

**BEFORE THE DIRECTOR OF THE CONSUMER PROTECTION UNIT
OF THE DEPARTMENT OF JUSTICE**

In re:)
)
Liberty Credit Law, P.C., a Pennsylvania) CPU Case No. 14-02-06
Professional Corporation.)
)
)

CEASE AND DESIST AGREEMENT

This Cease and Desist Agreement (“Agreement”) is entered into by and among the Director of the Consumer Protection Unit of the Department of Justice (the “Director”) and Liberty Credit Law, P.C., a Pennsylvania professional corporation (“Liberty”) pursuant to 29 *Del. C.* § 2525(a). Liberty agrees to cease and desist from engaging in conduct in violation of Delaware law. The Consumer Protection Unit agrees not to institute or maintain any legal action or proceeding against Liberty with respect to the specific violations alleged below unless the terms of this Agreement have been breached or violated.

BACKGROUND & FACTUAL ALLEGATIONS

After conducting an investigation involving the provision of residential mortgage loan modification services by Liberty, the Director makes the following allegations:

1. Liberty is a Pennsylvania professional corporation with a principal place of business located at 117 Kinderkamack Road, Suite 105, River Edge, New Jersey 07661.
2. As of December, 2012, Liberty ceased conducting business and began to wind down its affairs.
3. H. Bruce Bronson, Jr., Esq., former founder of Liberty, has taken over the winding down of Liberty and is responsible for any outstanding Liberty matters at present.
4. Liberty’s primary business was to provide residential mortgage loan modification services to homeowners in distress on their mortgage. These services are described in Liberty’s contract with consumers, entitled Retainer Agreement (the “Contract”), and included the following services: an “NPV [net present value] analysis”; “document collection, preparation of an RMA [request for mortgage assistance], drafting of a hardship letter, review of financials and preparation of a financial worksheet, and

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submission of a representation letter and Power of Attorney to the lender”; and “preparing a modification proposal, reviewing Client’s eligibility for HAMP or other type of mortgage modification, and in putting together a presentation to submit to the lender.”

5. In furtherance thereof, Liberty requested certain personal financial information and documents from consumers “in order to submit an effective proposal to [the consumer’s] bank.” These documents included pay stubs, W-2s, federal income tax returns, bank statements, proof of rental income, mortgage statements, property tax bills, homeowners insurance declarations, and utility bills.

6. Liberty also required consumers to enter into a limited Power of Attorney which grants Liberty “with full power and authority to represent [consumer] in negotiating the modification” and demands that the consumer’s lender deal exclusively and only with Liberty. In Appendix A to the Contract, the consumer is advised to “not negotiate directly with the lender once [Liberty] has been engaged due to the possibility of supplying incorrect information (or different information) then [sic] [Liberty] is providing to lender.” Through the Power of Attorney and the Contract, Liberty effectively deterred consumers from contacting, corresponding or negotiating with their lender to resolve their mortgage default, often to the consumers’ grave detriment.

7. Liberty charged consumers a flat-rate fee for mortgage loan modification services that were approximately \$3,200 - \$3,500, payable in several installments via ACH debit of consumers’ bank accounts or credit cards. Under the terms of the Contract, all fees charged to the consumer were earned upon payment and non-refundable. A minor exception applied when Liberty determined the matter was “unlikely to achieve results” wherein the consumer could be refunded \$500.

8. Although the Contract specified that Liberty could not control, anticipate or determine decisions by lenders, all of its representations to consumers indicated otherwise leading consumers into a false hope of obtaining a modification of their mortgage loans.

9. Liberty, through its Contract and representations to consumers, failed to provide any information indicating that the consumers were not obligated to use Liberty’s services in order to obtain a loan modification nor that the consumers could cancel the Contracts at any time and without penalty.

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10. Liberty undertook to provide these loan modification services to Delaware consumers through direct solicitations of Delaware homeowners representing that they could significantly reduce a consumer's interest rate, obtain a loan modification from their lender, or contest the validity of their mortgage.

**ALLEGED VIOLATIONS OF THE
DELAWARE MORTGAGE LOAN MODIFICATION SERVICES ACT**

11. Liberty violated the Delaware Mortgage Loan Modification Service Act (6 *Del. C.* § 2400C, *et seq.*) by:

- a. Failing to register with the State as required under 6 *Del. C.* § 2404C;
- b. Failing to provide a surety bond to the State as required under 6 *Del. C.* § 2404C(2);
- c. Entering into contracts with consumers for mortgage loan modification services that were not in conformance with the requirements of 6 *Del. C.* § 2406C;
- d. Failing to provide to consumers the disclosures required pursuant to 6 *Del. C.* § 2407C;
- e. Advising consumers not to contact, correspond or negotiate with their lenders in violation of the provisions under 6 *Del. C.* § 2408C(2); and
- f. Demanding payment of advance fees from consumers for mortgage loan modification services in violation of 6 *Del. C.* § 2408C(3).

**ALLEGED VIOLATIONS OF THE
CONSUMER FRAUD ACT**

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12. Liberty violated of the Consumer Fraud Act (6 Del. C. § 2513(a)) by misrepresenting the nature, necessity or likely success of the mortgage loan modification services Liberty claimed to provide to Delaware consumers.

LIBERTY'S RESPONSE

13. Liberty neither admits nor denies the Director's allegations above.

CEASE & DESIST TERMS

14. Liberty agrees and is hereby ordered to cease and desist from:

- a. Soliciting mortgage loan modification services from Delaware consumers unless duly registered with the State of Delaware, or otherwise exempted;
- b. Contracting with Delaware consumers for mortgage loan modification services in a manner that violates the contractual requirements set forth in 6 Del. C. § 2406C;
- c. Failing to disclose to Delaware consumers prior to the execution of a contract for mortgage loan modification services that the consumers have the right to cancel the contracts at any time and without penalty;
- d. Advising Delaware consumers not to contact, communicate or negotiate with their lenders;
- e. Demanding advance payment of fees for mortgage loan modification services prior to a loan modification offer being made by the lender and accepted by the consumer;
- f. Imposing terms on consumers not permitted under the provision of applicable Delaware laws; and

OTHER MATERIAL TERMS

15. As part of this Agreement, Liberty specifically represents the following:

- a. Liberty has ceased doing business as of December, 2012.
- b. Liberty shall not participate, directly or indirectly, in any activity or form, organize or reorganize into any partnership, corporation, sole proprietorship or any other legal structure for the purpose of avoiding compliance with the terms of this Agreement.

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c. Liberty shall not cause or encourage third parties, nor knowingly permit third parties acting on its behalf, to engage in practices from which Liberty is prohibited by this Agreement.

16. Liberty agrees to pay a total of ONE THOUSAND DOLLARS (\$1,000) in civil penalties for its violations of the Delaware Mortgage Loan Modification Services Act. This amount shall be in equal monthly installments according to the following payment schedule and delivered to the Director or any Deputy Attorney General executing this Agreement on or before the fifteenth (15th) day of each consecutive month, commencing on August 15, 2014, made payable to the State of Delaware, Consumer Protection Fund.

17. Liberty agrees to pay a total of THREE THOUSAND FIVE HUNDRED DOLLARS (\$3,500) in restitution to the one (1) known Delaware consumer who contracted with or remitted payment to Liberty on or after March 21, 2012 and has not yet received a refund. This restitution amount shall be paid in equal monthly installments according to the following payment schedule and delivered to the Director or any Deputy Attorney General executing this Agreement on or before the fifteenth (15th) day of each consecutive month, commencing on August 15, 2014, made payable to the State of Delaware, Consumer Protection Fund.

18. Payment schedule.

<u>Due Date</u>	<u>Amount Due</u>
August 15, 2014	\$300.00
September 15, 2014	\$300.00
October 15, 2014	\$300.00
November 15, 2014	\$300.00
December 15, 2014	\$300.00
January 15, 2015	\$300.00
February 15, 2015	\$300.00

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March 15, 2015	\$300.00
April 15, 2015	\$300.00
May 15, 2015	\$300.00
June 15, 2015	\$300.00
July 15, 2015	\$300.00
August 15, 2015	\$300.00
September 15, 2015	\$300.00
October 15, 2015	\$300.00
Total:	\$4,500.00

19. Any installment payment not received within ten (10) days of the monthly due date shall trigger notice to Liberty of the outstanding amounts due. This notice may be delivered to Liberty via email and/or regular mail, First Class, deemed served upon mailing, and shall require Liberty to remit the outstanding installment payment as soon as practicable; notwithstanding that any installment payment not received by the Director within thirty (30) days of the date of service of the notice shall be deemed to be a default and breach of this Agreement and any remaining amounts will become immediately due. There shall be no penalty for pre-payment of the total amount due under this Agreement.

GENERAL PROVISIONS

20. This Agreement shall be binding upon and extend to Liberty, its parent, its subsidiaries, its principals, officers, directors, agents, employees, successors and assigns, and any entity or device through which it may now or hereafter act, as well as any persons who have authority to control or who, in fact, control and direct its business.

21. Nothing in this Agreement shall be deemed or construed as a grant or permission to Liberty to conduct any activities in violation of any federal, state, or other applicable law or regulation.

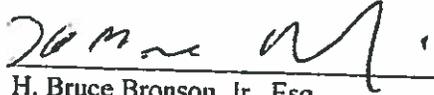
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22. This Agreement does not constitute an approval by the Director of any of the business practices of Liberty, and Liberty shall not make any contrary representations.
23. Nothing in this Agreement shall be construed to limit or affect the rights of any consumer or other person or entity to take any action, assert any claim, or otherwise pursue any available right or remedy, nor create any private rights or causes of action in any third parties.
24. Nothing in this Agreement shall preclude the Director from pursuing any action with respect to acts or practices of Liberty that have not been identified by this Agreement or any acts or practices conducted after the issuance of this Agreement.
25. This Agreement does not preclude the Consumer Protection Unit from investigating any new alleged violations and, if warranted, from taking enforcement action.
26. This Agreement shall toll the five (5) year statute of limitations set forth under 6 *Del. C.* § 2506 and applicable to the Mortgage Loan Modification Services Act, as of the date of execution of this Agreement by both parties hereunder.
27. Each undersigned individual represents and warrants that he or she is fully authorized by the party he or she represents to enter into this Agreement and to bind legally such party to the terms of this Agreement.

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Liberty Credit Law, P.C., a Pennsylvania Professional Corporation
Cease and Desist Order Pursuant to an Agreement
Signature Page

LIBERTY CREDIT LAW, P.C.



H. Bruce Bronson, Jr., Esq.
Title: *owner*

*C/O Bronson Law Offices
480 Mamaroneck Ave.
Harrison, NY 10528*

DELAWARE DEPARTMENT OF JUSTICE

7/29/2014
Date

hbbranson@gmail.com



Gillian L. Andrews
Deputy Attorney General
Delaware Department of Justice
820 N French St, 5th Floor
Wilmington, DE 19801
(302) 577-8844

7/29/14
Date

IT IS SO ORDERED THIS *29th* day of *July*, 2014.


Director
Consumer Protection Unit