



FTC Action Leads to Ban on Alleged Mortgage Relief Scammers Who Harmed Thousands of Consumers

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Defendant Ordered to Surrender Yacht, Cadillac, and Rolex

FOR RELEASE

TAGS: Consumer Protection

At the request of the Federal Trade Commission, a U.S. district court put the mortgage relief business permanently off limits to marketers who allegedly charged thousands of consumers up to \$2,600 each, based on bogus promises to provide loan modifications that would make mortgages much more affordable.

The case against U.S. Mortgage Funding, Inc. is part of the FTC's continuing crackdown on scams that target homeowners who are behind in their mortgage payments or facing foreclosure. According to the agency, the scheme caused consumer losses of nearly \$19 million. All but two of the defendants settled with the agency, while the two remaining corporate defendants received default judgments.

The FTC alleged that the defendants used direct mail, the Internet, and telemarketing to target homeowners – even those whose lenders had denied them modifications or who had been sent foreclosure notices. The defendants typically asked for half of the fee up-front, falsely claiming a success rate of up to 100 percent, according to the complaint.

The defendants deceptively claimed they could prevent foreclosure, that they were affiliated with or approved by consumers' lenders, and that they would refund consumers' money if they failed to deliver promised services, according to the FTC. They told consumers not to contact their lenders and to stop making mortgage payments, claiming that falling behind on payments would demonstrate the consumers' hardship to lenders, the FTC alleged.

The FTC complaint charged U.S. Mortgage Funding, Inc., Debt Remedy Partners Inc., Lower My Debts.com LLC, David Mahler, Jamen Lachs, and John Incandela, Jr., also known as Jonathan Incandela, Jr., with violating the FTC Act and the FTC's Telemarketing Sales Rule. An amended complaint added Louis Gendason as a defendant.

The court orders ban all the defendants from providing mortgage relief services, and Mahler and Debt Remedy Partners, who also provided debt relief services, are banned from continuing to do so.

The court orders for U.S. Mortgage Funding, Inc. and Lower My Debts.Com LLC ban them from engaging in any telemarketing. The remaining defendants are prohibited from violating the Telemarketing Sales Rule, and from misrepresenting any facts relevant to marketing or selling any product or service. Also under the settlements:

A judgment for more than \$17 million against Mahler and Debt Remedy Partners Inc. is suspended due to their inability to pay, except for \$588,212. Mahler also is required to turn over a 1971 Hatteras yacht, a 2007 Cadillac DTC, and a Rolex watch to the court-appointed receiver for liquidation.

A judgment for \$3.5 million against [Lachs](#) is suspended due to his inability to pay, except for \$409,766.

Judgments for more than \$18 million against [Incandela](#) and [Gendason](#) and more than \$19 million against U.S. Mortgage Funding, Inc. and Lower My Debts.Com LLC are not suspended, but the two have pled guilty to unrelated criminal charges, and both face prison terms.

The FTC's [Mortgage Assistance Relief Services Rule](#), known as the MARS Rule, bans providers of mortgage foreclosure rescue and loan modification services from collecting fees until homeowners have a written offer from their lender or servicer that they decide is acceptable. Because the defendants' mortgage relief ads predated the MARS Rule, the FTC did not allege any violations of that rule in this case.

The Commission has advice for consumers about mortgage and foreclosure rescue scams, and debt settlement scams. For more information see: [Your Home](#), and [Settling Your Credit Card Debts](#).

The Commission votes to file the proposed consent agreements with Lachs, Incandela, and Gendason were 4-0. The Commission vote to file the proposed consent agreement with Mahler and his company, Debt Remedy Partners Inc., was 3-1, with Commissioner J. Thomas Rosch voting no. The FTC filed the four proposed settlement orders in the in the U.S. District Court for the Southern District of Florida. The settlement orders were entered by the court on February 3, 2012. The court entered default judgments against U.S. Mortgage Funding, Inc. and Lower My Debts.Com LLC on September 20, 2011.

NOTE: These consent decrees are for settlement purposes only and do not constitute an admission by the defendants that the law has been violated. Consent decrees have the force of law when approved and signed by the District Court judge.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides free information on a variety of [consumer topics](#). Like the FTC on [Facebook](#) and follow us on [Twitter](#).

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(U.S. Mortgage Funding)

Contact Information

MEDIA CONTACT:

Betsy Lordan
Office of Public Affairs
202-326-3707

STAFF CONTACT:

Jessica D. Gray
FTC's Southeast Region
404-656-1350



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