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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

STATE OF IDAHO, DEPARTMENT OF)	
FINANCE, CONSUMER FINANCE BUREAU,)	Docket No. 2010-8-01
)	
Complainant,)	ORDER TO CEASE AND DESIST
)	
vs.)	
)	
RELIEF LAW CENTER, also known as USA)	
LOAN AUDITORS,)	
)	
Respondent.)	
)	

Gavin M. Gee, Director of the Idaho Department of Finance (Director), being authorized and directed to administer and enforce the Idaho Residential Mortgage Practices Act, Idaho Code § 26-31-101 *et seq.* (the IRMPA), and the Idaho Financial Fraud Prevention Act, Idaho Code § 67-2750 *et seq.* (IFFPA), and the Idaho Bank Act, Idaho Code § 26-101 *et seq.*, hereby makes the following factual findings which constitute a basis for the issuance of an ORDER TO CEASE AND DESIST (Order) pursuant to Idaho Code § 26-31-205 and Idaho Code § 67-2755(1) requiring RELIEF LAW CENTER, aka USA LOAN AUDITORS, to cease and desist from violating the IRMPA and the IFFPA by disseminating information to the public that is confusing, misleading, and deceptive; to cease and desist from offering mortgage modification

services to Idaho residents without first obtaining a license as required by law; and to cease and desist from any other activities which violate the IRMPA, the IFFPA, and the Idaho Bank Act.

RESPONDENT

1. Respondent USA LOAN AUDITORS has represented that it is a part of an organization known as RELIEF LAW CENTER. With regard to its location, Respondent lists various addresses in the state of California as its place of business. The investigation conducted by the Idaho Department of Finance (Department) revealed that the addresses Respondent lists in various documents are merely post office box locations.

FINDINGS OF FACT

2. Between the dates of March 20, 2010 and March 23, 2010, Department received several complaints both from individuals and from financial institutions concerning Respondent's recent dissemination to Idaho residents of advertisements/solicitations relating to Respondent's services.

3. Two of the individuals who received Respondent's advertisement/solicitation were concerned about statements the documents made about their mortgage lender. Among other things, the advertisements/solicitations stated that Respondent was "currently investigating" the individuals' mortgage lender.

4. The advertisement/solicitation further states that based on Respondent's information, the recipient "may be a victim of lender misconduct." One of the Idaho residents who received Respondent's advertisement/solicitation concluded that the document made derogatory statements about his lender, a regional bank with offices in the state of Idaho.

5. In addition to naming the recipient's mortgage lender, the advertisement/solicitation purported to be a "NOTICE REGARDING PREDATORY

LENDING.” At the bottom of the “NOTICE REGARDING PREDATORY LENDING,” in very small, fine print, the words “Legal Advertisement” appear.

6. Respondent’s advertisements/solicitations were received by Idaho residents during the month of March, 2010. The Department has verified that at least three (3) Idaho residents received Respondent’s advertisement/solicitation in March, 2010.

7. The advertisement/solicitation Respondent sent to Idaho residents suggests to the recipient that the recipient’s mortgage lender may have engaged in predatory lending.

8. Posing as a prospective customer, on March 23, 2010, one of the Department’s investigators called the telephone number listed on Respondent’s advertisement/solicitation. The investigator’s phone call was answered by an individual who identified the business as RELIEF LAW CENTER. The individual taking the investigator’s call identified himself as Steven Fattorusso.

9. Steven Fattorusso informed the investigator that USA LOAN AUDITORS was an enterprise which was a part of a larger organization, RELIEF LAW CENTER.

10. The Department’s investigator stated to Mr. Fattorusso that he was interested in an opportunity for payment reduction or reduction of his loan fees. After discussing predatory lending briefly, Mr. Fattorusso directed the conversation to the subject of mortgage modification.

11. Mr. Fattorusso pressed to obtain information from the investigator regarding his mortgage balance, debt, and income. Mr. Fattorusso also sought to obtain information that might help develop a hardship claim.

12. Mr. Fattorusso informed the investigator that he would send him information via e-mail. Mr. Fattorusso told the investigator that he needed to send Respondent an up-front fee of

\$1,250.00 and additionally, that the investigator needed to pay an additional fee of \$1,250.00 within twenty days.

13. Mr. Fattorusso subsequently e-mailed the investigator several forms. Each form bore the heading "Relief Law Center." In the e-mail message accompanying the forms, Mr. Fattorusso identified himself as a "Legal Assistant."

14. Neither Respondent nor Steven Fattorusso have been issued the license required under Idaho law as a prerequisite to engaging in mortgage loan modification activity in Idaho.

CONCLUSIONS OF LAW

COUNTS ONE THROUGH THREE: VIOLATIONS OF § 26-31-203(2) OF THE IRMPA

15. The allegations set forth in paragraphs 1 through 14 above are fully incorporated herein by this reference.

16. Idaho Code § 26-31-203(2) provides that no person, except a person exempt under Idaho Code § 26-31-202, shall engage in mortgage brokering or lending activities without first obtaining a license from the Department. Offering mortgage loan modification or negotiation services constitutes "mortgage brokering activities" under the IRMPA. Idaho Code § 26-31-201(5).

17. Respondent's sending of its advertisement/solicitation to at least three (3) Idaho residents constitutes three (3) instances of engaging in mortgage brokering activities in Idaho without a license, in violation of Idaho Code § 26-31-203.

COUNTS FOUR THROUGH SIX: VIOLATIONS OF § 26-31-211(7) OF THE IRMPA

18. The allegations set forth in paragraphs 1 through 14 above are fully incorporated herein by this reference.

19. Idaho Code § 26-31-211(7) prohibits a person who is required to be licensed under the IRMPA from making a false promise likely to influence or persuade or from pursuing a course of misrepresentation or false promises through advertising.

20. Respondent's advertisement/solicitation which was received by three (3) Idaho residents led those individuals to conclude their mortgage lenders may have engaged in lender misconduct and predatory lending.

21. Respondent's sending its advertisement/solicitation to three (3) Idaho residents constitutes three (3) instances of pursuing a course of misrepresentation through advertising in violation of Idaho Code § 26-31-211(7).

COUNTS SEVEN THROUGH EIGHTEEN: VIOLATIONS OF RULES 40 AND 60

22. The allegations set forth in paragraphs 1 through 14 above are fully incorporated herein by this reference.

23. Rule 60.01 of the Rules Pursuant to the Idaho Residential Mortgage Practices Act, located at IDAPA 12.01.10.060, prohibits persons from making false or misleading statements or omissions, statements or omissions which have the tendency or capacity to be misleading, or if the person does not have sufficient information upon which a reasonable belief in the truth of the representation or statement could be based. Rule 60.05 of the Rules Pursuant to the Idaho Residential Mortgage Practices Act prohibits persons from engaging in any deceptive advertising as set forth in Rule 40.

23. Rule 40 of the Rules Pursuant to the Idaho Residential Mortgage Practices Act, located at IDAPA 12.01.10.040, provides as follows, in pertinent part:

040. DECEPTIVE ADVERTISING (Rule 40).

01. Advertising. Advertising means making or permitting to be made any oral, written, graphic or pictorial statements, in any manner, in the course of

the solicitation of business authorized under the Act. Deceptive advertising is defined to include the following practices by a licensee, or a person required to be licensed under the Act:

a. Making a representation or statement of fact in an advertisement if the representation or statement is false or misleading, or if the licensee or person required to be licensed under the Act does not have sufficient information upon which a reasonable belief in the truth of the representation or statement could be based.

b. Advertising without clearly and conspicuously disclosing the business name and unique identifier assigned by the Nationwide Mortgage Licensing System and Registry (NMLSR) to the licensee or person required to be licensed under the Act.

c. Engaging in bait and switch advertising or misrepresenting, directly or indirectly, the terms, conditions or charges incident to services authorized under the Act. Bait and switch advertising, for the purposes of these rules, means advertising services without the intent to provide them but, rather, to lure a person into making an application for services and then switch the person from obtaining the advertised services to other or different services on a basis more advantageous to the licensee or person required to be licensed under the Act.

d. Using an address in advertising at which the licensee or person required to be licensed under the Act conducts no mortgage brokering, mortgage lending, or mortgage loan origination activities or for which the licensee or person required to be licensed does not hold a license.

e. Advertising or soliciting in a manner that has the effect of misleading a person to believe that the advertisement or solicitation is from a person's current mortgage holder, a government agency, or that an offer is a limited opportunity, when such is not the case.

24. Respondent's advertisement/solicitation suggests or implies that the recipient's mortgage lender may have engaged in predatory lending, lender misconduct, and further, that the recipient may be a victim of predatory lending practices engaged in by his mortgage lender. These representations are deceptive, false and misleading, and Respondent did not have sufficient information upon which a reasonable belief in the truth of the representation or statement could be based. The advertisements/solicitations Respondent sent to three (3) Idaho residents constitute three (3) violations of Rule 40.01.a.

25. Respondent's advertisement/solicitation fails to disclose Respondent's actual business name and Respondent's NMLSR identifying number. According to Respondent's

representative, Steven Fattorusso, Respondent's actual business name is Relief Law Center. The advertisements/solicitations Respondent sent to three (3) Idaho residents constitute three (3) violations of Rule 40.01.b.

26. Respondent's advertisement/solicitation suggests or implies that Respondent is offering loan auditing services which will likely uncover predatory lending practices or other misconduct engaged in by the recipient's mortgage lender, thereby entitling the recipient to a lower monthly mortgage payment, lower loan interest rate, and other benefits. The dealings the Department's investigator had with Respondent confirmed that, as opposed to offering loan auditing services, Respondent's intent was to offer Idaho residents loan modification services. The advertisements/solicitations Respondent sent to three (3) Idaho residents constitute three (3) violations of Rule 40.01.c.

27. The Department's investigation revealed that, as opposed to being places where Respondent conducted mortgage brokering, lending, or origination services and for which Respondent had obtained licenses, the addresses appearing in Respondent's advertisements/solicitations are merely post office box addresses. The advertisements/solicitations Respondent sent to three (3) Idaho residents constitute three (3) violations of Rule 40.01.d.

COUNTS NINETEEN THROUGH TWENTY-ONE: VIOLATIONS OF § 67-2752(7) OF THE IFFPA

28. The allegations set forth in paragraphs 1 through 14 above are fully incorporated herein by this reference.

29. The IFFPA, at Idaho Code § 67-2752(7), prohibits persons from using "in a manner likely to cause confusion or mistake or to deceive, the name, trademark, service mark, or

logo of a financial institution in connection with the sale, offering for sale, distribution, or advertising of any product or service without the consent of the financial institution.”

30. In the advertisements/solicitations Respondent sent to three (3) Idaho residents, Respondent specifically named each recipient’s financial institution and suggested or implied that the institution had engaged in lender misconduct or predatory lending practices. Respondent did not have the consent of each financial institution to use the name of the financial institution in Respondent’s advertisement/solicitation.

31. Respondent’s use of the name of the recipient’s mortgage lender in Respondent’s advertisements/solicitations was likely to cause confusion or to deceive the recipient.

32. Respondent’s sending of advertisements/solicitations naming the recipient’s financial institution, without each institution’s consent, to three (3) Idaho residents constitutes three (3) violations of the IFFPA.

FINDING OF IMMEDIATE DANGER

33. Idaho Code §§ 26-1203 and 26-1204 of the Idaho Bank Act make it unlawful for a person to circulate or transmit to another any false statement, rumor, or suggestion, written, printed or by word of mouth which is directly or by inference derogatory to the financial condition or financial standing of a financial institution.

34. The public’s belief that a financial institution has engaged in lender misconduct or predatory lending practices endangers the financial condition or financial standing of the financial institution, its depositors and customers, and the public. These facts require the Director to issue this Order immediately to protect the public and the financial institutions named in Respondent’s advertisements/solicitations.

REMEDIES

35. Idaho Code § 26-31-205(2) provides that if the Director finds that a person has violated, is violating, or that there is reasonable cause to believe that a person is about to violate the provisions of the IRMPA or any rule promulgated or order issued under the IRMPA, the Director may, in his discretion, order the person to cease and desist from the violations.

36. Idaho Code § 67-2755(1) authorizes the Director to Order a person to cease and desist from violations or attempted violations of the IFFPA if, in the determination Director, it is necessary to protect any financial institution or the public, or a person is violating or is about to violate the IFFPA.

37. Idaho Code § 26-1116(a) authorizes the Director to Order a person to cease and desist from violations of the Idaho Bank Act if the Director believes that a person not authorized to engage in banking or trust business has engaged or is about to engage in any act or practice constitution a violation of the Idaho Bank Act or any rule or order thereunder.

ORDER

The Director, having reviewed the foregoing, and good cause being shown therefor,

THE DIRECTOR HEREBY FINDS that Respondent has violated the Idaho Residential Mortgage Practices Act, Idaho Code § 26-31-101 *et seq.*; the Rules promulgated pursuant to the Idaho Residential Mortgage Practices Act, IDAPA 12.01.10 *et seq.*; the Idaho Financial Fraud Prevention Act, Idaho Code § 76-2750, *et seq.*; and the Idaho Bank Act, Idaho Code § 26-101 *et seq.*, and that issuance of this Order is necessary to protect the financial institutions named in Respondent's advertisements/solicitations and the public.

THE DIRECTOR FURTHER FINDS, pursuant to Idaho Code § 67-5247, that Respondent's violations of the IRMPA and the IFFPA as set forth above involve an immediate danger to the public safety and welfare, requiring immediate agency action.

NOW, THEREFORE, IT IS HEREBY ORDERED:

Pursuant to § 26-31-205(2) of the IRMPA, § 67-2755(1) of the IFFPA, and § 26-1116(a) of the Idaho Bank Act, Respondent shall CEASE AND DESIST from violations of the Idaho Residential Mortgage Practices Act and rules promulgated thereunder, and the Idaho Financial Fraud Prevention Act, to include engaging in advertising that is misleading, confusing, and deceptive. Because of the danger to the public presented by Respondent's violations of the IRMPA and the IFFPA, this action constitutes an emergency contested case, and this Order is effective upon its issuance.

NOTICE

38. Respondent is hereby notified that the foregoing ORDER TO CEASE AND DESIST is a final order of the Director. Pursuant to Idaho Code § 67-5246, Respondent may file a motion for reconsideration of this Order within fourteen (14) days of the issuance of this Order. The motion for reconsideration or request for a hearing shall be served on:

Michael Larsen
Consumer Finance Bureau Chief
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

A copy of such motion for reconsideration shall also be served on the Department's counsel, Joseph B. Jones, Deputy Attorney General at the same address.

39. Any hearing and subsequent proceedings in this matter will be conducted in accordance with the Idaho Administrative Procedure Act, Idaho Code § 67-5201 *et seq.*

40. If Respondent timely files a motion for reconsideration, the Department will dispose of such motion within twenty-one (21) days of its receipt, or the motion will be considered denied by operation of law, pursuant to Idaho Code § 67-5246(4).

41. If Respondent timely requests a hearing, Respondent will be notified of the date, time, and place of the hearing, as well as the name of the presiding officer. At the hearing, Respondent will be entitled to enter an appearance, introduce evidence, examine and cross-examine witnesses, make arguments, and generally participate in the conduct of the proceedings. Respondent may also be represented by legal counsel at its own expense.

42. Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal from such order to the district court by filing a petition in the district court of the county in which:

- a. a hearing was held;
- b. the final agency action was taken;
- c. the party seeking review of the order resides, or
- d. the real property or personal property that was the subject of the agency action is located.


43. An appeal must be filed within twenty-eight (28) days: (a) of the issuance of this Order, (b) of the issuance of an order denying a motion for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. Idaho Code § 67-5273(2). The filing of an appeal to the district court does not itself stay the effectiveness of enforcement of the order being appealed.

IT IS SO ORDERED.

DATED this 7th day of April, 2010.



STATE OF IDAHO
DEPARTMENT OF FINANCE


GAVIN M. GEE, Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 7 day of April, 2010, I caused a true and correct copy of the foregoing ORDER TO CEASE AND DESIST to be served on the following by the designated means:

Relief Law Center, also known as
USA Loan Auditors
960 N. Tustin St., Unit #371
Orange, CA 92867

- U.S. mail, postage prepaid
- certified mail
- overnight mail
- fax: (949) 442-1344
- email: info@relieflawcenter.com

Relief Law Center, also known as
USA Loan Auditors
PO Box 84785
San Diego, CA 92138


- U.S. mail, postage prepaid
- certified mail
- overnight mail
- fax: _____

Relief Law Center, also known as
USA Loan Auditors
14252 Culver Dr., Suite 230
Irvine, CA 92604

- U.S. mail, postage prepaid
- certified mail
- overnight mail
- fax: (888) 880-8729

Relief Law Center, also known as
USA Loan Auditors

- U.S. mail, postage prepaid
- certified mail
- overnight mail
- fax: (949) 442-1314
- email: sfattorusso@relieflawcenter.com


Paralegal