem a dwelling;
- e. obtaining any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling; or
- f. negotiating, obtaining, or arranging (i) a short sale of a dwelling, (ii) a deed in lieu of foreclosure, (iii) or any other disposition of a dwelling loan other than a sale to a third party that is not the dwelling loan holder.

**ORDER**

**I.**

**BAN ON MORTGAGE-ASSISTANCE-RELIEF PRODUCTS AND SERVICES**

**IT IS HEREBY ORDERED** that the Defaulting Defendants, whether acting directly or indirectly, are permanently enjoined from:

- 1. Advertising, marketing, promoting, offering for sale, or selling any mortgage-assistance-relief product or service; and
- 2. Assisting others engaged in advertising, marketing, promoting, offering for sale, or selling any mortgage-assistance-relief product or service.

**II.**

**PROHIBITED MISREPRESENTATIONS**

**IT IS FURTHER ORDERED** that the Defaulting Defendants and their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of this Order,



1 whether acting directly or indirectly, in connection with the marketing  
2 performance, or sale of any consumer financial product or service, are permanently  
3 enjoined from misrepresenting, or assisting others in misrepresenting, expressly or  
4 by implication, any material fact, including but not limited to:

5 1. The likelihood of a consumer's receiving a consumer financial  
6 product or service;

7 2. That a consumer will receive a consumer financial product or service  
8 within a certain period of time;

9 3. That a consumer will receive representation by an attorney; and

10 4. Any material fact relating to any consumer financial product or  
11 service.

12 **III.**

13 **CUSTOMER INFORMATION – PROHIBITION ON USE; DISPOSAL**

14 **IT IS FURTHER ORDERED** that the Defaulting Defendants and their  
15 officers, agents, servants, employees, and attorneys, and those persons in active  
16 concert or participation with any of them, who receive actual notice of this Order,  
17 whether acting directly or indirectly, are permanently enjoined from using,  
18 disclosing, or benefitting from any customer information obtained prior to entry of  
19 this Order in connection with the advertising, sale, or provision of a mortgage-  
20 assistance-relief service.

21 **IT IS FURTHER ORDERED** that officers, agents, servants, employees,  
22 and attorneys of the Defaulting Defendants, and those persons in active concert or  
23 participation with the Defaulting Defendants, who receive actual notice of this  
24 Order and who have actual control over any customer information obtained prior to  
25 entry of this Order shall dispose of such customer information within thirty (30)  
26 days after entry of this Order. Disposal must protect against unauthorized access to  
27 the information, such as by shredding papers or destroying electronic media.

1 **IV.**

2 **PROHIBITION ON COLLECTING ACCOUNTS**

3 **IT IS FURTHER ORDERED** that Defaulting Defendants and their  
4 officers, agents, servants, employees, attorneys, and those persons in active concert  
5 or participation with any of them, who receive actual notice of this Order, whether  
6 acting directly or indirectly, are permanently enjoined from collecting payment  
7 from any consumer who purchased or agreed to purchase mortgage-assistance-  
8 relief products or services from Defaulting Defendants.

9 **V.**

10 **ORDER TO PAY CIVIL MONEY PENALTY**

11 **IT IS FURTHER ORDERED** that:

12 1. Under Section 1055(c) of the CFPB, 12 U.S.C. § 5565(c), by reason  
13 of the violations of law described above on page 6, paragraph 22, and taking into  
14 account the factors in 12 U.S.C. § 5565(c)(3), a judgment awarding a civil money  
15 penalty in the amount of \$12,000,000.00 is entered against the Defaulting  
16 Defendants, jointly and severally, with post-judgment interest at the legal rate. This  
17 monetary judgment is enforceable against any asset owned by, on behalf of, for the  
18 benefit of, or in trust by or for, the Defaulting Defendants.

19 2. The civil money penalties paid pursuant to this Order shall be  
20 deposited in the Civil Penalty Fund of the CFPB in accordance with Section  
21 1017(d) of the CFPB, 12 U.S.C. § 5497(d).

22 **VI.**

23 **OTHER MONETARY PROVISIONS**

24 **IT IS FURTHER ORDERED** that:

25 1. Defaulting Defendants must relinquish all dominion, control, and title  
26 to any funds paid pursuant to this Order to the fullest extent permitted by law and  
27 no part of the funds may be returned to Defaulting Defendants.




**IX.**

**SERVICE**

**IT IS FURTHER ORDERED** that this Order may be served upon Defaulting Defendants by certified mail, either by the United States Marshal, the Clerk of the Court, or any representative or agent of the Bureau.

**IT IS SO ORDERED, on January 03, 2017.**

  
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THE HONORABLE JAMES V. SELNA  
United States District Judge

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