

11/1/16  
Judgment docketed  
Upon approval of  
Jonathan A. Judd,  
law clerk to Judge  
Freed.  
MATJmc

At Part 2 of the Supreme  
Court of the State of New York,  
in and for the County of New  
York at ~~80~~ Centre Street, New  
York, NY this 24 day of October  
2016.

PRESENT:

**HON. KATHRYN FREED**  
**JUSTICE OF SUPREME COURT**  
HON. \_\_\_\_\_  
Justice

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

-----X  
THE PEOPLE OF THE STATE OF NEW YORK,  
by ERIC T. SCHNEIDERMAN, Attorney General of the  
State of New York,

Petitioner,

**CONSENT ORDER  
AND JUDGMENT**

Index No.: 451998/2016  
MS# 001

- against -

AMERICAN HOPE GROUP, INC. f/k/a L&S KNATTE  
CORP.; and MAURICIO VILLAMARIN MARTINEZ,  
individually and as principal of AMERICAN HOPE  
GROUP, INC.

Respondents.

-----X

UPON the Petition, verified by Assistant Attorney General Melissa O'Neill, on October 18, 2016, seeking a permanent injunction and other relief in this proceeding pursuant to New York Executive Law § 63(12) and General Business Law ("GBL") Article 22-A (§§ 349 and 350), alleging Respondents have engaged in fraudulent, deceptive, and illegal business practices in connection with the operation of their loan modification and audit services; and upon the Consent and Stipulation, dated October 13, 2016, in which the parties consent to the entry of this Consent Order and Judgment ("Consent Order") and waive notice of entry thereof;

IT NOW APPEARS that AMERICAN HOPE GROUP, INC. and its principal, MAUCRICIO VILLAMARIN MARTINEZ (collectively, "Respondents") are willing to enter into this Consent Order without admitting or denying any of the allegations contained in the Verified Petition;

NOW, on application of Eric. T. Schneiderman, Attorney General of the State of New York ("NYAG"), attorney for Petitioner herein (Melissa O'Neill, Of Counsel), and upon consent of Respondents and their counsel, Deborah A. Colson, Esq. and David Zapp, Esq., it is hereby:

**PARTIES SUBJECT TO JUDGMENT**

1. **ORDERED, ADJUDGED, AND DECREED** that this Consent Order shall extend to American Hope Group, Inc. and Mauricio Villamarin Martinez; their principals, directors, officers, shareholders, agents, subsidiaries, successors, heirs and assigns, independent contractors, servants, employees, or any other person under their direction and control, whether acting individually or in concert with others, or any other entity or device through which American Hope Group, Inc. and/or Mauricio Villamarin Martinez may now or hereafter act or conduct business which is the subject of this litigation.

**DEFINITIONS**

2. **ORDERED, ADJUDGED, AND DECREED** that for purposes of this Consent Order, the following terms shall have the following meanings:

- a. "Assisting others" shall include, but is not limited to, the following activities:
  - i. performing customer service functions including, but not limited to, receiving or responding to consumer complaints;
  - ii. formulating or providing, or arranging for the formulation or provision of, any advertising or marketing material, including, but not

limited to, any telephone sales script, direct mail solicitation, or the text of any Internet website, email, or other electronic communication;

iii. formulating or providing, or arranging for the formulation or provision of, any marketing support material or service, including, but not limited to, web or Internet Protocol addresses or domain name registration for any Internet websites, affiliate marketing services, or media placement services;

iv. providing names of, or assisting in the generation of, potential customers;

v. performing marketing, billing, or payment services of any kind; and

vi. acting or serving as owner, officer, director, manager, or principal of any entity.

b. "Debt Relief Product or Service" shall have the meaning set forth in 16 C.F.R. § 310.2(o) and shall include any product, service, plan, or program represented, expressly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt or obligation, including but not limited to, a reduction in balance, interest rate, or fees owed by a person to a creditor or debt collector.

c. "Mortgage Assistance Relief Service" shall have the meaning set forth in 12 C.F.R. § 1015.2 and shall include any product, service, plan, or program, offered or provided to the consumer in exchange for consideration, that is represented, expressly or by implication, to assist or attempt to assist the

consumer with any of the following:

- i. stopping, preventing, or postponing any mortgage or deed of trust foreclosure sale for the consumer's dwelling, any repossession of the consumer's dwelling, or otherwise saving the consumer's dwelling from foreclosure or repossession;
- ii. negotiating, obtaining, or arranging a modification of any term of a dwelling loan, including a reduction in the amount of interest, principal balance, monthly payments, or fees;
- iii. obtaining any forbearance or modification in the timing of payments from any dwelling loan holder or servicer on any dwelling loan;
- iv. negotiating, obtaining, or arranging any extension of the period of time within which the consumer may (A) cure his or her default on a dwelling loan, (B) reinstate his or her dwelling loan, (C) redeem a dwelling, or (D) exercise any right to reinstate a dwelling loan or redeem a dwelling;
- v. obtaining any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling; or
- vi. negotiating, obtaining, or arranging (A) a short sale of a dwelling, (B) a deed in lieu of foreclosure, or (C) any other disposition of a dwelling loan other than a sale to a third party that is not the dwelling loan holder.

The foregoing shall include any other manner of claimed assistance, including, but not limited to: (A) providing forensic, securitization, or other audits, (B) examining a consumer's mortgage or home loan application, or (C) providing distressed property consulting services as defined in New York Real Property Law ("RPL") § 265-b(1)(c).

3. **ORDERED, ADJUDGED, AND DECREED** that Respondents, whether acting directly or through any other person or entity, are banned for a period of three (3) years from engaging in the following activities:

- a. advertising, marketing, promoting, offering for sale, selling, or providing any Mortgage Assistance Relief Service or Debt Relief Product or Service; and
- b. assisting others engaged in advertising, marketing, promoting offering for sale, selling, or providing any Mortgage Assistance Relief Service or Debt Relief Product or Service.

**INJUNCTIVE RELIEF**

4. **ORDERED, ADJUDGED, AND DECREED** that Respondents, their successors, employees, officers, directors, and assigns, are hereby permanently enjoined from:

- a. violating New York Executive Law § 63(12), GBL §§ 349 and 350, RPL § 265-b, the MARS Rule, 12 C.F.R. Part 1015, and Judiciary Law § 479 in connection with the promotion, marketing, and/or delivery of services in and from New York State and/or involving New York consumers;
- b. requesting or collecting a fee in connection with the provision of any Mortgage Assistance Relief Service unless the consumer accepts the offer of mortgage assistance obtained by Respondents from the consumer's lender or servicer, the consumer signs a written agreement for a mortgage modification

with his or her lender or servicer, and Respondents provide consumer with the disclosures required under 12 C.F.R. § 1015.5(b) and (c).

c. requesting or collecting an advance fee in connection with any Debt Relief Product or Service unless, in accordance with 16 C.F.R. § 310.4(5):

i. Respondents have renegotiated, settled, reduced, or otherwise altered the terms of at least one debt pursuant to a settlement agreement executed by the consumer;

ii. the consumer has made at least one payment pursuant to any settlement agreement with his or her creditor and the fee; and

iii. the fee either bears the same proportional relationship to the total fee for renegotiating, settling, reducing, or altering the terms of the entire debt balance as the individual debt amount bears to the entire debt amount; or is a percentage of the amount saved as a result of the renegotiation, settlement, reduction, or alteration and that percentage does not change from one individual debt to another.

d. making deceptive claims on their website(s), in their written and verbal communications with consumers, and in all forms of media when advertising, marketing, promoting, offering for sale, selling, or providing any Mortgage Assistance Relief Service, including, but not limited to:

i. representing, expressly or by implication, that a consumer cannot or should not contact or communicate with his or her lender or servicer;

ii. misrepresenting, expressly or by implication, Respondents' likelihood of negotiating, obtaining, or arranging a modification of a mortgage

- loan for a consumer;
- iii. misrepresenting, expressly or by implication, the amount of time it will take Respondents to negotiate, obtain, or arrange a modification;
  - iv. misrepresenting, expressly or by implication, that Respondents' Mortgage Assistance Relief Services are affiliated with, endorsed or approved by, or otherwise associated with the United States government; any governmental homeowner assistance plan; any federal, state, or local government agency, unit, or department; any nonprofit housing counselor agency or program; the maker, holder, or servicer, of the consumer's loan; or any other individual, entity, or program;
  - v. misrepresenting, expressly or by implication, a consumer's obligation to make scheduled periodic payments or any other payments pursuant to the terms of his or her dwelling loan;
  - vi. misrepresenting, expressly or by implication, that the terms or conditions of any refund, cancellation, exchange, or repurchase policy for Respondents' Mortgage Assistance Relief Service, including, but not limited to, the likelihood of obtaining a full or partial refund, or the circumstances in which a full or partial refund will be granted, for any Mortgage Assistance Relief Service;
  - vii. misrepresenting, expressly or by implication, the likely terms of any modification that Respondents are able to obtain;
  - viii. representing, expressly or by implication, that Respondents' services

- are being offered for “free” or at “no cost” unless Respondents will never charge consumers for their services;
- ix. misrepresenting, expressly or by implication, the degree of success that Respondents have had in performing any Mortgage Assistance Relief Service;
  - x. representing, expressly or by implication, that a consumer’s loan may have been procured by fraud and that the consumer has grounds to obtain a loan modification or other relief from its lender or servicers because the loan was originated between 2001 and 2009 or because it meets other criteria unless Respondents have substantiation; and
  - xi. misrepresenting, expressly or by implication, the benefits of a forensic or securitization audit, including any representation that a securitization audit or forensic audit will help a consumer obtain a loan modification or prevent foreclosure.
- e. providing substantial assistance or support to any Mortgage Assistance Relief Service provider.
  - f. advertising, charging for, or conducting forensic and/or securitization audits, or otherwise attempting to persuade consumers to contract with any third-party to complete forensic and/or securitization audits.
  - g. soliciting legal business on behalf of any law firm or lawyer(s) or entering into any impermissible fee sharing agreements, directly or indirectly, with any law firm or lawyer(s).
  - h. attempting to collect, collecting, selling, assigning, or otherwise transferring



any right to collect payment from consumers who purchased or agreed to purchase any Mortgage Assistance Relief Service from the Respondents prior to October 2015.

**REQUIRED DISCLOSURES**

5. **ORDERED, ADJUDGED, AND DECREED** that in connection with providing, offering to provide, or arranging for others to provide any Mortgage Assistance Relief Service, Respondents shall make the required disclosures in all general and consumer-specific commercial communications as set forth in 12 C.F.R. § 1015.4.

6. **ORDERED, ADJUDGED, AND DECREED** that in connection with providing, offering to provide, or arranging for others to provide any Mortgage Assistance Relief Service, Respondents shall make the following disclosure as required by RPL § 265-b(3-a)(a):

In New York State, Housing Counselors, who are approved by the U.S. Department of Housing & Urban Development or the New York State Department of Financial Services, may provide the same or similar services as a distressed property consultant for free. A list of approved Housing Counselors can be found on the New York State Department of Financial Services website at <1> (enter web address) or by contacting the New York State Department of Financial Services toll-free at <2> (enter number). You should consider consulting an attorney or a government-approved housing counselor before signing any legal document concerning a distressed property consultant.

7. Such statement, if disseminated by print media or the internet, shall be clearly and legibly printed or displayed in not less than twelve-point bold type, or, if the advertisement is printed to be displayed in print that is smaller than twelve point, in bold type print that is no smaller than the print in which the text of the advertisement is printed or displayed as required by RPL § 265-b(3-a)(a).

### CONTRACT REQUIREMENTS

8. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall adhere to all contract requirements for distressed property consultants, including, but not limited to:
- a. providing consumers with contracts in the same language used to discuss Respondents' services or to negotiate the contract in accordance with RPL § 265-b(3)(a)(iii);
  - b. ensuring that all consumer contracts are dated and signed by both the consumer and Respondents and are witnessed and acknowledged by a New York notary public in accordance with RPL § 265-b(3)(a)(vii);
  - c. including the required notice of cancellation in at least fourteen point boldface type in immediate proximity to the space reserved for the homeowner's signature as required by RPL § 265-b(3)(a)(viii).

### EMPLOYEE TRAINING REQUIREMENTS

9. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall prepare training materials summarizing the requirements of this Consent Order, the MARS Rule, and RPL § 265-b. Respondents shall provide a copy of those materials to the NYAG within thirty (30) days of the date of entry of this Consent Order.

10. **ORDERED, ADJUDGED, AND DECREED** that within three (3) months of the date of entry of this Consent Order, Respondents shall train all employees concerning these requirements. In addition, Respondents shall provide training to all newly-hired employees within thirty (30) days of their hiring date.

11. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall obtain written or electronic acknowledgement from each employee that he or she has received and

understands the requirements of this Consent Order, the MARS Rule, and RPL § 265-b. Respondents shall maintain written records confirming that all employees have completed the training required by this Consent Order and shall promptly provide such records to the NYAG upon the NYAG's written request. Respondents shall maintain each such record for at least three (3) years.

12. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall be required to monitor their staff for compliance with this Consent Order, the MARS Rule, and RPL§ 265-b and shall promptly discipline, and when necessary, terminate any employee who fails to comply.

**PRESERVING AND RETURNING CUSTOMER RECORDS**

13. **ORDERED, ADJUDGED, AND DECREED** that Respondents are permanently enjoined from disclosing, transferring, selling, or otherwise benefitting from any consumer information or leads collected through Respondents' debt settlement, audit, loan modification, or foreclosure defense services in connection with the advertising, marketing, or promotion of any products or services.

14. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall ensure that any consumer information or data in their possession is adequately protected from improper disclosure. Respondents shall dispose or return consumer files to the consumer, at the consumer's option.

**COMPLIANCE AND MONITORING**

15. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall promptly and thoroughly investigate consumer complaints and designate a person to act as a direct contact for the NYAG for resolution of consumer complaints. Within thirty (30) days of the date of entry of this Consent Order, Respondents shall provide the NYAG with the name and address of

the direct contact designated to handle consumer complaints filed with the NYAG.

16. **ORDERED, ADJUDGED, AND DECREED** that within one hundred eighty (180) days of the entry of this Consent Order, Respondents shall file with the NYAG a report, in writing, setting forth in detail the manner and form in which it has complied with this Consent Order.

17. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall, as requested by the NYAG, provide the NYAG with copies of records and documents sufficient to demonstrate their compliance with the requirements of this Consent Order.

**MONETARY PROVISIONS**

X 18. **ORDERED, ADJUDGED, AND DECREED** that a judgment <sup>(A)</sup> in the amount of ten million dollars (\$10,000,000) is hereby entered jointly and severally against Respondents <sup>(B)</sup>. Payment of one million six hundred thousand dollars (\$1,600,000) shall be due and payable as follows:

- a. \$150,000 as an initial payment within five (5) days of the date of entry of this Consent Order;
- b. \$150,000 by or before April 15, 2017;
- c. \$400,000 by or before April 15, 2018;
- d. \$450,000 by or before January 15, 2019;
- e. \$450,000 by or before October 15, 2019.

19. **ORDERED, ADJUDGED, AND DECREED** that the balance of eight million four hundred thousand dollars (\$8,400,000) shall be suspended, subject to Respondents' compliance with the requirements sets forth herein. If upon motion by the NYAG, this Court finds that the Respondents have failed to comply with these requirements, this judgment shall be

reopened and suspension of the judgment lifted for the purpose of requiring payment of monetary relief totaling ten million dollars (\$10,000,000) less any payments previously made.

20. **ORDERED, ADJUDGED, AND DECREED** that the NYAG's agreement to the entry of this Consent Order is further expressly premised upon the truthfulness and accuracy of financial statements and supporting documents submitted to the NYAG, which include material information upon which the NYAG relied in negotiating and agreeing to the entry of this Consent Order. If, upon motion by the NYAG, this Court finds that Respondents have failed to disclose to the NYAG any material asset or materially misstated the value of any asset in the financial statements and related documents described above, or have made any other material misstatement or omission in the financial statements and related documents described above, then this Consent Order shall be reopened and suspension of the judgment shall be lifted for the purpose of requiring payment of monetary relief totaling ten million dollars (\$10,000,000) less any payments previously made.

21. **ORDERED, ADJUDGED, AND DECREED** that in the event this Consent Order is reopened and suspension of the judgment is lifted, the Court shall make an express determination that the monetary judgment shall be immediately due and payable. The NYAG shall be entitled to interest on the judgment computed from the date of this Consent Order at a rate prescribed by law. The NYAG shall be permitted to execute on the judgment immediately after the suspension is lifted and engage in discovery in aid of execution.

22. **ORDERED, ADJUDGED, AND DECREED** that the NYAG may apply any monetary relief obtained from Respondents to restitution, penalties, or the costs of this investigation as he determines in his sole discretion.

### COOPERATION

23. **ORDERED, ADJUDGED, AND DECREED** that within thirty (30) days of the date of entry of the Consent Order, Respondents shall provide the NYAG with sufficient consumer information to enable the NYAG to administer redress. The list shall include the consumer's name, address, and the total amount that the consumer paid to Respondents less any refund(s) previously provided. Respondents shall continue to cooperate with the NYAG as necessary to determine the identity, addresses, and amount of injury sustained by consumers.

24. **ORDERED, ADJUDGED, AND DECREED** that Respondent Mauricio Villamarin Martinez shall cooperate fully with the NYAG in the ongoing investigation of this matter and, if requested, shall provide truthful and complete information, evidence, and testimony. Respondent Mauricio Villamarin Martinez must appear for interviews, hearings, trials, and any other proceedings that the NYAG may reasonably request upon five (5) days written notice, or other reasonable notice, at such places and time as the NYAG may designate, without the service of compulsory process.

### MISCELLANEOUS PROVISIONS

25. **ORDERED, ADJUDGED, AND DECREED** that the facts alleged in the Verified Petition shall be taken as true, without further proof, in any subsequent civil litigation by the NYAG, including in a proceeding to enforce the NYAG's rights to any payment or money judgment pursuant to this Consent Order, such as a nondischargeability complaint in any bankruptcy case.

26. **ORDERED, ADJUDGED, AND DECREED** that the facts alleged in the Verified Petition establish all elements necessary to sustain an action by the NYAG pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Consent Order

shall have collateral estoppel effect for such purposes.

27. **ORDERED, ADJUDGED, AND DECREED** that each Respondent represents that as of the filing of this Consent Order, after giving effect to the terms for payment of the settlement amount, such Respondent: (a) will not be insolvent (either because the Respondent's financial condition is such that the sum of the Respondent's debts is greater than the fair market value of the Respondent's assets or because the fair saleable value of the Respondent's assets is less than the amount required to pay the Respondent's probable liabilities on the Respondent's existing debts as they mature); (b) does not have unreasonably small capital with which to engage in the Respondent's business; or (c) has not incurred debts beyond the Respondent's ability to pay them as they become due.

28. **ORDERED, ADJUDGED, AND DECREED** that in the event the Consent Order is voided or breached, Respondents expressly agree and acknowledge that this Consent Order shall in no way bar or otherwise preclude the NYAG from commencing, conducting, or prosecuting any investigation, action, or proceeding, however denominated, related to the Consent Order, against Respondents, or from using in any way any statements, documents, or other materials produced or provided by Respondents prior to or after the date of this Consent Order.

29. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall not take any action or make any statement denying, directly or indirectly, the propriety of this Consent Order, or expressing the view that this Consent Order is without factual basis. Nothing in this paragraph affects Respondents' (a) testimonial obligations or (b) right to take legal or factual positions in defense of litigation or other legal proceedings to which the NYAG is not a party. This Consent Order is not intended for use by any third-party in any other proceeding and is not

intended, and should not be construed, as an admission of liability by Respondents.

30. **ORDERED, ADJUDGED, AND DECREED** that if any clause, provision, or section of this Consent Order shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other clause, provision, or section of this Consent Order and this Consent Order shall be construed and enforced as if such invalid, illegal, or unenforceable clause, provision, or section had not been contained herein.

31. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall, upon request by the NYAG, provide all documentation and information necessary to verify compliance with this Consent Order.

32. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall provide written notice to the NYAG of any change in address within ten (10) days of such change.

33. **ORDERED, ADJUDGED, AND DECREED** that all notices, reports, requests, and other communications to any party pursuant to this Consent Order shall be provided in writing by first-class mail to the intended recipient at the address set forth below, unless a different address is specified in writing by the party changing such address:

For Petitioner, the New York State Attorney General:

Office of the Attorney General of the State of New York  
Consumer Frauds and Protection Bureau  
120 Broadway, 3rd Floor  
New York, NY 10271  
Attn: Melissa O'Neill, Assistant Attorney General

For Respondents:

Mauricio Villamarin  
4117 Crescent Street – Apt. #14  
Long Island City, NY 11101



34. **ORDERED, ADJUDGED, AND DECREED** that acceptance of this Consent Order by the NYAG shall not be deemed approval by the NYAG of any of the practices or procedures referenced herein, and Respondents shall make no representation to the contrary.

35. **ORDERED, ADJUDGED, AND DECREED** that nothing contained herein shall be construed as to deprive any person of any private right under the law.

36. **ORDERED, ADJUDGED, AND DECREED** that this Consent Order shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.

37. **ORDERED, ADJUDGED, AND DECREED** that this Court shall retain jurisdiction over this matter for all purposes after the entry of judgment.

Dated: New York, New York  
October 24, 2016

**FILED**

NOV 1 2016

COUNTY CLERK'S OFFICE  
NEW YORK

Hon. \_\_\_\_\_

J.S.C.

**HON. KATHRYN FREED  
JUSTICE OF SUPREME COURT**

*m. A. Ta*

CLERK

- Ⓐ in favor of  
The People of the State of New York, by Eric T.  
Schneiderman, Attorney General of the  
State of New York, 120 Broadway, NY, NY 10271
- Ⓑ American Hope Group, Inc. f/k/a L4S Knatte Corp.  
2415 Queens Plaza North, 2nd FL, LIC, NY 11101
- Ⓒ Mauricio Villamarin Martinez, individually and a  
principal of American Hope Group, Inc.  
4117 Crescent St, Apt 14, LIC, NY 11101

45199 8/16

ERIC T. SCHNEIDERMAN  
Attorney General of the State of New York  
Attorney for Petitioner

By: Melissa O'Neill  
MELISSA O'NEILL  
Assistant Attorney General  
Bureau of Consumer Frauds and Protection  
120 Broadway  
New York, NY 10271  
(212) 416-8133

Judgment

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**FILED AND  
DOCKETED**

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AT 1:18 P M  
N.Y., CO. CLK'S OFFICE