



## Roy Cooper North Carolina Attorney General

### FIGHTING FORECLOSURE SCAMS

More North Carolina homeowners are facing foreclosure, and scammers are trying to take advantage of them.

Consumers continue to report foreclosure and loan modification scams. In 2007, Attorney General Roy Cooper's Consumer Protection Division received seven complaints about foreclosure scams. That number rose to 82 complaints in 2008 and 448 complaints in 2009, and dropped to 251 complaints in 2010.

In 2005, Cooper helped win a law that makes it illegal to charge an upfront fee for foreclosure assistance in North Carolina. To enforce the law, the Attorney General's Consumer Protection Team has:

- Issued 260 cease and desist letters to warn foreclosure relief schemes to stop violating North Carolina law.
- Won judgments worth more than \$1 million from foreclosure scammers, including refunds for consumer victims of these schemes.
- Taken 12 foreclosure scammers to court:

#### 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, a judge issued a default judgment against Turner, permanently prohibiting him from foreclosure assistance, loan modification and debt relief work in North Carolina. 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. North Carolina 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)

#### 21<sup>st</sup> 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 21<sup>st</sup> 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. A North Carolina court agreed with Cooper's request to bar the companies from doing business with North Carolina consumers. Cooper won a default judgment against 21<sup>st</sup> Century Legal Services on February 17, 2010, which contains a permanent injunction and orders payment of \$217,000 in refunds and penalties.

#### 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. The firms are currently barred from offering foreclosure services in NC. 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 North Carolina and a monetary judgment of \$30,000.

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

Fresh Start contacted North Carolina 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 North Carolina. In May of 2008, the court imposed a permanent injunction on the defendants and ordered it to pay \$10,000 in refunds. The company is no longer doing business in North Carolina.

#### 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 North Carolina and ordering them to pay \$105,000.