

1
2 UNITED STATES DISTRICT COURT
3 FOR THE CENTRAL DISTRICT OF CALIFORNIA

4 Bureau of Consumer Financial
5 Protection,

6 Plaintiff,

7 v.

8 Certified Forensic Loan Auditors,
9 LLC, (CA); Certified Forensic Loan
10 Auditors, LLC (TX); Andrew P.
11 Lehman; and Michael Carrigan,
12 Defendant.

Case No. CV 19-07722-ODW (JEMx)

**STIPULATED FINAL JUDGMENT
AND ORDER
AS TO CERTIFIED FORENSIC
LOAN AUDITORS, LLC (CA),
CERTIFIED FORNESIC LOAN
AUDITORS (TX) AND ANDREW P.
LEHMAN**

13 The Bureau of Consumer Financial Protection (“Bureau”) commenced this civil
14 action on September 6, 2019 and filed an Amended Complaint on November 13, 2019 to
15 obtain injunctive relief, restitution, and civil penalties from Certified Forensic Loan
16 Auditors, LLC (CA), Certified Forensic Loan Auditors, LLC (TX) (collectively
17 “CFLA”), Andrew P. Lehman, and Michael Carrigan. The Amended Complaint alleges
18 violations of sections 1031(a) and 1036(a) of the Consumer Financial Protection Act of
19 2010 (“CFPA”), 12 U.S.C. §§ 5531(a) and 5536(a)(1)(A), and Regulation O, 12 C.F.R.
20 §§ 1015.3(c) and 1015.5(a) (2011), against CFLA and Lehman in connection with their
21 offering, advertising, marketing, and selling of purported financial-advisory and
22 mortgage-assistance-relief services, and against Defendant Michael Carrigan in
23 connection with his substantial assistance in furtherance of CFLA’s and Lehman’s
24 unlawful conduct.

25 The Bureau and Defendants CFLA and Lehman, agree to entry of this Stipulated
26 Final Judgment and Order (“Order”), without adjudication of any issue of fact or law, to
27
28

1 settle and resolve all matters in dispute arising from the conduct alleged in the Amended
2 Complaint.

3 **THEREFORE, it is ORDERED:**

4 **FINDINGS**

5 1. This Court has jurisdiction over the parties and the subject matter of this
6 action and venue is proper in this jurisdiction under 28 U.S.C. § 1391(b) and (c), and 12
7 U.S.C. § 5564(f).

8 2. The Amended Complaint alleges claims upon which relief may be granted.

9 3. The relief provided in this Order is appropriate and available pursuant to
10 sections 1054 and 1055 of the CFPA, 12 U.S.C. §§ 5564 and 5565.

11 4. Defendants CFLA and Lehman waive all rights to seek judicial review or
12 otherwise challenge or contest the validity of this Order and any claim they may have
13 under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of
14 this action to the date of this Order. Each Party agrees to bear its own costs and expenses,
15 including, without limitation, attorneys' fees.

16 5. Defendants CFLA and Lehman neither admit nor deny any allegations in the
17 Amended Complaint, except as specified in this Order. For purposes of this Order,
18 Defendants CFLA and Lehman admit the facts necessary to establish the Court's
19 jurisdiction over Defendant CFLA and Lehman and the subject matter of this action.

20 6. Entry of this Order is in the public interest.

21 **DEFINITIONS**

22 7. The following definitions apply to this Order:

- 23 a. **"Affected Consumers"** includes any consumer who, since July 1, 2014,
24 purchased a Securitization Audit and/or a Quiet Title Package from
25 CFLA.
26

1 1002(15)(viii) of the Consumer Financial Protection Act, 12 U.S.C. §
2 5481(15)(viii), and, subject to applicable limitations on the Bureau's
3 enforcement authority, includes, but is not limited to:

- 4 i. providing financial advisory services to consumers on individual
5 financial matters or relating to proprietary financial products or
6 services;
- 7 ii. providing credit counseling to any consumer;
- 8 iii. providing services to assist a consumer with debt management or
9 debt settlement, modifying the terms of any extension of credit, or
10 avoiding foreclosure; and
- 11 iv. auditing, reviewing, or analyzing the origination, transfer, or
12 securitization of residential mortgages.
- 13 i. **“Mortgage Assistance Relief Services”** is synonymous in meaning and
14 equal in scope to the definition of the term, as of the Effective Date, in
15 Regulation O, 12 C.F.R. 1015.2, and, subject to applicable limitations on
16 the Bureau's enforcement authority, includes, but is not limited to:
 - 17 i. Any service, plan, or program, offered or provided to the consumer
18 in exchange for consideration, that is represented, expressly or by
19 implication, to assist or attempt to assist the consumer with any of
20 the following:
 - 21 1. Stopping, preventing, or postponing any mortgage or deed
22 of trust foreclosure sale for the consumer's dwelling, any
23 repossession of the consumer's dwelling, or otherwise saving
24 the consumer's dwelling from foreclosure or repossession;
 - 25 2. Negotiating, obtaining, or arranging a modification of any
26 term of a dwelling loan, including a reduction in the amount

1 of interest, principal balance, monthly payments, or fees;
2 and

3 ii. Obtaining any forbearance or modification in the timing of
4 payments from any dwelling loan holder or servicer on any
5 dwelling loan.

6 j. **“Related Consumer Action”** means a private action by or on behalf of
7 one or more consumers or an enforcement action by another
8 governmental agency brought against Defendants based on substantially
9 the same facts as described in the Complaint.

10 k. **“Relevant Period”** includes the period from July 1, 2014 to the Effective
11 Date.

12 l. **“Securitization Audit”** means the audits of residential mortgages that
13 CFLA marketed and sold from July 1, 2014 to the Effective Date. For
14 purposes of this Order a “Securitization Audit” is a “Financial Advisory
15 Service” as that term is defined in subparagraph (h), and a “Mortgage
16 Assistance Relief Service” as that term is defined in subparagraph (i).

17 m. **“Quiet Title Package”** means the package of Securitization Audit and
18 supporting litigation documents that CFLA marketed and sold from July
19 1, 2014 to the effective date. For purposes of this Order a “Quiet Title
20 Package” is a “Financial Advisory Service” as that term is defined in
21 subparagraph (h), and a “Mortgage Assistance Relief Service” as that
22 term is defined in subparagraph (i).

ORDER

CONDUCT RELIEF

I.

**Permanent Ban on Offering or Providing Mortgage Assistance Relief Services and
Financial Advisory Services**

IT IS ORDERED that:

8. Defendants CFLA and Lehman, whether acting directly or indirectly, are permanently restrained from:

- a. providing, advertising, marketing, promoting, offering for sale, selling, or producing any Mortgage Assistance Relief Services or Financial Advisory Services; and
- b. Assisting Others in, or receiving any remuneration or other consideration from, the provision, advertising, marketing, promoting, offering for sale, sale or production of any Mortgage Assistance Relief Services or Financial Advisory Services.

Nothing in this Order shall be read as an exception to this Paragraph.

II.

Customer Information

IT IS FURTHER ORDERED that:

9. Defendants CFLA and Lehman whether acting directly or indirectly, may not:

- a. disclose, use, or benefit from customer information, including the name, address, telephone number, email address, Social Security number, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account), that Defendant CFLA or Lehman obtained before the Effective

1 Date in connection with providing Mortgage Assistance Relief Services
2 and Financial Advisory Services;

- 3 b. attempt to collect, sell, assign, or otherwise transfer any right to collect
4 payment from any consumer who purchased or agreed to purchase
5 Mortgage Assistance Relief Services or Financial Advisory Services
6 from CFLA or Lehman.

7 *However*, customer information may be disclosed if requested by a government
8 agency or required by law, regulation, or court order.

9 **MONETARY PROVISIONS**

10 **III.**

11 **Order to Pay Redress**

12 10. A judgment for monetary relief is entered in favor of the Bureau and against
13 Defendants CFLA and Lehman, jointly and severally, in the amount of \$3 million for the
14 purpose of providing redress to Affected Consumers; *however*, full payment of this
15 judgment will be suspended upon satisfaction of the obligations in Section VI, Additional
16 Monetary Provisions; and subject to Section V, Effect of Misrepresentation or Omission
17 of Financial Condition, of this Order.

18 11. With regard to any redress that Defendant CFLA or Lehman pays under this
19 Section, if Defendant CFLA or Lehman receives, directly or indirectly, any
20 reimbursement or indemnification from any source, including but not limited to payment
21 made under any insurance policy, or if Defendant CFLA or Lehman secures a tax
22 deduction or tax credit with regard to any federal, state, or local tax, the relevant
23 defendant must: (a) immediately notify the Enforcement Director in writing, and (b)
24 within ten (10) days of receiving the funds or monetary benefit, the relevant defendant
25 must transfer to the Bureau the full amount of such funds or monetary benefit (Additional
26
27
28

1 Payment) to the Bureau or to the Bureau's agent according to the Bureau's wiring
2 instructions.

3 12. Any funds received by the Bureau in satisfaction of this judgment will be
4 deposited into a fund or funds administered by the Bureau or the Bureau's agent
5 according to applicable statutes and regulations to be used for redress for injured
6 consumers, including, but not limited to, refund of moneys, restitution, damages or other
7 monetary relief, and for any attendant expenses for the administration of any such
8 redress.

9 13. If the Bureau determines, in its sole discretion, that providing redress to
10 consumers is wholly or partially impracticable or if funds remain after the administration
11 of redress is completed, the Bureau will deposit any remaining funds in the U.S. Treasury
12 as disgorgement. Defendants CFLA and Lehman will have no right to challenge the
13 Bureau's choice of remedies under this Section and will have no right to contest the
14 manner of distribution chosen by the Bureau.

15 14. Payment of redress to any Affected Consumer under this Order may not be
16 conditioned on that Affected Consumer waiving any right.

17 **IV.**

18 **Order to Pay Civil Money Penalty**

19 **IT IS FURTHER ORDERED** that:

20 15. Under Section 1055(c) of the CFPB, 12 U.S.C. § 5565(c), by reason of the
21 violations of law alleged in the Amended Complaint and continuing until the Effective
22 Date, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Defendants CFLA
23 and Lehman, jointly and severally, must pay a civil money penalty of \$40,000 to the
24 Bureau. The Bureau may exercise immediately any post-judgment remedies available to
25 it to collect this civil money penalty from Defendants CFLA and Lehman.

1 a. Financial Statements of Defendants CFLA and Lehman, including the
2 attachments, signed on June 30, 2019 and submitted to the Bureau on or about June 30,
3 2019;

4 b. Defendant Lehman's oral testimony provided on or about November 13 and
5 14, 2018.

6 c. CFLA's payroll records provided on or about August 12, 2019.

7 d. Bank statements provided on or about August 19, 2019.

8 e. Financial Statements of Defendants CFLA and Lehman, including the
9 attachments, signed on June 2, 2020 and submitted to the Bureau on or about June 4,
10 2020, and which were then supplemented with tax re3turns for 2017, 2018 and 2019 on
11 June 8, 2020 and supplemented with additional account statements on June 19, 2020.

12 20. If upon motion by the Bureau, the Court determines that Defendant CFLA or
13 Lehman has failed to disclose any material asset or that any of their financial statements
14 or oral testimony contain any material misrepresentation or omission, including
15 materially misstating the value of any asset, the Court shall terminate the suspension of
16 the order to pay redress entered in Section III and, without further adjudication, shall
17 reinstate the order to pay redress entered in Section III and the full order to pay redress of
18 \$3,000,000 shall be immediately due and payable, less any amounts paid to the Bureau
19 under Section III of this Order.

20 21. If the Court terminates the suspension of the order to pay redress under this
21 Section, the Bureau will be entitled to interest on the order to pay redress computed from
22 the date of entry of this Order, at the rate prescribed by 28 U.S.C. § 1961, as amended, on
23 any outstanding amounts not paid.

24 22. Provided, however, that in all other respects this Order shall remain in full
25 force and effect unless otherwise ordered by the Court; and, provided further, that
26 proceedings instituted under this provision would be in addition to, and not in lieu of any
27

1 other civil or criminal remedies as may be provided by law, including any other
2 proceedings that the Bureau may initiate to enforce this Order.

3 **VI.**

4 **Additional Monetary Provisions**

5 **IT IS FURTHER ORDERED** that:

6 23. In the event of any default on Defendants CFLA's or Lehman's obligation to
7 make payment under this Order, interest, computed under 28 U.S.C. § 1961, as amended,
8 will accrue on any outstanding amounts not paid from the date of default to the date of
9 payment, and will immediately become due and payable.

10 24. Defendants CFLA and Lehman relinquish all dominion, control, and title to
11 the funds paid under this Order to the fullest extent permitted by law and no part of the
12 funds may be returned to Defendants CFLA or Lehman.

13 25. The facts alleged in the Amended Complaint will be taken as true and be
14 given collateral estoppel effect, without further proof, in any proceeding based on the
15 entry of the Order, or in any subsequent civil litigation by or on behalf of the Bureau in a
16 proceeding to enforce its rights to any payment or monetary judgment under this Order,
17 such as a nondischargeability complaint in any bankruptcy case.

18 26. The facts alleged in the Amended Complaint establish all elements
19 necessary to sustain an action by the Bureau under Section 523(a)(2)(A) of the
20 Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and for such purposes this Order will have
21 collateral estoppel effect against each Defendant, even in such Defendant's capacity as
22 debtor-in-possession.

23 27. Under 31 U.S.C. § 7701, Defendants CFLA and Lehman, unless they
24 already have done so, must furnish to the Bureau their taxpayer identifying numbers,
25 which may be used for purposes of collecting and reporting on any delinquent amount
26 arising out of this Order.

Reporting Requirements

IT IS FURTHER ORDERED that:

31. Defendant CFLA or Lehman or both, as applicable, must notify the Bureau of any development that may affect compliance obligations arising under this Order, including but not limited to, the filing of any bankruptcy or insolvency proceeding by or against Defendant CFLA or Lehman; or a change in Defendant CFLA or Lehman’s name or address. Defendant CFLA or Lehman or both, as applicable, must provide this notice at least 30 days before the development or as soon as practicable after the learning about the development, whichever is sooner.

32. Within 7 days of the Effective Date, both Defendants CFLA and Lehman must each:

- a. Designate at least one telephone number and email, physical, and postal address as points of contact, which the Bureau may use to communicate with Defendants CFLA and Lehman;
- b. Identify all businesses for which Defendant CFLA or Lehman is the majority owner, or that Defendant CFLA or Lehman directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses;
- c. Describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
- d. Identify Defendants CFLA and Lehman’s telephone numbers and all email, Internet, physical, and postal addresses, including all residences;
- e. Describe in detail Defendant CFLA’s or Lehman’s involvement in any business for which either performs services in any capacity or which either wholly or partially owns, including Defendant CFLA’s or

1 Lehman's title, role, responsibilities, participation, authority, control, and
2 ownership.

3 33. Defendants CFLA and Lehman must report any change in the information
4 required to be submitted under Paragraph 31 at least 30 days before the change or as soon
5 as practicable after learning about the change, whichever is sooner.

6 34. Within 90 days of the Effective Date, and again one year after the Effective
7 Date, both Defendant CFLA and Lehman must each submit to the Enforcement Director
8 an accurate written compliance progress report sworn to under penalty of perjury
9 (Compliance Report), which, at a minimum:

- 10 a. Lists each applicable paragraph and subparagraph of the Order and
11 describes in detail the manner and form in which each Defendant has
12 complied with each such paragraph and subparagraph of this Order;
13 b. Attaches a copy of each Order Acknowledgment obtained under Section
14 VIII, unless previously submitted to the Bureau.

15 After the one-year period, both Defendant CFLA and Lehman must each submit to the
16 Enforcement Director additional Compliance Reports within 14 days of receiving a
17 written request from the Bureau.

18 **VIII.**

19 **Order Distribution and Acknowledgment**

20 **IT IS FURTHER ORDERED** that,

21 35. Within 7 days of the Effective Date, Defendants CFLA and Lehman must
22 submit to the Enforcement Director an acknowledgment of receipt of this Order, sworn
23 under penalty of perjury.

24 36. For 5 years from the Effective Date, both Defendant CFLA and Lehman, for
25 any business for which either is the majority owner or which either directly or indirectly
26 controls, must each deliver a copy of this Order to any business entity resulting from any
27

1 change in structure referred to in Section VII, Reporting Requirements, any future board
2 members and executive officers, as well as to any managers, employees, Service
3 Providers, or other agents and representatives who will have responsibilities related to the
4 subject matter of the Order before they assume their responsibilities.

5 37. Both Defendant CFLA and Lehman must each secure a signed and dated
6 statement acknowledging receipt of a copy of this Order, ensuring that any electronic
7 signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*,
8 within 30 days of delivery, from all persons receiving a copy of this Order under this
9 Section.

10 **IX.**

11 **Recordkeeping**

12 **IT IS FURTHER ORDERED** that

13 38. Both Defendant CFLA and Lehman, for any business for which either is a
14 majority owner or which either directly or indirectly controls, must each create, for at
15 least 5 years from the Effective Date, the following business records: All documents and
16 records necessary to demonstrate full compliance with each provision of this Order,
17 including all submissions to the Bureau.

18 39. Both Defendant CFLA and Lehman must each retain these documents for at
19 least 5 years after creation and make them available to the Bureau upon the Bureau's
20 request.

21 **X.**

22 **Notices**

23 **IT IS FURTHER ORDERED** that:

24 40. Unless otherwise directed in writing by the Bureau, Defendants CFLA and
25 Lehman must provide all submissions, requests, communications, or other documents
26 relating to this Order in writing, with the subject line, "CFPB v. Certified Forensic Loan
27
28

1 Auditors, et al., Case No. CV 19-07722,” and send them by overnight courier or first-
2 class mail to the below address and contemporaneously by email to
3 Enforcement_Compliance@cfpb.gov:

4 Assistant Director for Enforcement
5 Bureau of Consumer Financial Protection
6 ATTENTION: Office of Enforcement
7 1700 G Street, N.W.
8 Washington D.C. 20552

9 **XI.**

10 **Cooperation with the Bureau**

11 **IT IS FURTHER ORDERED** that:

12 41. Defendants CFLA and Lehman must cooperate fully to help the Bureau
13 determine the identity and location of, and the amount of injury sustained by, each
14 Affected Consumer. Defendants CFLA and Lehman must provide such information in its
15 or its agents’ possession or control within 14 days of receiving a written request from the
16 Bureau.

17 42. Defendants CFLA and Lehman must cooperate fully with the Bureau in this
18 matter and in any investigation related to or associated with the conduct described in the
19 Amended Complaint, including the identification of CFLA’s current and former
20 employees and contractors and current and former customers. Defendants CFLA and
21 Lehman must provide truthful and complete information, evidence, and testimony.
22 Defendants CFLA and Lehman must appear for interviews, discovery, hearings, trials,
23 and any other proceedings that the Bureau may reasonably request upon 10 days written
24 notice, or other reasonable notice, at such places and times as the Bureau may designate,
25 without the service of compulsory process.

1 **XII.**

2 **Compliance Monitoring**

3 **IT IS FURTHER ORDERED** that, to monitor Defendants CFLA's and Lehman's
4 compliance with this Order, including the financial representations upon which the order
5 to pay redress and part of the civil money penalty was suspended:

6 43. Within 14 days of receipt of a written request from the Bureau, either
7 Defendant CFLA, Lehman or both, as applicable, must submit additional compliance
8 reports or other requested non-privileged information, related to requirements of this
9 Order, which must be sworn under penalty of perjury; provide sworn testimony related to
10 requirements of this Order and Defendants CFLA's and Lehman's compliance with those
11 requirements; or produce non-privileged documents related to requirements of this Order
12 and Defendants CFLA's and Lehman's compliance with those requirements.

13 44. For purposes of this Section, the Bureau may communicate directly with
14 Defendants CFLA and Lehman, unless Defendants CFLA or Lehman or counsel they
15 retain notifies the Bureau that they have retained counsel related to these
16 communications.

17 45. Defendants CFLA and Lehman must permit Bureau representatives to
18 interview about the requirements of this Order and Defendants CFLA's and Lehman's
19 compliance with those requirements any employee or other person affiliated with
20 Defendants CFLA or Lehman who has agreed to such an interview. The person
21 interviewed may have counsel present.

22 46. Nothing in this Order will limit the Bureau's lawful use of compulsory
23 process, under 12 C.F.R. § 1080.6.

24 **XIII.**

25 **Retention of Jurisdiction**

26 **IT IS FURTHER ORDERED** that:
27
28

1 47. The Court will retain jurisdiction of this matter for the purpose of enforcing
2 this Order.

3 **XIV.**

4 **Pending Motions**

5 48. All pending motions are hereby denied as moot.

6 **XV.**

7 **Service**

8 **IT IS FURTHER ORDERED that:**

9 49. This Order may be served upon Defendants CFLA and Lehman by
10 electronic mail, certified mail, or United Parcel Service, either by the United States
11 Marshal, the Clerk of the Court, or any representative or agent of the Bureau.

12
13 **IT IS SO ORDERED.**

14
15 DATED this ___ day of _____, 20__.

16
17
18
19
20 _____
United States District Court Judge