

Consumer Defense Receivership Frequently Asked Questions (FAQs)

1. What companies have been sued by the FTC?

The FTC's Complaint names the following companies as Defendants:

- AM Property Management, LLC;
- American Home Loans, LLC;
- American Home Loan Counselors;
- Brown Legal, Inc.;
- Consumer Defense, LLC (NV);
- Consumer Defense, LLC (UT);
- Consumer Defense Group, LLC, f/k/a Modification Review Board, LLC;
- Consumer Link, Inc.;
- FMG Partners, LLC;
- Preferred Law, PLLC; and
- Zinly, LLC

Individuals named in the FTC's Lawsuit:

- Jonathan P. Hanley;
- Benjamin R. Horton; and
- Sandra X. Hanley

2. What is the Federal Trade Commission ("FTC") case about and what is the status?

The FTC's lawsuit alleges that Defendants used deceptive practices and charged unlawful advance fees in connection with its loan modification services. On January 10, 2018, the Court entered a Temporary Restraining Order ("TRO") which prohibits unlawful activity and appointed a Temporary Receiver ("Receiver") to take possession and control of the businesses.

After taking possession of the business premises in Utah, the Receiver suspended operations in order to review business practices. The Court entered a Preliminary Injunction on February 15, 2018 and the Receiver has now terminated operations.

The FTC's Complaint, the TRO, and the Preliminary Injunctions are available under the Documents section of the Receiver's website.

3. What is a receivership and how does it work?

When the FTC filed its civil action in the federal Court, it asked the Court to appoint a Receiver to immediately take over operations of the multiple businesses run by the Defendants. In that role, the Receiver is an independent party. He does not work for the FTC or for the Defendants. He reports directly to the Court and is supervised by the Court.

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4. How do I deal with my loan modification now?

We recommend that you immediately contact your lender directly, a lawyer in your local jurisdiction with expertise in loan modifications, or HOPE NOW (<http://www.hopenow.com/>) or Homeowners Preservation Foundation (<https://995home.org/>). HOPE NOW is an alliance of mortgage companies, HUD-approved counseling agencies, and other mortgage market participants. Homeowners Preservation Foundation is a non-profit member of the HOPE NOW alliance and operates a 24/7 toll-free hotline 888-995-HOPE (4673). A list of contact information for mortgage companies is available at <http://www.hopenow.com/mortgage-directory.php>.

5. Can I get a refund?

At this very early stage of the case, there are no refund procedures in place. First, the FTC case is in its very early stages. The Defendants have not yet offered their defense. If the FTC prevails in the case, the matter of refunds will be an issue for the FTC and the Court to resolve. This determination is a long way down the road. As further information becomes available on the subject of refunds, we will post it on this website.

6. What is the next step for customers?

We recommend that you immediately contact your lender directly, a lawyer in your local jurisdiction with expertise in loan modifications, or HOPE NOW (<http://www.hopenow.com/>) or Homeowners Preservation Foundation (<https://995home.org/>). HOPE NOW is an alliance of mortgage companies, HUD-approved counseling agencies, and other mortgage market participants. Homeowners Preservation Foundation is a non-profit member of the HOPE NOW alliance and operates a 24/7 toll-free hotline 888-995-HOPE (4673). A list of contact information for mortgage companies is available at <http://www.hopenow.com/mortgage-directory.php>.

7. Will auto-debits still be taken out of my account?

All of Defendants' bank accounts have been frozen which includes merchant accounts that process credit and debit cards. As such, auto-debits should have stopped. Some customers have told us that they have also cancelled their debit cards which had been provided to Defendants and have disputed the charges and requested chargebacks.

8. Can someone from the Receiver's Office contact me directly?

While the Receiver does not have the resources to respond directly to each phone call or email coming into the Receiver's office, our staff is reaching out directly to those customers with sales dates in the immediate future. We have sent a global email explaining the situation to customers. The FAQs are a good substitute for direct contact as they will be regularly updated to respond to new questions and issues as they are raised by consumers. You can also send questions to info@regulatoryresolutions.com with the words, "Consumer Defense Receivership" in the subject line.

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9. How do I keep up with what the Receiver is doing?

The Receiver's website is the most efficient vehicle for consumers to keep up with developments. Go to <http://regulatoryresolutions.com/> and click the link for cases and then *Federal Trade Commission v. Consumer Defense, LLC, et al.* The Receiver will also file Status Reports and accountings with the Court which will be posted on the Receiver's website.

10. I was an employee - how do I get paid?

All of Defendants' assets have been frozen, so there are no funds available at this time for any payments to employees or other creditors of the Defendants. The TRO which appointed the Receiver also prevents any payment of pre-receivership debts without the Court's prior authorization. In short, there are no present procedures for payments to employees. Whether and to what extent payments may be made to employees in the future may be a subject for future resolution by the Court.