

## SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into between the Consumer Financial Protection Bureau (“Bureau”) and Defendants Consumer First Legal Group, LLC, Thomas G. Macey, Jeffrey J. Aleman, Jason Searns, and Harold E. Stafford (collectively “Defendants”), through their authorized representatives.

### RECITALS

A. On July 22, 2014, the Bureau filed a complaint against Defendants in the U.S. District Court for the Western District of Wisconsin, alleging violations of Regulation O. *See CFPB v. The Mortgage Law Group LLP*, No. 3:14-cv-00513 (W.D. Wis.).

B. The district court entered a second amended judgment against Defendants and in favor of the Bureau on March 6, 2020.

C. Defendants appealed the district court’s judgment to the Seventh Circuit. To stay enforcement of the judgment while the appeal was pending, Defendants Macey and Stafford sought and received leave of the district court to deposit with the court the total sum of the money judgments against them.

D. The Seventh Circuit resolved Defendants’ appeal in 2021. Its decision affirmed Defendants’ liability for violations of Regulation O, vacated the district court’s remedial award, and remanded for further proceedings.

E. After additional proceedings on remand, the district court entered a new judgment against Defendants and in favor of the Bureau on August 2, 2022. That judgment ordered Defendants to pay to the Bureau a combined \$10,854,510.85 in legal restitution or refunds, and to also pay to the Bureau a combined \$18,410,500 in civil money penalties.

F. Defendants appealed that judgment to the Seventh Circuit, and the Bureau cross-appealed. *See CFPB v. Consumer First Legal Group LLC*, Nos. 22-2430, 22-2620 (7th Cir.). The Seventh Circuit heard oral argument on November 7, 2023. The appeals remain pending as of the date of this agreement.

To avoid the delay, uncertainty, inconvenience, and expense of further protracted litigation of the Bureau's claims in this case, and in consideration of the mutual promises and obligations of this Agreement, the Bureau and Defendants (collectively "Parties") agree and covenant as follows:

#### TERMS AND CONDITIONS

1. This settlement is premised upon the agreement of Defendants to pay the Bureau \$10,854,510.85 in legal restitution or refunds and an additional \$1,145,489.15 in civil money penalties in full satisfaction of the judgment entered by the district court on August 2, 2022.

2. This settlement is further premised upon the Parties agreeing to file a joint stipulation dismissing their appeals, as specified in the following paragraph. In the event that the Seventh Circuit issues a decision on the merits of the Parties' appeals, the Agreement is terminated and the Parties shall not be bound by the terms of the Agreement.

3. Within 3 business days of the date of signature of the last signatory to the Agreement, the Parties will file a joint stipulation dismissing both Defendants' appeal and the Bureau's cross-appeal in this case, Nos. 22-2430, 22-2620 (7th Cir.), pursuant to Federal Rule of Appellate Procedure 42(b)(1). That stipulation of dismissal will specify that each party will bear its own costs and that no court fees are due.

4. Following dismissal of both appeals, the Parties will file a joint motion to disburse funds currently held on deposit by Defendants Macey and Stafford with the U.S. District Court for the Western District of Wisconsin. The joint motion will specify that a total of \$12 million of these funds be disbursed to the Bureau in satisfaction of the judgment entered by the district court on August 2, 2022, with the remainder being disbursed to Defendants Macey and Stafford according to instructions provided by Defendants to the Court.

5. Following receipt of the \$12 million, the Bureau will file one or more satisfactions of judgment with the district court sufficient to reflect that the monetary judgment against each of the Defendants has been satisfied.

6. The Bureau agrees to file any and all IRS documentation relevant to this Agreement as the Bureau determines is required by law.

7. Defendants will remain enjoined pursuant to the terms of the district court's judgment of August 2, 2022.

8. The terms of the district court's judgment of August 2, 2022 will continue to govern the Bureau's allocation of legal restitution or refunds paid under this Agreement, except that Defendants waive any claim that any such funds should revert to them.

9. Each Party will bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

10. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

11. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

12. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

13. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

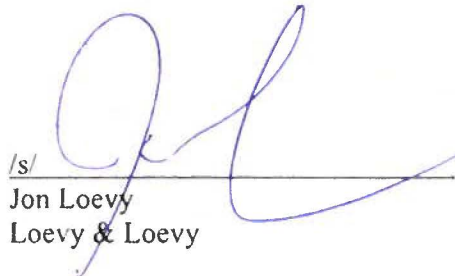
14. All Parties consent to the Bureau's disclosure of this Agreement, and information about this Agreement, to the public.

15. This Agreement represents a settlement of disputed claims concerning the proper relief in this case, entered into while the parties' appeals on that issue were still pending. Nothing in this Agreement shall be construed as either an admission or a denial by any party that the relief ordered in the judgment was proper.



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Dated: February 5, 2024