

**IN THE MATTER OF:**

**HOME RELIEF SERVICES, INC.;**

**THE LAW OFFICES OF  
CHRISTOPHER DIENER AND  
ASSOCIATES, LLC, a/k/a  
THE DIENER LAW FIRM;**

**CHRISTOPHER DIENER;**

**and**

**JOHNNY LINDERMAN,**

**Respondents.**

**BEFORE THE MARYLAND**

**COMMISSIONER OF**

**FINANCIAL REGULATION**

**Case No.: DFR-EU-2009-067**

**FINAL ORDER TO CEASE AND DESIST**

WHEREAS, the Maryland Department of Labor, Licensing and Regulation, Office of the Commissioner of Financial Regulation (the “Agency”) undertook an investigation into the credit services business activities, mortgage assistance relief services, and foreclosure consulting activities of Home Relief Services, Inc. (“Home Relief”), The Law Offices of Christopher Diener and Associates, LLC, a/k/a The Diener Law Firm (together, the “Law Firm”), Christopher Diener (“Diener”) and Johnny Linderman (“Linderman”), (collectively, Home Relief, the Law Firm, Diener and Linderman are the “Respondents”); and **WHEREAS**, as a result of that investigation, the current Deputy Commissioner (hereinafter, the “Commissioner”) finds grounds to allege that Respondents 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”), Financial Institutions Article (“FI”), Title 11, Subtitles 2 and 3, and Real Property Article (“RP”), Title 7, Subtitle 3 (Protection of Homeowners in Foreclosure Act, hereinafter “PHIFA”), and the Commissioner finds that action under FI § 2-115 is appropriate.

**WHEREAS**, then Deputy Commissioner Mark Kaufman issued a Summary Order to Cease and Desist and Order to Produce (the “Summary Order”) against Respondents on May 5, 2009, 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 or foreclosure consulting activities with Maryland residents, homeowners or consumers (hereinafter “Maryland consumers”), including directly or indirectly offering, contracting to provide, or otherwise engaging in, loan modification, loss mitigation, foreclosure consulting, 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

**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, and CL § 14-1911, 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. Pursuant to CL § 14-1902, "[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit service 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 ...”

3. Pursuant to 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.”

4. Pursuant to FI § 11-302, “[u]nless the person is licensed by the Commissioner, a person may not: (3) [e]ngage in the business of credit services business as defined under Title 14, Subtitle 19 of the Commercial Law Article.”

5. Pursuant to 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.”

6. CL § 14-1903(a) addresses the scope of credit services contracts covered under MCSBA, providing as follows:

(a) In general. – Notwithstanding any election of law of designation of situs in any contract, this subtitle applies to any contract for credit services, if:

(1) The credit services business offers or agrees to sell, provide, or perform any services to a resident of this State;

(2) A resident of this State accepts or makes the offer in this State to purchase the services of the credit services business; or

(3) The credit services business makes any verbal or written solicitation or communication that originates either inside or outside of this State but is received in the State by a resident of this State.

7. Pursuant to CL § 14-1903.1, a person who advertises a service described in § CL § 14-1901(e)(1) of this subtitle, whether or not a credit services business, shall clearly and conspicuously state in each advertisement the number of: (1) [t]he license issued under

§ 14-1903 of this subtitle; or (2) [i]f not required to be licensed, the exemption provided by the Commissioner.

8. CL § 14-1904(a) provides that, “[b]efore either the execution of a contract or agreement between a consumer and a credit services business or the receipt by the credit services business of any money or other valuable consideration, the credit services business shall provide the consumer with a written information statement containing all of the information required under § 14-1905 of the [MCSBA].” CL § 14-1905(b) further requires a credit services business “to maintain on file for a period of 2 years from the date of the consumer’s acknowledgment a copy of the information statement signed by the consumer acknowledging receipt of the information statement.”

9. CL § 14-1905 sets forth the specific terms which must be provided in the information statement, stating in part, as follows:

(a) In general. - The information statement required under § 14-1904 of this subtitle shall include:

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(5) A complete and detailed description of the services to be performed by the credit services business for or on behalf of the consumer, and the total amount the consumer will have to pay for the services.

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(b) Additional requirements of licenses. – A credit services business required to obtain a license pursuant to § 14-1902 of this subtitle shall include in the information statement required under § 14-1904 of this subtitle:

(1) A statement of the consumer’s right to file a complaint pursuant to § 14-1911 of this subtitle;

(2) The address of the Commissioner where complaints should be filed; and

(3) A statement that a bond exists and the consumer's right to proceed against the bond under the circumstances and in the manner set forth in § 14-1910 of this subtitle.

10. CL § 14-1906 sets for the requirements for contracts between credit services businesses and consumer, providing as follows:

(a) Requirements. – Every contract between a consumer and a credit services business for the purchase of the services of the credit services business shall be in writing, dated, signed by the consumer, and shall include:

(1) A conspicuous statement in size equal to at least 10-point bold type, in immediate proximity to the space reserved for the signature of the consumer as follows:

“You, the buyer, may cancel this contract at any time prior to midnight of the third business day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right;”

(2) The terms and conditions of payment, including the total of all payments to be made by the consumer, whether to the credit services business or to some other person;

(3) A complete and detailed description of the services to be performed and the results to be achieved by the credit services business for or on behalf of the consumer, including all guarantees and all promises of full or partial refunds and a list of the adverse information appearing on the consumer's credit report that the credit services business expects to have modified and the estimated date by which each modification will occur; and

(4) The principal business address of the credit services business and the name and address of its agent in this State authorized to receive service of process.

(b) Notice of cancellation form. – The contract shall be accompanied by a form completed in duplicate, captioned “NOTICE OF CANCELLATION”, which shall be attached to the contract and easily detachable, and which shall contain in at least 10-point bold type the following statement: “NOTICE OF CANCELLATION You may cancel this contract, without any penalty or obligation, at any time prior to midnight of the third business day after the date the contract is signed. If you cancel, any payment made by you under this contract will be returned within 10 days following receipt by the seller of your cancellation notice.

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(c) Copies of completed contract and other documents to be given to consumer. – A copy of the completed contract and all other documents the credit services business requires the consumer to sign shall be given by the credit services business to the consumer at the time they are signed.

11. CL § 14-1907 provides in part as follows:

(a) Breach of contract. - Any breach by a credit services business of a contract under this subtitle, or of any obligation arising under it, shall constitute a violation of this subtitle.

(b) Void contracts. – Any contract for services from a credit services business that does not comply with the applicable provisions of this subtitle shall be void and unenforceable as contrary to the public policy of this State.

(c) Waivers. – (2) Any attempt by a credit services business to have a consumer waive rights given by this subtitle shall constitute a violation of this subtitle.

12. Pursuant to CL § 14-1908 a credit services business is required to obtain a surety bond pursuant to Title 11, Subtitle 3 of the Financial Institutions Article, issued by a surety company authorized to do business in this State (CL § 14-1909).

13. CL § 14-1912 discusses liability for failure to comply with the MCSBA, and provides as follows:

(a) Willful noncompliance. – Any credit services business which willfully fails to comply with any requirement imposed under this subtitle with respect to any consumer is liable to that consumer in an amount equal to the sum of:

(1) Any actual damages sustained by the consumer as a result of the failure;

(2) A monetary award equal to 3 times the total amount collected from the consumer, as ordered by the Commissioner;

(3) Such amount of punitive damages as the court may allow; and

(4) In the case of any successful action to enforce any liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court.

(b) Negligent noncompliance. - Any credit services business which is negligent in failing to comply with any requirement imposed under this

subtitle with respect to any consumer is liable to that consumer in an amount equal to the sum of:

(1) Any actual damages sustained by the consumer as a result of the failure; and

(2) In the case of any successful action to enforce any liability under this section, the cost of the action together with reasonable attorney's fees as determined by the court.

14. Unless otherwise exempt, pursuant to CL §§ 14-1901(e) and 14-1903(d), 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.

15. The following relevant and credible evidence, obtained pursuant to the Commissioner's investigation, was considered in the issuance of the Summary Order: Respondents' standard documents for providing residential loan modification services for Maryland consumers; communications between Respondents and the Commissioner; communications between Respondents and Maryland consumers; statements by Maryland consumers who had entered into loan modification agreements with Respondents but for whom Respondents failed to obtain a loan modification for the consumers; and the Commissioner's licensing records. More particularly, at all times prior to the issuance of the Summary Order, the evidence adduced supports the following findings:

a. Respondents operation out of offices in Irvine, California. They advertised and marketed to Maryland consumers, including but not limited to using internet-based advertising, that Respondents could obtain loan modifications for homeowners in default or in foreclosure on their residential mortgages. Respondents regularly entered into contracts to



perform, or represented that they could perform, residential mortgage loan modification services for Maryland residents. Respondents were not registered with Maryland State Department of Assessments and Taxation.

b. In January 2009, [REDACTED] (“Consumer A”), was in default on her residential mortgage loan. She entered into a loan modification agreement with Respondents. Consumer A paid approximately \$995 in up-front fees to Respondents, in exchange for which Respondents represented that they would be able to obtain a loan modification for Consumer A. Respondents also directed Consumer A to stop making payments on her mortgage loan.

c. Although Respondents collected \$995 in up-front fees, Respondents never obtained a loan modification for Consumer A. Further, Consumer A requested a refund of the up-front fees, which the Respondents have yet to provide.

16. Respondents are subject to the MCSBA, including its prohibition on engaging in credit services business activities without first being licensed under the MCSBA pursuant to CL § 14-1902(1), CL § 14-1903(b), FI § 11-302, and FI § 11-303. However at no time relevant to the facts set forth herein have any of the Respondents been licensed by the Commissioner under the MCSBA.

17. By advertising and representing they could provide residential mortgage loan modification services, and by entering into contractual agreements with Maryland consumers to provide such services, Respondents have engaged in credit services business activities without the requisite license. Respondents’ unlicensed loan modification activities thus constitute

violations of CL § 14-1902(1), CL § 14-1903(b), FI § 11-302, and FI § 11-303, thereby subjecting the Respondents to the penalty provisions of the MCSBA.

18. Additionally, by collecting up-front fees prior to fully and completely performing all services on behalf of consumers, Respondents violated CL § 14-1902(6) of the MCSBA (“[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not: . . . (6) [c]harge or receive any money or other valuable consideration prior to full and complete performance of the services that the credit services business has agreed to perform for or on behalf of the consumer”).

19. Further, Respondents made or used false or misleading representations in their sale of services to Maryland consumers, thereby violating CL § 14-1902(4), when Respondents’ represented that they would obtain beneficial loan modifications for Maryland consumers, when in fact, Respondents never obtained such beneficial loan modifications for Maryland consumers and never returned the up-front fees.

20. Respondents further violated the MCSBA through the following: they failed to obtain the requisite surety bonds in violation of CL §§ 14-1908 and 14-1909; they failed to provide Consumer A with the requisite information statements in violation of CL §§ 14-1904 and 14-1905; and they failed to include the requisite contractual terms in their agreements with consumers as required under CL § 14-1906.

21. The contract between Respondents and Consumer A failed to comply with the specific requirements imposed by the MCSBA (as discussed above), pursuant to CL §14-1907(b) all such contracts between Respondents and Consumer A are void and unenforceable as against the public policy of the State of Maryland.

22. By failing to obtain the beneficial loan modification, or other form of forbearance agreement for Consumer A which Respondents had agreed to provide, Respondents breached their contract with Consumer A and/or breached the obligations arising under that contract, which is a *per se* violations of the MCSBA pursuant to CL§ 14-1907(a).

23. Under PHIFA, (specifically RP § 7-301(i)), the term “*homeowner*” is defined as “the record owner of a residence in default or a residence in foreclosure, or an individual occupying the residence under a use and possession order issued under Title 8, Subtitle 2 of the Family Law Article.” In turn, pursuant to RP § 7-301(j), the term “*residence in default*” refers to homeowner-occupied Maryland residential real property “on which the mortgage is at least 60 days in default,” while pursuant to RP § 7-301(k), “*residence in foreclosure*” refers to homeowner-occupied Maryland residential real property “against which an order to docket or a petition to foreclose has been filed.”

24. Pursuant to RP § 7-301(c), a “*foreclosure consultant*” is defined as a person who:

(1) Solicits or contacts a homeowner in writing, in person, or through any electronic or telecommunications medium and directly or indirectly makes a representation or offer to perform any service that the person represents will:

(i) Stop, enjoin, delay, void, set aside, annul, stay, or postpone a foreclosure sale;

(ii) Obtain forbearance from any servicer, beneficiary or mortgagee;

(iii) Assist the homeowner to exercise a right of reinstatement provided in the loan documents or to refinance a loan that is in foreclosure and for which notice of foreclosure proceedings has been published;

(iv) Obtain an extension of the period within which the homeowner may reinstate the homeowner's obligation or extend the deadline to object to a ratification;

(v) Obtain a waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a residence in default or contained in the mortgage;

- (vi) Assist the homeowner to obtain a loan or advance of funds;
  - (vii) Avoid or ameliorate the impairment of the homeowner's credit resulting from the filing of an order to docket or a petition to foreclose or the conduct of a foreclosure sale;
  - (viii) Save the homeowner's residence from foreclosure;
  - (ix) Purchase or obtain an option to purchase the homeowner's residence within 20 days of an advertised or docketed foreclosure sale; or
  - (x) Arrange for the homeowner to become a lessee or renter entitled to continue to reside in the homeowner's residence after a sale or transfer; or
- (2) Systematically contacts owners of residences in default to offer foreclosure consulting services.

25. Unless otherwise exempt, the provisions of PHIFA apply to, *inter alia*, activities in which a person or business entity solicits, offers, sells, provides, or enters into an agreement to provide, residential mortgage loan modification services (a/k/a loss mitigation, foreclosure consulting, and similar services) pertaining to homeowner-occupied Maryland residential real property which is in default or in foreclosure.

26. The Commissioner's investigation revealed that the business activities of the Respondents are subject to PHIFA. By entering into agreements with Maryland homeowners in default or in foreclosure to provide residential mortgage loan modification services pertaining to homeowner-occupied Maryland residential real property, the Respondents acted as "foreclosure consultants" under PHIFA (as that term is defined at RP § 7-301(c)), as they had entered into "foreclosure consulting contracts" with homeowners for the provision of "foreclosure consulting services" (as those terms are defined under RP §§ 7-301(d) and (e), respectively). As such, the Respondents are required to comply with all provisions of PHIFA applicable to foreclosure consultants.

27. Respondents failed to comply with the requirements of PHIFA. First, the Respondents violated RP § 7-307(2) by requiring Consumer A to pay up-front fees prior to successfully obtaining a loan modification for the Consumer A.

28. The Respondents also violated PHIFA by inducing Consumer A to enter into a foreclosure consulting agreement which lacked the notices of rescission and related information required under RP §§ 7-305 and 7-306(a)(6), (b), and (c), and thus the Respondents violated RP § 7-307(10) (“[a] foreclosure consultant may not . . . [i]nduce or attempt to induce any homeowner to enter into a foreclosure consulting contract that does not comply in all respects with [PHIFA]).”

29. The Respondents further violated PHIFA when they breached the duty of reasonable care and diligence required under RP § 7-309(b) and BO&P § 17-532(c)(vi), including, but not limited to, the following conduct: they failed to perform those loan modification services for Consumer A which they promised to provide and for which they had collected an up-front fee.

**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, 14-1912, and FI § 2-115(b), RP §§ 7-307, 7-309 and 7-319.1 it is by the Maryland Commissioner of Financial Regulation, hereby:

**ORDERED** that the Summary Order issued by the Deputy Commissioner against Respondents on May 5, 2009, is entered as a final order of the Commissioner as modified herein, and that Respondents shall permanently **CEASE** and **DESIST** from engaging in any further credit services business activities and/or foreclosure consultant activities with Maryland

consumers, including contracting to provide, or otherwise engaging in loan modification services, foreclosure consulting, or similar services with Maryland consumers; and it is further

**ORDERED** that, pursuant to FI §2-115(b) and RP §7-319.1, and upon careful consideration of (i) the seriousness of the Respondents’ violations; (ii) the lack of good faith of Respondents, (iii) the history and nature of Respondents’ violations; and (iv) the deleterious effect of Respondents’ violations on the public and on the credit services businesses and mortgage industries, Respondents shall pay to the Commissioner a total civil money penalty in the amount of **\$5,000**, which consists of the following:

<i>Prohibited Activity and Violation</i>	<b>Penalty per Violation</b>	<b>x Number of Violations</b>	<b>= Penalty</b>
<i>Unlicensed Activity in Violation of MCSBA</i>	\$1,000	1 Md. Consumer	\$1,000
<i>Charging Up-Front Fees in Violation of MCSBA</i>	\$1,000	1 Md. Consumer	\$1,000
<i>Failure to secure a Surety Bond in Violation of MCSBA</i>	\$1,000	1 Md. Consumer	\$1,000
<i>Charging Up-Front Fees in Violation of PHIFA</i>	\$1,000	1 Md. Consumer	\$1,000
<i>Breaching the Duty of Reasonable Care and Diligence in Violation of PHIFA</i>	\$1,000	1 Md. Consumer	\$1,000
		Total	\$5,000

And it is further,

**ORDERED** that Respondents shall pay to the Commissioner, by cashier's or certified check made payable to the "Commissioner of Financial Regulation," the amount of **\$5,000** within fifteen (15) days from the date of this Final Order; and it is further

**ORDERED** that, pursuant to CL § 14-1907(b), all loan modification agreements which Respondents entered into with Maryland Consumer A and any other Maryland consumers with whom Respondents entered into loan modification agreements, but whom Respondents failed to identify in response to the Commissioner's Order to Produce, are void and unenforceable as contrary to the public policy of the State of Maryland; and it is further

**ORDERED** that, as Respondents' activities constituted willful noncompliance with the MCSBA, pursuant to CL § 14-1912(a) Respondents shall pay a monetary award in an amount equal to three times the amount collected from these consumers; and thus Respondents shall pay a monetary award of **\$2,985** to Consumer A; and it is further

**ORDERED** that Respondents shall pay the required monetary award to those consumers described herein within 30 days of the date of this Final Order. Respondents shall make payment by mailing to each consumer a check in the amount specified above via U.S. First Class Mail at the most recent address of that consumer known to the Respondents. If the mailing of a payment is returned as undeliverable by the U.S. Postal Service, Respondents shall promptly notify the Commissioner in writing for further instruction as to the means of the making of said payment. Upon the making of the required payments, the Respondents shall furnish evidence of having made the payments to the Commissioner within sixty (60) days of this Final Order being signed, which evidence shall consist of a copy of the front and back of the cancelled check for each payment; and it is further

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

7/2/14

Date



Gordon Cooley  
Acting Commissioner of Financial Regulation