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FTC Leads "Operation Loan Lies" to Stop Fraud and Help Distressed Homeowners

Federal Trade Commission Chairman Jon Leibowitz, joined by California Attorney General Jerry Brown, today announced Operation Loan Lies, a coordinated national law enforcement effort to crack down on mortgage modification scams. The operation involves 189 actions by 25 federal and state agencies against defendants who deceptively marketed foreclosure rescue and mortgage modification services. The FTC actions, which affect consumers throughout the nation, were announced today (July 15, 2009) in southern California, where the scams originated.

The FTC announced four lawsuits, bringing to 14 the number of mortgage foreclosure rescue and loan modification scam cases the Commission has brought since April. Twenty-three state attorneys general and other agencies are participating in the operation, taking action against 178 companies engaged in these types of deception. The FTC also announced a settlement in a lawsuit filed last November.

The FTC charged that the defendants falsely claimed that they would either obtain a mortgage loan modification or stop foreclosure, or both, and that some of the defendants falsely represented that they would give consumers refunds if they failed to do so. After charging consumers the equivalent of one month's mortgage payment or more in advance, these companies often did little or nothing to help homeowners renegotiate their mortgages or stop foreclosure. After failing to provide the promised services, the defendants that promised refunds did not honor those promises. In each case the FTC is asking the court for consumer redress and a permanent bar on the deceptive practices.

The FTC also released "Real People. Real Stories," a three-and-a-half minute video about keeping your home. It features people targeted by foreclosure rescue scammers sharing lessons learned from their experiences. The FTC is distributing the video, and a version in Spanish, to more than 5,000 housing counseling and consumer protection organizations around the country, and posting them at and posting them at www.FTC.gov/yourhome and www.YouTube.com/FTCVideos

For more information, please see <http://www.ftc.gov/opa/2009/07/loanlies.shtm>