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The **Consumer Financial Protection Bureau ("CFPB") recently announced** actions to shut down mortgage loan modification scams that had victimized thousands of distressed homeowners throughout the nation. The scams took in more than $10 million by charging consumers for services that falsely promised foreclosure avoidance assistance or renegotiation of mortgages. Federal judges in California, at the request of CFPB, ordered the Gordon Law Firm and the National Legal Help Center to cease operations. The assets of both firms were also frozen as CFPB moves forward with the cases against the companies.

CFPB is targeting loan modification operations that attempt to disguise false claims of mortgage relief for distressed homeowners with claims that they are performing "legal work" or are a law firm. CFPB has focused much of its efforts on scammers that seek to attract victims with false claims that they are "endorsed by" or represent the government. Often, such tactics are used by mortgage relief scams to attract victims, add credibility to their operations, or take advantage of certain legal exemptions for the practice of law.

The CFPB complaints against the defendants allege that the companies violated the Dodd-Frank Act and Regulation O, previously known as the Mortgage Assistance Relief Services Rule. These laws prohibit unfair, deceptive, or abusive acts or practices and seek to protect distressed homeowners from mortgage relief scams. CFPB alleged the following violations of law against both defendants: (i) charging unlawful up-front fees in contravention of a prohibition on charging any fee before services are provided; (ii) deceptively claiming to be affiliated with government agencies and/or programs; (iii) misrepresenting that the companies would secure loan modifications for consumers; and (iv) improperly instructing consumers to stop paying their mortgages and to stop contacting their lenders, advice that potentially put consumers at risk of losing their homes or hurting their credit scores.