

**IN THE UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND**

CONSUMER FINANCIAL PROTECTION BUREAU, 1700 G Street NW Washington, DC 20552)	
Plaintiff,)	CIVIL ACTION NO.
v.)	
NATIONAL CORRECTIVE GROUP, INC., a Delaware corporation, also d/b/a CorrectiveSolutions, 910 Calle Negocio, San Clemente, CA 92673)	
AMERICAN JUSTICE SOLUTIONS, INC., a Delaware corporation, also d/b/a CorrectiveSolutions, 910 Calle Negocio, San Clemente, CA 92673)	
VICTIM SERVICES, INC. a Delaware corporation, 910 Calle Negocio, San Clemente, CA 92673)	
and)	
MATS JONSSON, individually and as a principal of National Corrective Group, Inc., American Justice Solutions, Inc., and Victim Services, Inc., 910 Calle Negocio, San Clemente, CA 92673)	
Defendants.)	

Complaint for Permanent Injunction and Other Equitable Relief

Plaintiff, the Consumer Financial Protection Bureau (Bureau) for its complaint against Defendants National Corrective Group, Inc., doing business as CorrectiveSolutions (NCG); American Justice Solutions, Inc., doing business as CorrectiveSolutions (AJS); Victim Services, Inc., (VSI); and Mats Jonsson (Jonsson), alleges as follows:

1. The Bureau brings this action under Sections 1031(a), 1036(a), 1054, and 1055 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a), 5564(a), and 5565, and Sections 807 and 809 of the Fair Debt Collection Practices Act (FDCPA), 15 U.S.C. §§ 1692e and 1692g, to obtain permanent injunctive relief, restitution, disgorgement, civil money penalties, and other relief for violations of the CFPA and FDCPA by NCG, AJS, VSI, and Jonsson (collectively, Defendants). Unfair, deceptive, and abusive acts or practices in violation of the CFPA are prohibited. 12 U.S.C. §§ 5531(a) and 5536(a)(1). The FDCPA prohibits, among other things, the use of any false, deceptive, or misleading representation or means in connection with the collection of any debt. 15 U.S.C. § 1692e.

JURISDICTION AND VENUE

2. This Court has subject-matter jurisdiction over this action because it is brought under Federal consumer financial law, 12 U.S.C. § 5565(a)(1), presents a

federal question, 28 U.S.C. § 1331, and is brought by an agency of the United States, 28 U.S.C. § 1345.

3. Venue is proper in this District because a substantial amount of the transactions, acts, practices, and courses of conduct constituting violations of Federal consumer financial law occurred within this district. 28 U.S.C. §§ 1391(b) and (c), and 12 U.S.C. § 5564(f).

PLAINTIFF

4. The Bureau is an agency of the United States. 12 U.S.C. § 5491(a). It has independent litigating authority, including the authority to enforce the CFPB and the FDCPA 12 U.S.C. § 5564(a)-(b).

DEFENDANTS

5. Defendant National Corrective Group, Inc., which also does business as CorrectiveSolutions, is a for-profit corporation, incorporated in the state of Delaware with a principal place of business in San Clemente, California. It is a private debt collection company that, until June 2014, specialized in administering bad check diversion programs on behalf of state and local prosecutors' offices and collecting dishonored check debt from consumers on behalf of retail merchants. It does business in the states of Maryland, Colorado, California, Florida, Michigan, New Mexico, Nevada, Illinois, Indiana, Iowa, and Pennsylvania, among others.

6. Defendant American Justice Solutions, Inc., which also does business as CorrectiveSolutions, is a for-profit corporation, incorporated in the state of Delaware with a principal place of business in San Clemente, California. It is a private company that assumed the business operations of National Corrective Group, Inc. in June 2014.

7. Defendant Victim Services, Inc. is a for-profit corporation, incorporated in the state of Delaware with a principal place of business in San Clemente, California. It is a private company that acquired the assets and assumed the business operations of National Corrective Group, Inc., in June 2014.

8. Defendant Mats Jonsson is NCG's Chief Executive Officer and previously its Chief Operating Officer. He has managerial responsibility for NCG and materially participated in the conduct of its affairs, including its collection of bad checks. He currently owns and manages the business of American Justice Solutions and Victim Services, Inc. Jonsson is therefore a "related person" under the CFPA. 12 U.S.C. § 5481(25)(C)(i)-(ii).

9. At all times related to the violations alleged herein, Jonsson individually and in concert with others, formulated, directed, controlled, and participated in the acts and practices of NCG, AJS, and VSI (collectively, the Companies), including the acts and practices set forth in this complaint.

10. Defendants are “debt collectors” within the meaning of the FDCPA. 15 U.S.C. § 1692a(6).

11. At all times material to this complaint, Defendants have provided and offered a consumer financial product or service as defined by the CFPA. 12 U.S.C. §§ 5481(5), 5481(15)(A)(vi), 5481(15)(A)(viii)(II), and 5481(15)(A)(x). Accordingly, the Defendants are “covered persons” within the meaning of the CFPA. 12 U.S.C. § 5481(6).

FACTS

12. NCG was incorporated on April 8, 2009 in order to acquire the bad check collection business of American Corrective Counseling Services Inc. (ACCS). At that time, ACCS was a defendant in a class-action lawsuit brought by and on behalf of individuals who had received letters from ACCS that deceptively threatened possible criminal prosecution if they did not pay debts associated with dishonored checks. ACCS filed for bankruptcy in January 2009 and was allowed to sell its business, including its contracts with state and local prosecutors’ offices (DAs) to administer bad check diversion programs, to NCG.

13. AJS and VSI were incorporated on May 12, 2014, in order to acquire the assets and business of NCG. AJS and VSI are wholly owned by Defendant Jonsson.

14. Historically, bad check diversion programs have been operated by debt collectors that entered into contracts with DAs to collect dishonored checks received

from local merchants. The diversion programs consist of three parts: (1) full restitution to the victim merchant; (2) payment of administrative and program fees; and (3) completion of a financial accountability class. While private diversion programs can be an efficient way for DAs to delegate operation of administrative support services for such programs, the companies operating the programs, such as the Companies, must comply with the law in doing so, including operating in compliance with the FDCPA. In 2006, Congress amended the FDCPA to exclude check diversion companies from the definition of “debt collector,” but only if certain specific conditions apply. Companies operating check diversion programs must ensure that they meet the conditions for FDCPA exemption or, if they do not, must comply with the FDCPA in all respects.

15. The instant matter arises because Defendants, in administering diversion programs, engaged in deceptive conduct by sending notices and letters to consumers on DA letterheads and by creating the false impression that consumers may be prosecuted for writing bad checks unless they: enroll in the diversion program; pay the debts and administrative fees in question; and enroll in a financial education class, for which Defendants charge an additional fee (typically \$130 to \$190). The manner in which Defendants administer the diversion programs does not meet the FDCPA’s statutory requirements for the check diversion programs exemption. Thus, Defendants are debt collectors under the FDCPA and must comply with all of the

FDCPA's provisions. As set forth herein, Defendants are in widespread violation of the FDCPA and CFPA.

A. Background

16. Since at least April 2009, when NCG acquired the assets and took over the business operations of ACCS, until June 2014, when AJS and VSI purchased NCG's assets and took over its operations, NCG was one of the largest providers of pre-charge bad check diversion programs in the United States. AJS and VSI have replaced NCG's position as one of the largest pre-charge bad check diversion programs and have continued those operations from June 2014 to the present.

17. Defendants have marketed and promoted their services to DAs and to merchants and have provided the DAs with standard diversion program contracts that include screening criteria, in some cases modified or amended by the DA.

18. When a merchant who participates in one of the Companies' diversion programs receives a check that is subsequently dishonored, the merchant can file a bounced check report directly with the Companies.

19. In most cases, the Companies review a merchant's report to independently determine whether the consumer committed a bad check violation under the applicable state penal law as set forth in the screening criteria. The Companies then decide whether the consumer is eligible to participate in the diversion program.

20. In determining whether a consumer is eligible to participate in the diversion program, the Companies do not consult the DA, the DA's office, or any criminal background databases.

21. In order to successfully complete the diversion program, consumers must pay the Companies the amount of the alleged bad check (which amount is ultimately sent by the Companies to the complaining merchant) and an administration fee.

22. In addition, the Companies require consumers to enroll in, pay an additional fee for, and complete a financial accountability class before the company will certify that the consumer has successfully completed the diversion program. The fee for the class ranges from \$130 to \$190 depending on the jurisdiction in which the class is held.

23. The entire additional fee consumers pay for the financial accountability class is retained by the Companies.

24. If an alleged bad check writer does not successfully complete the diversion program, the Companies decide whether the file should be forwarded to the DA's office for possible criminal prosecution, based on prosecution criteria that are generally stricter than the screening criteria.

25. Only a small percentage of the files that originally meet the screening criteria for the diversion program are forwarded to the DA's office to be reviewed for

criminal prosecution. In the jurisdictions where Defendants operate diversion programs, few, if any, of the files that meet the prosecution criteria result in the filing of a criminal charge.

B. The Initial Collection Letters

26. Since at least July 21, 2011, Defendants have sent out initial collection letters on DA letterhead – often bearing a facsimile of the DA’s signature – to consumers that Defendants determined met the diversion program intake criteria. An example of NCG’s initial collection letter is attached hereto as Exhibit 1. Since June 2014 AJS and VSI have continued to send such letters, which are essentially unchanged from NCG’s letters.

27. The collection letters on DA letterhead do not disclose the identity of one of the Companies as the sender of the letters, but merely include a brief reference, in small type in a box at the bottom of the page, to “a third party administrator.”

28. In addition, statements in the letters refer to the DA, “this office,” or “my office,” and do not indicate that the letters are from one of the Companies, and do not disclose that a DA has not reviewed the bad check allegations against that consumer. Specifically, the letters state:

- a. “My office has established a Bad Check Restitution Program.”

- b. "If you choose to participate in the Bad Check Restitution Program, and if you successfully complete the program's two steps outlined above, my office will consider this matter resolved."
29. The initial collection letters contain the heading in bold capital letters, "OFFICIAL NOTICE - IMMEDIATE ATTENTION REQUIRED." They also state that the consumer has been accused of violating a penal statute and can enter a "pre-charge program" to avoid "the possibility of further action against the accused by the District Attorney." Specifically, the initial collection letters state:
- a. "You have been accused of violating" a specific state statute;
 - b. A "conviction under this statute is punishable by ... imprisonment and/or a fine;"
 - c. "The Bad Check Restitution Program ... is a pre-charge program designed to allow people accused of having violated the above referenced statute to avoid the possibility of further action against the accused by the District Attorney's office."
30. Less than one percent of the consumers that receive the initial collection letter meet the criteria for criminal prosecution or are ultimately referred to the DA's office to be reviewed for possible criminal prosecution.
31. Defendants sent these letters to consumers knowing that the possibility of actual prosecution is extremely remote.

32. The initial collection letter does not disclose that one of the Companies is attempting to collect a debt and that any information obtained will be used for that purpose, as required by section 807(11) of the FDCPA. 15 U.S.C. § 1692e(11).

33. Neither the initial collection letter, nor any communication sent within five days of the initial collection letter, provide the statements regarding a consumer's right to validate the debt required by section 809 of the FDCPA. 15 U.S.C. § 1629g.

C. Second Collection Letters

34. Since at least July 21, 2011, Defendants have sent a second warning letter on DA letterhead to consumers who either did not reply to the initial letter or did not successfully complete the diversion program. An example of NCG's second warning letter is attached hereto as Exhibit 2. Since June 2014 AJS and VSI have continued to send such letters, essentially unchanged from NCG's letters. The second warning letters make the following statements:

- a. "Our records indicate that you have failed to respond or fully comply with the [DA's] Official Notice."

35. "Successful completion of the program requires that you comply with all of the Bad Check Restitution Program requirements including full restitution, all fees and attendance of the Financial Accountability class."

36. The Companies send these second warning letters before the consumer's file has been forwarded to the DA to be considered for criminal prosecution, and

indeed, it sends these letters at a time when it has not been determined whether the consumer's file will be forwarded to the DA to be considered for criminal prosecution.

37. The second warning letters on DA letterhead do not disclose the identity of one of the Companies as the sender of the letters.

38. Defendants are aware that less than one percent of those consumers to whom they mail the second warning letters will ultimately be referred to the DA's office for possible criminal prosecution.

D. Subsequent Letters and Second Screening

39. Since at least July 21, 2011, Defendants have sent subsequent warning letters on DA letterhead to consumers who either did not reply to the second warning letters or did not successfully complete the diversion program. In a final attempt to collect the consumer's debt and have the consumer enroll in the diversion program, Defendants sent letters on DA letterhead containing the heading in bold capital letters, "CASE FORWARDED FOR POTENTIAL CRIMINAL PROSECUTION." An example of NCG's final warning letter is attached hereto as Exhibit 3. Since June 2014 AJS and VSI have continued to send such letters, essentially unchanged from NCG's letters. The final warning letters make the following statements:

- a. "Your case has been reviewed and forwarded to the [DA] for consideration of prosecution ... due to your failure to complete the requirements of the Bad Check Restitution Program."
- b. "Your immediate response may be able to cease this action."
- c. "Successful completion of the program requires that you comply with all of the Bad Check Restitution Program requirements including full restitution, all fees and attendance of the Financial Accountability class."

40. The final warning letters on DA letterhead do not disclose the identity of one of the Companies as the sender of the letters.

41. Defendants are aware that less than one percent of those consumers to whom it mails the final warning letters will ultimately be referred to the DA's office for possible criminal prosecution and that few, if any, are ever prosecuted.

E. Defendant Jonsson's Role

42. Jonsson is ultimately responsible for the operation of the Companies and the actions taken by their employees in the administration of the diversion programs. Jonsson reviewed and approved, or allowed the continued use of, the Companies' collection letters. He oversees all aspects of the diversion program, including the intake process and the determination of which consumers are referred to the DAs for possible criminal prosecution.

F. State and Federal Statutes Concerning Bad Check Diversion Programs

43. Under the penal laws of California, Florida, Minnesota, Nevada, Oregon, and Illinois, states where the Companies have contracts to administer diversion programs, DAs may contract with a private entity to administer their diversion programs; however, these state laws explicitly state that the DAs must use screening criteria, which are also set forth in those laws, to decide which consumers are appropriate for enrollment in diversion programs.

44. In administering diversion programs, the Companies have determined which specific consumers are appropriate for enrollment, thereby exercising independent prosecutorial discretion.

45. In administering diversion programs, the Companies have determined which specific consumers are appropriate for enrollment without using the screening criteria mandated by state law, thereby administering the diversion programs contrary to the penal laws in the states where they operate.

46. Section 818 of the FDCPA, 15 U.S.C. § 1692p, provides that private entities operating pretrial bad check diversion programs are not “debt collectors” under the FDCPA if the entity, in the course of performing its duties, among other things, complies with state penal laws, does not exercise independent prosecutorial discretion, contacts consumers only after a DA has determined that the consumer is

appropriate for the diversion program, and includes certain clear and conspicuous statements in its initial written communications with consumers.

47. In administering diversion programs, Defendants failed to comply with state penal laws, exercised independent prosecutorial discretion, contacted consumers before a DA had determined that the consumer was appropriate for the diversion program, and failed to include in their initial written communications with consumers the clear and conspicuous statements required by the FDCPA's statutory exception for certain bad check diversion programs operated by private entities. Therefore, Defendants fail to meet the statutory exception criteria of section 818 of the FDCPA, 15 U.S.C. § 1692p, and each Defendant is a "debt collector" under the FDCPA and is bound by its provisions.

**VIOLATIONS OF THE
CONSUMER FINANCIAL PROTECTION ACT AND
FAIR DEBT COLLECTION PRACTICES ACT**

48. Sections 1031 and 1036(a)(1)(B) of the CFPB, 12 U.S.C. §§ 5531 and 5536(a)(1)(B), prohibit covered persons from engaging "in any unfair, deceptive, or abusive act or practice."

49. Section 807 of the FDCPA, 15 U.S.C. § 1692e, prohibits debt collectors from using any false, deceptive, or misleading representation or means in connection with the collection of any debt. Section 807(3) of the FDCPA, 15 U.S.C. § 1692e(3), specifically prohibits the false representation or implication that any individual is an

attorney or that the communication is from an attorney. Section 807(4) of the FDCPA, 15 U.S.C. § 1692e(4), specifically prohibits the representation or implication that nonpayment of any debt will result in the arrest or imprisonment of any person unless such action is lawful and the debt collector or creditor intends to take such action. Section 807(5) of the FDCPA, 15 U.S.C. § 1692e(5), specifically prohibits the threat to take any action that cannot legally be taken or that is not intended to be taken. Section 807(9) of the FDCPA, 15 U.S.C. § 1692e(9), prohibits the use or distribution of any written communication which simulates or is falsely represented to be a document authorized, issued, or approved by any official or agency of any State, or which creates a false impression as to its source, authorization, or approval. Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10), prohibits using false representations or deceptive means to collect or attempt to collect any debt or to obtain information concerning a consumer. Section 807(11) of the FDCPA, 15 U.S.C. § 1692e(11), prohibits the failure to disclose in the initial written communication with the consumer that the debt collector is attempting to collect a debt and that any information obtained will be used for that purpose. Section 807(14) of the FDCPA, 15 U.S.C. § 1692e(14), prohibits using any business, company, or organization name other than the true name of the debt collector's business, company, or organization. Section 809(a) of the FDCPA, 15 U.S.C. § 1692g(a), requires a debt collector in its

initial communication or within five days thereafter to send the consumer a written notice containing statements regarding a consumer's right to validate the debt.

DEFENDANTS FALSELY REPRESENTED THAT COMMUNICATIONS WERE FROM AN ATTORNEY

50. The Bureau incorporates the allegations in paragraphs 1-47 by reference.
51. In numerous instances, in connection with collecting or attempting to collect debt from consumers, Defendants have represented to consumers, expressly or by implication, that communications sent to the consumers are from an attorney.
52. In fact, in numerous instances, Defendants' communications sent to consumers are not from an attorney.

COUNT 1- VIOLATION OF THE CFPA

53. The representations set forth in Paragraph 51 are false or misleading and constitute a deceptive act or practice in violation of Section 1031(a) and 1036(a) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a).

COUNT 2- VIOLATION OF THE FDCPA

54. The acts and practices alleged in Paragraph 51 constitute violations of Sections 807, 807(3), and 807(10) of the FDCPA, 15 U.S.C. §§ 1692e, 1692e(3), and 1692e(10).

DEFENDANTS FALSELY REPRESENTED THAT NONPAYMENT OF A DEBT COULD RESULT IN AN ARREST OR IMPRISONMENT

55. The Bureau incorporates the allegations in paragraphs 1-47 by reference.

56. In numerous instances, in connection with collecting or attempting to collect debt from consumers, Defendants have represented to consumers, directly or indirectly, expressly or by implication, that nonpayment of a debt will result in arrest or imprisonment.

57. In fact, Defendants could not lawfully cause a consumer to be arrested or imprisoned, and Defendants did not intend to take such action.

COUNT 3- VIOLATION OF THE CFPA

58. The representations set forth in paragraph 56 are false or misleading and constitute a deceptive act or practice in violation of Section 1031(a) and 1036(a) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a).

COUNT 4- VIOLATION OF THE FDCPA

59. The acts and practices alleged in paragraph 56 constitute violations of Sections 807, 807(4), and 807(10) of the FDCPA, 15 U.S.C. §§ 1692e, 1692e(4), and 1692e(10).

DEFENDANTS FALSELY THREATENED TO TAKE ACTION THAT CANNOT BE LEGALLY TAKEN OR IS NOT INTENDED TO BE TAKEN

60. The Bureau incorporates the allegations in paragraphs 1-47 by reference.

61. In numerous instances, in connection with the collection or attempt to collect debt from consumers, Defendants have represented, directly or indirectly, expressly or by implication, that legal action would be taken against the consumer.

62. In fact, in numerous instances, Defendants could not legally take legal action and did not intend to take such action against consumers.

COUNT 5- VIOLATION OF THE CFPA

63. The representations set forth in paragraph 61 are false or misleading and constitute a deceptive act or practice in violation of Section 1031(a) and 1036(a) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a).

COUNT 6- VIOLATION OF THE FDCPA

64. The acts and practices alleged in paragraph 61 constitute violations of Sections 807, 807(5) and 807(10) of the FDCPA, 15 U.S.C. §§ 1692e, 1692e(5), 1692e(10).

DEFENDANTS USED OR DISTRIBUTED WRITTEN COMMUNICATIONS THAT SIMULATED OR WERE FALSELY REPRESENTED TO BE DOCUMENTS ISSUED FROM A STATE OFFICIAL OR AGENCY

65. The Bureau incorporates the allegations in paragraphs 1-47 by reference.

66. In numerous instances, in connection with collecting or attempting to collect debt from consumers, Defendants represented to consumers, directly or indirectly, expressly or by implication, that written communications distributed to consumers were issued from an official or agency of a State.

67. In fact, in numerous instances, Defendants' written communications to consumers were not issued from an official or agency of a State.

COUNT 7- VIOLATION OF THE CFPA

68. The representations set forth in paragraph 66 are false or misleading and constitute a deceptive act or practice in violation of Section 1031(a) and 1036(a) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a).

COUNT 8- VIOLATION OF THE FDCPA

69. The acts and practices alleged in paragraph 66 constitute violations of Sections 807, 807(9), and 807(10) of the FDCPA, 15 U.S.C. §§ 1692e, 1692e(9), and 1692e(10).

DEFENDANTS HAVE FAILED TO DISCLOSE THAT NCG, AJS, OR VSI ARE DEBT COLLECTORS ATTEMPTING TO COLLECT A DEBT AND THE INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE

70. The Bureau incorporates the allegations in paragraphs 1-47 by reference.

71. In numerous instances, in connection with collecting or attempting to collect debt from consumers, Defendants have failed to disclose in the initial written communication with the consumer that Defendants are debt collectors attempting to collect a debt and that any information obtained will be used for that purpose, and have failed to disclose in subsequent communications that the communication is from a debt collector.

COUNT 9- VIOLATION OF THE FDCPA

72. The acts and practices alleged in paragraph 71 constitute violations of Sections 807(11) of the FDCPA, 15 U.S.C. § 1692e(11).

**DEFENDANTS FALSELY USED THE NAME OF AN ORGANIZATION
OTHER THAN ITS TRUE NAME**

73. The Bureau incorporates the allegations in paragraphs 1-47 by reference.
74. In numerous instances, in connection with collecting or attempting to collect debt from consumers, Defendants used a business, company, or organization name other than its true name.
75. In truth and in fact, in numerous instances, Defendants used the names of the District or State's Attorney in connection with collecting or attempting to collect debt from consumers.

COUNT 10- VIOLATION OF THE FDCPA

76. The acts and practices alleged in Paragraph 74 constitute a violation of Section 807(14) of the FDCPA, 15 U.S.C. § 1692e(14).

**DEFENDANTS' COMMUNICATIONS OMITTED WRITTEN NOTICE
CONTAINING STATEMENTS REGARDING A CONSUMER'S RIGHT
TO VALIDATE THE DEBT**

77. The Bureau incorporates the allegations in paragraphs 1-47 by reference.
78. In numerous instances, in connection with collecting or attempting to collect debt from consumers, Defendants have failed to provide consumers in the initial communication or five days thereafter, proper notice under the FDCPA, including:

- a. Unless the consumer, within thirty days after receipt of the notice, disputes the validity of the debt, or any portion thereof, the debt will be assumed to be valid by the debt collector; and
- b. If the consumer notifies the debt collector in writing within the thirty-day period that the debt, or any portion thereof, is disputed, the debt collector will obtain verification of the debt or a copy of a judgment against the consumer and a copy of such verification or judgment will be mailed to the consumer by the debt collector.

COUNT 11- VIOLATION OF THE FDCPA

79. The acts and practices alleged in paragraph 78 constitute violations of Section 809(a), of the FDCPA, 15 U.S.C. § 1692g(a).

DEFENDANTS MISLED CONSUMERS INTO ENTERING INTO A DIVERSION PROGRAM THAT REQUIRED THEM TO PAY FOR AND COMPLETE A FINANCIAL ACCOUNTABILITY CLASS

80. The Bureau incorporates the allegations in paragraphs 1-47 by reference.

81. In numerous instances, Defendants have represented to consumers, directly or indirectly, expressly or by implication, that the consumers had to enroll in and pay for a financial accountability class as part of the diversion program in order to avoid criminal prosecution.

82. In truth and in fact, in numerous instances, consumers did not have to enroll in and pay for a financial accountability class to avoid criminal prosecution.

COUNT 12- VIOLATION OF THE CFPA

83. The representations set forth in paragraph 81 are false or misleading and constitute a deceptive act or practice in violation of Section 1031(a) and 1036(a) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a).

CONSUMER INJURY

84. Consumers have suffered or are likely to suffer substantial injury as a result of Defendants' violations of the FDCPA and CFPA. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices.

THIS COURT'S POWER TO GRANT RELIEF

85. The CFPA empowers this Court to grant any appropriate legal or equitable relief including, without limitation, permanent or temporary injunction, rescission or reformation of contracts, the refund of moneys paid, restitution, disgorgement or compensation for unjust enrichment, monetary relief, and civil money penalties, to prevent and remedy any violation of any provision of law enforced by the Bureau. 12 U.S.C. § 5565.

DEMAND FOR RELIEF

The Bureau requests that the Court award:

- A. A permanent injunction to prevent and restrain future violations;
- B. Disgorgement of money, in an amount to be determined at trial;

- C. Restitution of an amount to be determined at trial to compensate consumers;
- D. Civil money penalties;
- E. Recovery of costs in connection with prosecuting the instant action; and
- F. Any other legal or equitable relief deemed appropriate.

Dated: March 30, 2015

Respectfully submitted,

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For the Consumer Financial Protection
Bureau