



Roy Cooper North Carolina Attorney General

FIGHTING FORECLOSURE AND LOAN MODIFICATION SCAMS

Many North Carolina homeowners are struggling to make their mortgage payments, and scammers are trying to take advantage of them.

More than 1,000 consumers have reported foreclosure and loan modification scams to the Attorney General's Consumer Protection Division in the past five years. To fight these scams, Attorney General Cooper helped win a law in 2005 that makes it illegal to charge an upfront fee for foreclosure assistance in North Carolina.

To fight foreclosure and loan modification scams, the Attorney General's Consumer Protection team has:

- Issued hundreds of cease and desist letters to warn foreclosure relief schemes to stop violating North Carolina law.
- Won judgments worth more than \$1.6 million from foreclosure scammers, including refunds for consumer victims of these schemes.
- Taken 17 foreclosure scammers to court, winning money back in 15 cases so far.

Community Mortgage Assistance Program and Koy Chiu, of Charlotte(2012)

Lender Exchange, Kenneth McCurd and Tanya Wilson, of Charlotte (2012)

Tidewater Financial and Elaine Madej, of Wilmington (2012)

Cooper filed suit against these companies and their principals in September 2012, alleging that they charge consumers illegal fees for mortgage loan modification services and then fail to provide them with meaningful help. He is asking the court to ban the companies and their principals from offering foreclosure, loan modification or debt relief services and order them to pay consumer refunds and civil penalties. In July 2013, Cooper won a consent judgment to close Lender Exchange permanently and win \$4,000 back in consumer refunds.

Credit Enhancement Services and Edward "Eddie" Phillip Long, Jr. (2011)

In May 2011, Cooper filed suit against Long and Credit Enhancement Services of Winston-Salem for charging consumers upfront fees of \$300-\$500 for loan modification help. In February 2012, the Attorney General's Office won a consent judgment, banning Long from offering foreclosure and loan modification services in North Carolina and winning \$5,600 back for consumers

Reginald Keith Turner/Hazelton Management/The Carley Group (2010)

In June 2010, Cooper filed suit against Turner for operating foreclosure rescue companies in Charlotte and Colfax, NC. Turner advertised that he'd identified possible legal violations by mortgage lenders and promised to use the information to negotiate favorable loan modifications. Homeowners who responded to the ads paid as much as \$2,500 in advance but got no real help from Turner. In January of 2011, Cooper won a default judgment against Turner, permanently prohibiting him from foreclosure assistance, loan modification and debt relief work in NC. The judgment also orders Turner to pay more than \$80,000 in consumer refunds and civil penalties.

The Lamb Group/US Consumer Solutions and Geoffrey Lamb (2009)

In December of 2009, Cooper won court orders stopping Lamb from taking money for foreclosure assistance or loan modifications. The Kannapolis-based scam claimed on its website to be a "non-profit foreclosure relief organization" with a

“success rate of 97%” In reality, Lamb charged homeowners an up-front fee of as much as \$1,500, told them not to contact their mortgage lenders, and then did little or nothing to help save their homes. Under a consent judgment entered May 27, 2010, Lamb is under a permanent injunction and must pay \$65,000 if he violates it.

Campbell Law Firm and Rudolph C. Campbell (2009)

In December of 2009, Cooper filed suit against Campbell and his Florida firm. The company promised consumers that a lawyer would “carefully review your foreclosure matter” and help win a loan modification for an advance fee of \$1,000. NC consumers who paid the money got little or no help, and had no contact with an attorney from the firm. The Florida Supreme Court disbarred Campbell on June 3, 2010 for his loan modification activities. On September 27, 2010, a North Carolina judge issued a default judgment to stop the company’s operations here permanently and ordered Campbell to pay \$40,000 in refunds and penalties.

Peoples First Financial (2009)

21st Century Legal Services (2009)

In July of 2009, Cooper joined federal officials and attorneys general from 17 other states to crack down on foreclosure scammers nationwide. Cooper filed suit against two California companies, Peoples First Financial and 21st Century Legal Services, that promised to help North Carolinians negotiate lower mortgage payments and save their homes from foreclosure. Both companies took money upfront and did little or nothing to help homeowners. Cooper won a default judgment against 21st Century Legal Services in February 2010, which contains a permanent injunction and orders payment of \$217,000 in refunds and penalties. Cooper won a default judgment against Peoples First in January 2011, permanently banning the company from performing or offering foreclosure assistance, loan modification and debt relief services in the state and ordering \$9,497.50 in refunds to consumers and \$25,000 in civil penalties to local public schools.

Mortgage Help Services and Nathaniel Livingston (2009)

In June of 2009, Cooper won a court order to stop Mortgage Help Services Inc. of Raleigh and its CEO from advertising, performing or taking money for loan modification and foreclosure assistance services. The company advertised on local TV stations and Christian radio stations that its experts could rescue homes from foreclosure, but homeowners who paid Mortgage Help Services between \$500 and \$1,500 upfront got little or no help. On February 2, 2010, Cooper won a permanent injunction and a judgment of \$244,409.94 against the defendants.

Robert E. Cassell, Jr., doing business as American Mortgage Assistance (2008)

Home Assure, LLC and its vice president Michael Grieco (2008)

Metrolina Mortgage Relief, LLC and its president Jeffery Mika (2008)

In October 2008, Cooper took action against these three Charlotte area foreclosure rescue companies that charged homeowners facing foreclosure high fees but failed to save their homes. In May of 2009, the Attorney General won a permanent injunction and judgment worth \$10,000 against Metrolina. In July 2009, the Attorney General won a permanent injunction and judgments worth more than \$147,000 against Grieco and Home Assure. In November 2009, the Attorney General won a permanent injunction against American Mortgage Assistance, \$50,000 in refunds, and an additional penalty of \$25,000 if either Cassell or the company violates the injunction.

Alphin Marketing Group, Inc., Alphin Group, Inc., and Russell E. Alphin (2008)

The Alphin Group targeted distressed homeowners with false offers to help save them from foreclosure. In May 2008, Cooper won a court order to stop the defendants from taking consumers’ money. In May 2009, the Attorney General won a permanent injunction to bar the company from offering foreclosure assistance and debt adjusting services in NC and a monetary judgment of \$30,000.

Mortgage Assistance Solutions, LLC, doing business as Fresh Start, and Michael Thomas Stoller (2008)

Fresh Start contacted NC homeowners facing foreclosure and told that they would negotiate with their lenders and help them get a new loan in exchange for an upfront fee of \$1,200 to \$1,400. In February 2008, Cooper won a court order barring the Florida company and its Beverly Hills-based manager from conducting foreclosure assistance services in NC. In May of 2008, the court imposed a permanent injunction and ordered the defendants to pay \$10,000 in refunds.

Mortgage Assistance of the Carolinas and Alan Steve Seabolt (2006)

This Charlotte company targeted distressed homeowners with promises of special expertise in rescuing homes from foreclosure, collecting an upfront fee but doing little or nothing to help consumers save their homes. Cooper filed suit against Seabolt and his company in August 2006. In September 2007, the court entered a default judgment and permanent injunction against the defendants, barring them from engaging in any foreclosure assistance or related services in NC and ordering them to pay \$105,000.

Webster's Marketing and Financial Services, Inc., David D. Webster and Marva Renee Dorsett (2002)

This Greensboro company claimed to provide foreclosure recovery, loan broker, and credit repair services but instead took people's money without providing them any real help. Consumers trying to save their homes from foreclosure lost thousands of dollars each to Webster's. In October 2002, Cooper won an order barring the defendants from their illegal activities. In 2003, the court entered a judgment ordering Webster to pay \$604,000 and Dorsett to pay \$35,000.