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Subject: CFPB and State Partners Obtain Refunds for Consumers Charged Illegal Debt-Relief Fees
Date: Friday, December 21, 2012 10:54:16 AM

FOR IMMEDIATE RELEASE:
December 21, 2012

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CONSUMER FINANCIAL PROTECTION BUREAU AND STATE PARTNERS OBTAIN REFUNDS FOR CONSUMERS CHARGED ILLEGAL DEBT-RELIEF FEES

CFPB Announces First Joint-Enforcement Action with the States

WASHINGTON, D.C. — Today, at the request of the Consumer Financial Protection Bureau (CFPB), a federal district court in Miami entered an order requiring a nationwide debt-relief services company to refund up to $100,000 to consumers who were unlawfully charged advance fees for debt-settlement services. State Attorneys General of New Mexico, North Carolina, North Dakota, and Wisconsin and the State of Hawaii Office of Consumer Protection all joined the Bureau's lawsuit, making this the Bureau's first joint-enforcement action with the states.

"Today's order will put money back in the pockets of consumers who were wrongfully charged for debt-relief services," said CFPB Director Richard Cordray. "We are pleased to be working with our state partners on this important effort to protect consumers."

A Bureau investigation found evidence that the defendant, Payday Loan Debt Solution, Inc. (PLDS), routinely charged consumers upfront fees prior to settling the consumers' debts. This practice violates the Federal Trade Commission's Telemarketing Sales Rule, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and various state laws. Upon being informed of the Bureau's joint investigation, PLDS cooperated with the CFPB and immediately ceased its unlawful conduct.

At the request of the CFPB and the five state law-enforcement agencies, the court is ordering PLDS to provide a full refund, $100,000 in total, to consumers who were charged advance fees, but who received no debt-settlement services from PLDS by the time their accounts were closed. Additionally the order requires PLDS to pay a $5,000 penalty to the CFPB Civil Penalty Fund and prohibits PLDS from engaging in unlawful conduct in the future.

This action is part of the CFPB's comprehensive effort to prevent consumer harm in the debt-relief industry. The Bureau is working to ensure federal consumer laws are being followed at every stage

of the process and is focusing not only on debt-relief service providers, but also on their partners, including those who facilitate their unlawful conduct and who may also violate federal consumer financial laws.

The full text of the order can be found at: http://files.consumerfinance.gov/f/201212_cfpb_plds-complaint.pdf

The Bureau's filing can be found here: http://files.consumerfinance.gov/f/201212_cfpb_plds-final-judgment.pdf

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit www.consumerfinance.gov.