

IN THE MATTER OF:

STATE LAW GROUP,

ALL STATE LAW GROUP a/k/a ALLSTATE  
LAW GROUP,

CONSULT MARKETING GROUP, INC.,

Respondents.

BEFORE THE MARYLAND

COMMISSIONER OF

FINANCIAL REGULATION

Case No.: CFR-FY2011-224

**FINAL ORDER TO CEASE AND DESIST**

**WHEREAS**, the Commissioner of Financial Regulation (the “Commissioner”) conducted an investigation into the credit services business activities of State Law Group, All State Law Group a/k/a Allstate Law Group (“All State Law Group”), and Consult Marketing Group, Inc. (“Consult Marketing Group”), (collectively the “Respondents”); and

**WHEREAS**, as a result of that investigation, the Deputy Commissioner of Financial Regulation (the “Deputy Commissioner”) found evidence to support that Respondents have engaged, and continue to engage, in acts or practices constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, namely that Respondents have violated various provisions of the Annotated Code of Maryland, including Commercial Law Article (“CL”), Title 14, Subtitle 19, (the Maryland Credit Services Businesses Act, hereinafter “MCSBA”), and Financial Institutions Article (“FI”), Title 11, Subtitles 2 and 3; and

**WHEREAS**, the Deputy Commissioner issued a Summary Order to Cease and Desist (the “Summary Order”) against Respondents on May 25, 2011,<sup>1</sup> after determining that Respondents were in violation of the aforementioned provisions of Maryland law, and that it was in the public interest that Respondents cease and desist from engaging in credit services business activities with Maryland residents, homeowners and/or consumers (hereinafter “Maryland consumers”), including directly or indirectly offering, contracting to provide, or otherwise engaging in, loan modification, loss mitigation, or similar services related to residential real property (hereinafter “loan modification services”); and

**WHEREAS**, the Summary Order notified Respondents of, among other things, the following: that Respondents were entitled to a hearing before the Commissioner to determine whether the Summary Order should be vacated, modified, or entered as a final order of the Commissioner; that the Summary Order would be entered as a final order if Respondents did not request a hearing within 15 days of the receipt of the Summary Order; and that as a result of a hearing, or of Respondents’ failure to request a hearing, the Commissioner may, in the Commissioner’s discretion and in addition to taking any other action authorized by law, enter an order making the Summary Order final, issue penalty orders against Respondents, issue orders requiring Respondents to pay restitution and other money to consumers, as well as take other actions related to Respondents’ business activities; and

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<sup>1</sup>Based on the Deputy Commissioner’s continued investigation into this matter, the Summary Order was rescinded on August 8, 2011, as to certain respondents not listed in this Final Order to Cease and Desist. In addition, it has been determined that State Law Group and All State Law Group are two distinct business entities. The caption for this case has been amended accordingly.

**WHEREAS**, the Summary Order was properly served on Respondents via First Class U.S. Mail and Certified U.S. Mail; and

**WHEREAS**, Respondents failed to request a hearing on the Summary Order within the fifteen (15) day period set forth in FI § 2-115(a)(2) and have not filed a request for a hearing as of the date of this Final Order to Cease and Desist (this “Final Order”); and

**WHEREAS**, the Commissioner has based his decision in this Final Order on the following determinations:

1. The MCSBA defines “*credit services business*” at CL § 14-1901(e); this provision provides, in part, as follows:

(1) “Credit services business” means any person who, with respect to the extension of credit by others, sells, provides, or performs, or represents that such person can or will sell, provide, or perform, any of the following services in return for the payment of money or other valuable consideration:

- (i) Improving a consumer’s credit record, history, or rating or establishing a new credit file or record;
- (ii) Obtaining an extension of credit for a consumer; or
- (iii) Providing advice or assistance to a consumer with regard to either subparagraph (i) or (ii) of this paragraph.

Additionally, CL § 14-1901(f) defines “*extension of credit*” as “the right to defer payment of debt or to incur debt and defer its payment, offered or granted primarily for personal, family, or household purposes.”

2. The activities of persons engaged in the business of offering or providing loan modification services customarily include obtaining extensions of credit for consumers, namely obtaining forbearance or other deferrals of payment on consumers’ mortgage loans. This includes any offered services intended as part of the loan modification process, or which are represented to consumers to be necessary for participating in a loan modification

program. Under certain circumstances, loan modification services may involve improving a consumer's credit record, history, or rating or establishing a new credit file or record. Therefore, unless otherwise exempt, pursuant to CL §§ 14-1901(e), 14-1903(a), and 14-1903(f), persons engaged in the business of offering or providing residential loan modification services, which include offering or providing extensions of credit to consumers, fall under the statutory definition of "credit services businesses," and are thereby subject to the licensing, investigatory, enforcement, and penalty provisions of the MCSBA.

3. The following relevant and credible evidence, obtained pursuant to the Commissioner's investigation, was considered in the issuance of the Summary Order: Respondents' advertising and marketing materials; communications between Respondents and the Commissioner; and the Commissioner's licensing records. More particularly, this evidence supports the following findings:

a. Respondent State Law Group is a purported business entity operating out of offices located in Santa Ana, California. State Law Group advertises and offers to sell loan modification services on the internet and through direct mailings to Maryland consumers involving Maryland residential real property, although it is not a registered business entity in the State of Maryland.

b. Respondent All State Law Group is a purported business entity operating out of offices located in Newport Beach, California. All State Law Group advertises and offers to sell loan modification services on the internet to Maryland consumers involving Maryland residential real property, although it is not a registered business entity in the State of Maryland.

c. Respondent Consult Marketing Group is an active California corporation operating out of offices located in Newport Beach, California. Consult Marketing Group advertises and offers to sell loan modification services on the internet and through direct mailings to Maryland consumers involving Maryland residential real property, although it is not a registered business entity in the State of Maryland.

d. Respondents advertised and marketed to Maryland consumers that Respondents could obtain loan modifications for homeowners on their residential mortgages.

e. Respondents sent a direct mailing to [REDACTED] (“Consumer A”), a Maryland consumer. Respondents’ mailing advertises and offers to sell loan modification services to Consumer A. Further, Respondents representations in this advertisement are misleading as it appears that Respondents are Bank of America or working for Bank of America.

4. In the present matter, Respondents are subject to the MCSBA, including its prohibition on engaging in credit services business activities without first being licensed under the MCSBA. *See* CL § 14-1902(1) (“[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not: (1) [r]eceive any money or other valuable consideration from the consumer, unless the credit services business has secured from the Commissioner a license under Title 11, Subtitle 3 of the Financial Institutions Article. . . .”); CL §14-1903(b) (“[a] credit services business is required to be licensed under this subtitle and is subject to the licensing, investigatory, enforcement, and penalty provisions of this subtitle and Title 11, Subtitle 3 of the Financial Institutions Article”); FI § 11-302 (“[u]nless the person is

licensed by the Commissioner, a person may not: . . . (3) [e]ngage in the business of a credit services business as defined under Title 14, Subtitle 19 of the Commercial Law Article”); and FI § 11-303 (“[a] license under this subtitle shall be applied for and issued in accordance with, and is subject to, the licensing and investigatory provisions of Subtitle 2 of this title, the Maryland Consumer Loan Law – Licensing Provisions”).

5. According to the Commissioner’s records, at no time relevant to the facts set forth in the Summary Order of May 25, 2011, or in the present Final Order, have the Respondents been licensed by the Commissioner under the MCSBA.

6. Respondents have engaged in credit services business activities without having the requisite license by advertising that they could provide loan modification services as described above. Respondents’ unlicensed loan modification activities thus constitute violations of CL § 14-1902(1), CL §14-1903(b), FI § 11-302, and FI § 11-303.

7. Further, Respondents made or used false or misleading representations in their offer and sale of services to Maryland consumers; for example, Respondents advertisements make representations that appear to be from Bank of America, when in fact Respondents are not Bank of America nor do they work for Bank of America; as such, Respondents violated CL § 14-1902(4) (“[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not: . . . (4) [m]ake or use any false or misleading representations in the offer or sale of the services of a credit services business”).

8. Respondents further violated the MCSBA through the following: in their loan modification advertisements, they failed to clearly and conspicuously state their license


number under the MCSBA or their exemption, in violation of CL § 14-1903.1; and they failed to obtain the requisite surety bonds, in violation of to CL §§ 14-1908 and 14-1909.

**NOW, THEREFORE**, having determined that Respondents waived their right to a hearing in this matter by failing to request a hearing within the time period specified in the Summary Order, and pursuant to CL §§ 14-1902, 14-1907, and FI § 2-115(b), it is by the Maryland Commissioner of Financial Regulation, hereby:

**ORDERED** that the Summary Order issued by the Deputy Commissioner against Respondents on March 25, 2011, is entered as a final order of the Commissioner as modified herein, and that Respondents shall permanently **CEASE** and **DESIST** from engaging in credit services business activities with Maryland consumers, including contracting to provide, or otherwise engaging in, loan modification, loss mitigation, or similar services with Maryland consumers; and it is further

**ORDERED** that Respondents shall send all correspondence and notices to the Commissioner at the following address: Commissioner of Financial Regulation, 500 North Calvert Street, Suite 402, Baltimore, Maryland 21202, Attn: Proceedings Administrator.

9/8/11  
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Date

  
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Mark A. Kaufman  
Commissioner of Financial Regulation