

UNITED STATES DISTRICT COURT
DISTRICT OF COLORADO

UNITED STATES OF AMERICA,

Plaintiff,

v.

INTERMUNDO MEDIA, LLC, a limited liability
company, also doing business as
DELTA PRIME REFINANCE,
DELTA PRIME MORTGAGES, and
AMERICAN DREAM QUOTES

Defendant.

Civil No. _____

**COMPLAINT FOR PERMANENT
INJUNCTION, OTHER EQUITABLE
RELIEF AND CIVIL PENALTIES**

Plaintiff, the United States of America, acting upon notification and authorization to the Attorney General by the Federal Trade Commission (“FTC” or “Commission”), by its undersigned attorneys, for its Complaint alleges as follows:

JURISDICTION AND VENUE

1. This is an action arising under Sections 5(a), 5(m)(1)(A), 13(b), and 16(a) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a), 45(m)(1)(A), 53(b), and 56(a); the 2009 Omnibus Appropriations Act, Public Law 111-8, 123 Stat. 524, 678 (Mar. 11, 2009) (“Omnibus Act”), as clarified by Section 511 of the Credit Card Accountability Responsibility and Disclosure Act of 2009, Public Law 111-24, 123 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card Act”), and amended by Section 1097 of the Dodd-Frank Wall Street Reform and

Consumer Protection Act, Public Law 111-203, 124 Stat. 1376, 2101-03 (July 21, 2010) (“Dodd-Frank Act”), 12 U.S.C. § 5538; and Section 129(q) of the Truth In Lending Act (“TILA”), 15 U.S.C. § 1639(q), to obtain a permanent injunction, civil penalties, and other equitable relief for Defendant’s acts or practices in violation of the following: Section 5 of the FTC Act, 15 U.S.C. § 45; the Mortgage Acts and Practices - Advertising Rule (“MAP Rule”), 16 C.F.R. Part 321, recodified as Mortgage Acts and Practices - Advertising (“Regulation N”), 12 C.F.R. Part 1014; and TILA, 15 U.S.C. 1601-1666j, and its implementing Regulation Z, 12 C.F.R. Part 226, and 12 C.F.R. Part 1026.

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), 1345, and 1355; 15 U.S.C. §§ 45(a), 53(b), and 1639(q); and Section 626 of the Omnibus Act, as clarified by Section 511 of the Credit Card Act, and amended by Section 1097 of the Dodd-Frank Act.

3. Venue is proper in this District under 28 U.S.C. §§ 1391(b)-(c), 1395(a), and 15 U.S.C. § 53(b).

PLAINTIFF

4. This action is brought by the United States of America on behalf of the Federal Trade Commission. The FTC is an independent agency of the United States Government given statutory authority and responsibility by the FTC Act, *as amended*, 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. Pursuant to the Omnibus Act, § 626, as clarified by the Credit Card Act, § 511, the Commission promulgated the MAP Rule, 16 C.F.R.

Part 321, effective August 19, 2011, which among other things, prohibits misleading or deceptive commercial communications relating to mortgage credit products. The Dodd-Frank Act, § 1097, transferred rulemaking authority over the MAP Rule to the Consumer Financial Protection Bureau (“CFPB”), which recodified the Rule as 12 C.F.R. Part 1014, effective Dec. 30, 2011, and designated it “Regulation N.” Pursuant to the Dodd-Frank Act § 1097, 12 U.S.C. § 5538, the FTC retains authority to enforce the MAP Rule and Regulation N. The FTC also enforces TILA, 15 U.S.C. 1601-1666j, and its implementing Regulation Z, 12 C.F.R. Part 226 and 12 C.F.R. Part 1026, which among other things, requires the uniform and standardized disclosure of key terms in offering credit.

DEFENDANT

5. Defendant Intermundo Media, LLC (“Intermundo”), also doing business as Delta Prime Refinance, Delta Prime Mortgages, and American Dream Quotes, is a limited liability company with its principal place of business at 1433 Pearl Street, 2nd Floor, Boulder, Colorado 80302. Intermundo transacts or has transacted business in this district and throughout the United States. At all times material to this Complaint, acting alone or in concert with others, Intermundo has advertised, marketed, distributed, or sold mortgage credit products to consumers throughout the United States. Defendant is a “person” as defined by the MAP Rule, Regulation N, and Regulation Z. 16 C.F.R. § 321.2(f), 12 C.F.R. § 1014.2, 12 C.F.R. § 226.2(a)(22), 12 C.F.R. § 1026.2(a)(22).

COMMERCE

6. At all times material to this Complaint, Defendant has maintained a substantial course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANT’S BUSINESS ACTIVITIES

7. Defendant designs, creates, and places advertising on the Internet for clients across a variety of industries, including mortgage refinancing. Since at least January 1, 2011, Defendant has advertised and marketed terms of “mortgage credit products” in “commercial communications.” The MAP Rule and Regulation N define “mortgage credit product” as “any form of credit that is secured by real property or a dwelling and that is offered or extended to a consumer primarily for personal, family, or household purposes.” 16 C.F.R. § 321.2(e), 12 C.F.R. § 1014.2(e). The MAP Rule and Regulation N define “commercial communication” as “any written or oral statement, illustration, or depiction . . . that is designed to effect a sale or create interest in purchasing goods or services,” including web pages and communications that otherwise appear on the Internet. 16 C.F.R. § 321.2(a), 12 C.F.R. § 1014.2(a).

8. Defendant operates as a mortgage lead generator, and advertises terms of mortgage credit products in at least three ways: (1) by designing and placing mortgage refinancing ads with large third-party advertising networks, including Google, Microsoft, Yahoo!, and AOL; (2) through mortgage refinancing websites that Defendant designs and operates, including www.deltaprimerefinance.com, www.deltaprimemortgages.com, and www.americandreamquotes.com; and (3) through email marketing campaigns that Defendant

conducts in conjunction with third-party vendors. In each instance, Defendant uses commercial communications to advertise mortgage refinancing terms in order to generate potential borrowers for third parties such as mortgage brokers, lenders, and “lead brokers,” or companies that resell potential borrowers’ information as “leads” to other third parties. Since at least January 1, 2011, Defendant has made numerous such commercial communications advertising the terms of mortgage credit products. Its ads placed with third-party advertising networks regularly reach millions of consumers each day.

9. In numerous instances and at times relevant to this complaint, Defendant has represented in advertisements that consumers can “Lower Your Mortgage Payment” and “Save up to \$2000/Year*” if they refinance their home mortgages through Delta Prime Refinance, thereby representing by implication that consumers can substantially reduce their yearly payments. Defendants include the following additional information in the footer of such advertisements in fine print “mice type”:

* The claim “Save up to \$2,000/Year or more” is based on the following statement by Barack Obama on April 9, 2009: “The main message that we want to send today is, (*sic*) there are 7 to 9 million people across the country who right now could be taking advantage of lower mortgage rates. That is money in their pocket. And we estimate that the average family can get anywhere from \$1,600 to \$2,000 a year in savings by taking advantage of these various mortgage programs that have been put in place.

10. In truth and in fact, Defendant’s claims that consumers can reduce their yearly payments are not based on the terms of any mortgage credit products actually available to consumers through Defendant’s mortgage and refinancing lead generation service. Defendant therefore lacks a reasonable basis for its claims.

11. In numerous instances and at times relevant to this complaint, Defendant has represented in advertisements that consumers can refinance their mortgages at specific annual percentage rates (“APR” or “APRs”).

12. In truth and in fact, the advertised rates were not actually available to consumers who responded to Defendant’s advertising, or Defendant had no reasonable basis for advertising such rates as available to consumers.

13. In numerous instances and at times relevant to this complaint, Defendant also has represented that it offers “free” mortgage refinancing to consumers. For example, Defendant has placed the following advertisements with third-party advertising networks:



and:



and:



14. In addition, in numerous instances and at times relevant to this complaint, Defendant has represented that it offers mortgage refinancing with “no hidden fees.”

15. In truth and in fact, in many if not all instances, the mortgage credit products actually available to consumers carry significant fees or costs, including closing costs, origination points, and/or refinancing fees. In many instances, such fees or costs amount to several thousand dollars, and are often due upon the origination of the mortgage credit product. Many of Defendant's advertisements do not disclose the existence of such fees or costs at all, and those that disclose these fees or costs do so in small type that is far below where consumers click to respond to the advertising.

16. In numerous instances and at times relevant to this complaint, Defendant also has represented that consumers may obtain mortgage refinancing without regard to their respective credit histories. For example, Defendant has made the following representation in advertisements:

“Lower Your Mortgage Payment
Save up to \$2000/Year*!
No SSN Required – No Credit Check – Completely Free
As low as 2.60% **”

17. In truth and in fact, in many if not all instances, the mortgage credit products actually available to consumers ultimately require them to provide a social security number and submit to a credit check, and consumers who do not have good or excellent credit are unlikely to be approved for mortgage refinancing.

18. In numerous instances and at times relevant to this complaint, Defendant also has advertised mortgage credit products as fixed-rate products when, in truth and in fact, such mortgage credit products have an adjustable rate of interest and Defendant does not disclose this fact.

19. In addition, Defendant has failed to keep the following records for a period of twenty-four (24) months from the last date Defendant made or disseminated a commercial communication regarding a mortgage credit product:

- a. Copies of all materially different commercial communications that Defendant made or disseminated regarding any term of any mortgage credit product; and
- b. Documents evidencing or describing all mortgage credit products available to consumers during the time period in which Defendant made or disseminated each commercial communication regarding any term of any mortgage credit product.

20. In numerous instances and at times relevant to this complaint, Defendant has matched consumers with mortgage brokers, mortgage lenders, or lead brokers who did not provide mortgage credit products with the advertised terms. Specifically, the rate advertised as a “fixed” rate mortgage has actually corresponded in numerous instances to an adjustable-rate mortgage for which the interest rate varies over the term of the loan. In addition, the APR stated in Defendant’s advertisements has not actually been available to consumers who seek to obtain a mortgage credit product through Defendant’s mortgage and refinancing lead generation service.

21. In numerous instances and at times relevant to this complaint, Defendant has advertised a rate of finance charge without disclosing that rate as an annual percentage rate, using that term or the abbreviation “APR,” and, if the annual percentage rate may be increased after consummation, that fact.

22. In numerous instances and at times relevant to this complaint, Defendant has advertised a simple annual rate or periodic rate more conspicuously than the annual percentage rate.

23. In numerous instances and at times relevant to this complaint, the phrase “Adjustable-Rate Mortgage,” “Variable-Rate Mortgage,” or “ARM” has not appeared at all in these advertisements, or not as conspicuously as the word “fixed.” Additionally, each use of the word “fixed” is not accompanied by an equally prominent and closely proximate statement of the time period for which the rate is fixed, and the fact that the rate may vary or the payment may increase after that period.

24. In numerous instances and at times relevant to this complaint, Defendant has advertised the period of repayment for a loan without stating: (i) the terms of repayment, which reflect the repayment obligations over the full term of the loan, including any balloon payment, and (ii) the annual percentage rate and if the rate may be increased after consummation.

VIOLATIONS OF THE FTC ACT

25. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.”

26. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

COUNT I:
Unsubstantiated Representations Regarding
Payment Reduction

27. In numerous instances, Defendant has represented, directly or indirectly, expressly or by implication, that consumers could reduce their yearly mortgage payments by \$2,000 per year or more through Defendant's mortgage and refinancing lead generation service.

28. The representations set forth in Paragraph 27 were not substantiated at the time they were made.

29. Therefore, the making of the representations as set forth in Paragraph 27 constitutes a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II:
False or Unsubstantiated Representations Regarding
Available Annual Percentage Rates

30. In numerous instances, Defendant has represented, directly or indirectly, expressly or by implication, that consumers may refinance their home mortgages at specific annual percentage rates through Defendant's mortgage and refinancing lead generation service.

31. In many instances, the representations set forth in Paragraph 30 were false or misleading, or were not substantiated at the time the representations were made.

32. Therefore, the making of the representations as set forth in Paragraph 30 constitutes a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT III:
False or Deceptive Representations Regarding the
Fees or Costs of a Mortgage Credit Product

33. In numerous instances, Defendant has represented, directly or indirectly, expressly or by implication, that consumers may refinance their home mortgages through Defendant's mortgage and refinancing lead generation service for "free" or with "no hidden fees."

34. In truth and in fact, in many instances, the mortgage credit products actually available to consumers through Defendant's mortgage and refinancing lead generation service have carried significant fees or costs, including closing costs, origination points, or refinancing fees. In many instances, Defendant's advertising does not disclose or does not adequately disclose such fees or costs.

35. Therefore, the making of the representations as set forth in Paragraph 33 constitutes a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT IV:
False or Deceptive Representations Regarding the
Ability or Likelihood to Obtain a Mortgage Credit Product

36. In numerous instances, Defendant has represented, directly or indirectly, expressly or by implication, that consumers may obtain a mortgage credit product through Defendant's mortgage and refinancing lead generation service without regard to their respective credit histories.

37. In truth and in fact, in many instances, the mortgage credit products actually available to consumers through Defendant's mortgage and refinancing lead generation service have ultimately required consumers to provide a social security number and submit to a credit check, and consumers without good or excellent credit have been unlikely to be approved for these mortgage credit products.

38. Therefore, the making of the representations as set forth in Paragraph 36 constitutes a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE MAP RULE

39. In July 2011, the FTC issued the MAP Rule, 16 C.F.R. Part 321, which became effective on August 19, 2011, and which prohibited deceptive claims in mortgage advertising. The MAP Rule was subsequently recodified as Regulation N, 12 C.F.R. Part 1014, which became effective Dec. 30, 2011.

40. The MAP Rule and Regulation N define "commercial communication" as "any written or oral statement, illustration, or depiction . . . that is designed to effect a sale or create interest in purchasing goods or services, whether it appears on or in a label, package, package insert, radio, television, cable television, brochure, newspaper, magazine, pamphlet, leaflet, circular, mailer, book insert, free standing insert, letter, catalogue, poster, chart, billboard, public transit card, point of purchase display, film, slide, audio program transmitted over a telephone system, telemarketing script, on-hold script, upsell script, training materials provided to

telemarketing firms, program-length commercial (“infomercial”), the internet, cellular network, or any other medium.” 16 C.F.R. § 321.2(a), 12 C.F.R. § 1014.2.

41. The MAP Rule and Regulation N define a “person” as “any individual, group, unincorporated association, limited or general partnership, corporation, or other business entity.” 16 C.F.R. § 321.2(f), 12 C.F.R. § 1014.2.

42. The MAP Rule and Regulation N define “term” as “any of the fees, costs, obligations, or characteristics of or associated with the product. It also includes any of the conditions on or related to the availability of the product.” 16 C.F.R. § 321.2(g), 12 C.F.R. § 1014.2.

43. Pursuant to the Omnibus Act, § 626, 123 Stat. at 678, as clarified by the Credit Card Act, § 511, 123 Stat. at 1763-64 and amended by the Dodd-Frank Act, § 1097, 124 Stat. at 2102-03, 12 U.S.C. § 5538, and pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the MAP Rule constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT V:
Misrepresentations Regarding Annual Percentage Rates

44. The MAP Rule and Regulation N prohibit any person from making any material misrepresentation in any commercial communication regarding the annual percentage rate, simple annual rate, periodic rate, or any other rate associated with a mortgage credit product. 16 C.F.R. § 321.3(b), 12 C.F.R. § 1014.3(b).

45. In numerous instances, in commercial communications regarding the terms of mortgage credit products, Defendant has represented, directly or indirectly, expressly or by

implication, that a specific annual percentage rate is associated with a mortgage credit product available to consumers through Defendant's mortgage and refinancing lead generation service.

46. In truth and in fact, in many instances, a mortgage credit product with the advertised annual percentage rate has not been available to consumers through Defendant's mortgage and refinancing lead generation service.

47. Therefore, Defendant's representations as set forth in Paragraph 45 constitute material misrepresentations regarding a term of a mortgage credit product in violation of the MAP Rule and Regulation N, 16 C.F.R. § 321.3(b), 12 C.F.R. § 1014.3(b).

COUNT VI:
Misrepresentations Regarding the Fees or
Costs of a Mortgage Credit Product

48. The MAP Rule and Regulation N prohibit any person from making any material misrepresentation in any commercial communication regarding the existence, nature, or amount of fees or costs to the consumer associated with a mortgage credit product, including but not limited to misrepresentations that no fees are charged. 16 C.F.R. § 321.3(c), 12 C.F.R. § 1014.3(c).

49. In numerous instances, in commercial communications regarding the terms of mortgage credit products, Defendant has represented, directly or indirectly, expressly or by implication, that no fees are charged for a mortgage credit product, including that "free" mortgage refinancing is available to consumers through Defendant's mortgage and refinancing lead generation service.

50. In truth and in fact, in many instances, the mortgage credit products actually available to consumers through Defendant's mortgage and refinancing lead generation service have carried significant fees or costs, including closing costs, origination points, or refinancing fees.

51. Therefore, Defendant's representations as set forth in Paragraph 49 constitute material misrepresentations regarding a term of a mortgage credit product in violation of the MAP Rule and Regulation N, 16 C.F.R. § 321.3(c), 12 C.F.R. § 1014.3(c).

COUNT VII:
Misrepresentations Regarding the
Ability or Likelihood to Obtain a Mortgage Credit Product

52. The MAP Rule and Regulation N prohibit any person from making any material misrepresentation in any commercial communication regarding a consumer's ability or likelihood to obtain a refinancing or modification of any mortgage credit product or term. 16 C.F.R. § 321.3(q), 12 C.F.R. § 1014.3(q).

53. In numerous instances, in commercial communications regarding the terms of mortgage credit products, Defendant has represented, directly or indirectly, expressly or by implication, that consumers may obtain a mortgage credit product through Defendant's mortgage and refinancing lead generation service without regard to their respective credit histories.

54. In truth and in fact, in many instances, the mortgage credit products actually available to consumers through Defendant's mortgage and refinancing lead generation service have ultimately required consumers to provide a social security number and submit to a credit

check, and consumers without good or excellent credit have been unlikely to be approved for these mortgage credit products.

55. Therefore, Defendant's representations as set forth in Paragraph 53 constitute material misrepresentations regarding a term of a mortgage credit product in violation of the MAP Rule and Regulation N, 16 C.F.R. § 321.3(q), 12 C.F.R. § 1014.3(q).

COUNT VIII:
Misrepresentations Regarding the
Variability of Interest of a Mortgage Credit Product

56. The MAP Rule and Regulation N prohibit any person from making any material misrepresentation in any commercial communication regarding the variability of interest, payments, or other terms of the mortgage credit product, including but not limited to misrepresentations using the word "fixed." 16 C.F.R. § 321.3(g), 12 C.F.R. § 1014.3(g).

57. In numerous instances, in commercial communications regarding the terms of mortgage credit products, Defendant has represented, directly or indirectly, expressly or by implication, that a mortgage credit product is available through Defendant's mortgage and refinancing lead generation service at a "fixed" rate.

58. In truth and in fact, in many instances, the mortgage credit products actually available to consumers who respond to the advertisements containing such representations have had an adjustable rate of interest.

59. Therefore, Defendant's representations as set forth in Paragraph 57 constitute material misrepresentations regarding a term of a mortgage credit product in violation of the MAP Rule and Regulation N, 16 C.F.R. § 321.3(g), 12 C.F.R. § 1014.3(g).

COUNT IX:
Failure to Maintain Records

60. Any person subject to the MAP Rule and Regulation N is required to keep evidence of compliance with the MAP Rule and Regulation N, for a period of twenty-four (24) months from the last date a person made or disseminated an applicable commercial communication regarding a mortgage credit product. Pursuant to Section 321.5 of the MAP Rule and Section 1014.5 of Regulation N, persons must maintain the following evidence of compliance:

- a. Copies of all materially different commercial communications as well as sales scripts, training materials, and marketing materials, regarding any term of any mortgage credit product, that the person made or disseminated during the relevant time period; and
- b. Documents describing or evidencing all mortgage credit products available to consumers during the time period in which the person made or disseminated each commercial communication regarding any term of any mortgage credit product available to consumers. 16 C.F.R. § 321.5(a)(1)(2), 12 C.F.R. § 1014.5(a)(1)(2).

61. In numerous instances, in connection with commercial communications regarding the terms of mortgage credit products, Defendant has failed to maintain, for the relevant twenty-four month time period, the following evidence of compliance with the MAP Rule and Regulation N:

- a. Copies of all materially different commercial communications regarding any term of any mortgage credit product made or disseminated by Defendant; and
- b. Documents describing or evidencing any term of any mortgage credit product available to consumers.

62. Therefore, Defendant has violated the MAP Ad Rule and Regulation N, 16 C.F.R. § 321.5(a)(1)(2), 12 C.F.R. § 1014.5(a)(1)(2).

VIOLATIONS OF TILA AND REGULATION Z

63. Under TILA, 15 U.S.C. §§ 1601-1666j, and Regulation Z, 12 C.F.R. Part 226, 12 C.F.R. Part 1026, persons who advertise “closed-end credit,” as defined in 12 C.F.R. § 226.2(a)(10), 12 C.F.R. § 1026.2(a)(10), must comply with the applicable provisions of TILA and Regulation Z, including but not limited to 12 C.F.R. §§ 226.22 and 226.24, 12 C.F.R. §§ 1026.22 and 1026.24.

64. “Closed-end credit” is defined as “consumer credit other than open-end credit.” “Open-end credit” is defined as “consumer credit extended by a creditor under a plan in which: (i) The creditor reasonably contemplates repeated transactions; (ii) The creditor may impose a finance charge from time to time on an outstanding unpaid balance; and (iii) The amount of credit that may be extended to the consumer during the term of the plan (up to any limit set by the creditor) is generally made available to the extent that any outstanding balance is repaid.” 12 C.F.R. § 226.2(a)(10) and (20), 12 C.F.R. § 1026.2(a)(10) and (20).

65. “Credit” is defined as “the right to defer payment of debt or to incur debt and defer its payment.” 12 C.F.R. § 226.2(a)(14), 12 C.F.R. § 1026.2(a)(14).

66. Regulation Z defines a “person” as “a natural person or an organization, including a corporation, partnership, proprietorship, association, cooperative, estate, trust, or government unit.” 12 C.F.R. § 226.2(a)(22), 12 C.F.R. §1026.2(a)(22).

67. TILA Section 129(q), 15 U.S.C. § 1639(q), gives the Plaintiff and the Commission authority to seek civil penalties for violations of the provisions of Regulation Z that were promulgated pursuant to 15 U.S.C. § 1639(l)(2), including Sections 226.24(i) and 1026.24(i), 12 C.F.R. §§ 226.24(i), 1026.24(i).

68. Pursuant to TILA, a violation of TILA constitutes a violation of the FTC Act. 15 U.S.C. § 1607(c).

COUNT X:
Unavailable Credit Terms, Annual Percentage Rate, Terms of Repayment, and Advertising
Adjustable-Rate Mortgages as Fixed-Rate Mortgages

69. In numerous instances, Defendant has advertised closed-end credit to consumers by disseminating advertisements for mortgage loans. In credit advertisements, Defendant has:

- a. Advertised credit terms other than those terms that actually are or will be arranged or offered by the creditor, in violation of Section 142 of TILA, 15 U.S.C. § 1662(1), Section 226.24(a) of Regulation Z, 12 C.F.R. § 226.24(a), Section 1026.24(a) of Regulation Z, 12 C.F.R. § 1026.24(a);
- b. Advertised a rate of finance charge without disclosing that rate as an annual percentage rate, using that term or the abbreviation “APR,” and, if the annual percentage rate may be increased after consummation, disclosing that fact, in violation of Section 144(c) of TILA, 15 U.S.C. § 1664(c), Section 226.24(c)

of Regulation Z, 12 C.F.R. § 226.24(c), Section 1026.24(c) of Regulation Z, 12 C.F.R. § 1026.24(c);

- c. Advertised a simple annual rate or periodic rate more conspicuously than the annual percentage rate, in violation of Section 226.24(c) of Regulation Z, 12 C.F.R. § 226.24(c), Section 1026.24(c) of Regulation Z, 12 C.F.R. § 1026.24(c);
- d. Advertised the period of repayment of a loan without clearly and conspicuously stating the annual percentage rate and the terms of repayment, in violation of Section 144(d) of TILA, 15 U.S.C. § 1664(d), Section 226.24(d) of Regulation Z, 12 C.F.R. § 226.24(d), Section 1026.24(d) of Regulation Z, 12 C.F.R. § 1026.24(d); and.
- e. Used the word “fixed” in advertisements for variable-rate mortgages where:
 - (i) the phrase “Adjustable-Rate Mortgage,” “Variable-Rate Mortgage,” or “ARM” does not appear at all in the advertisement, or not as conspicuously as the word “fixed;” and
 - (ii) each use of the word “fixed” is not accompanied by an equally prominent and closely proximate statement of the time period for which the payment is fixed, and the fact that the rate may vary after that period, in violation of Section 226.24(i) of Regulation Z, 12 C.F.R. § 226.24(i), Section 1026.24(i) of Regulation Z, 12 C.F.R. § 1026.24(i).

70. Therefore, Defendant's acts and practices, as set forth in Paragraph 69, violate TILA and Regulation Z. By engaging in violations of TILA and Regulation Z, Defendant also has violated the FTC Act. 15 U.S.C. §§ 1607(c), 1639(q).

CONSUMER INJURY

71. Consumers have suffered and will continue to suffer substantial injury as a result of Defendant's violations of the FTC Act, the MAP Rule, and TILA. In addition, Defendant has been unjustly enriched as a result of its unlawful acts or practices. Absent injunctive relief by this Court, Defendant is likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

72. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to issue a permanent injunction and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC, including the FTC Act, the MAP Rule, Regulation N, TILA, and Regulation Z.

73. Defendant violated the MAP Rule, Regulation N, and Sections 226.24(i) and 1026.24(i) of Regulation Z, as described above, with actual knowledge or knowledge fairly implied on the basis of objective circumstances, as set forth in Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A).

74. Each instance since January 1, 2011, in which Defendants failed to comply with Sections 226.24(i) and 1026.24(i) of Regulation Z in one or more of the ways described above constitutes a separate violation for which Plaintiff seeks monetary civil penalties.

75. Each instance since August 19, 2011, in which Defendants failed to comply with the MAP Rule and Regulation N in one or more of the ways described above constitutes a separate violation for which Plaintiff seeks monetary civil penalties.

76. Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), and Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461, *as amended*, authorizes this Court to award monetary civil penalties of not more than \$16,000 for each violation of the MAP Rule, Regulation N, and Sections 226.24(i) and 1026.24(i) of Regulation Z.

PRAYER FOR RELIEF

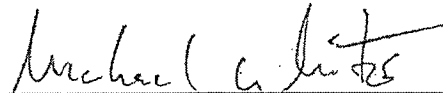
WHEREFORE, Plaintiff United States of America, pursuant to 15 U.S.C. §§ 45(m)(1)(A) and 53(b), the Omnibus Act, and the Court's own equitable powers, respectfully requests that the Court:

- A. Enter a judgment against Defendant and in favor of Plaintiff for each law violation alleged in this Complaint;
- B. Enter a permanent injunction to prevent future violations of the FTC Act, the MAP Rule, Regulation N, TILA, and Regulation Z by Defendant;
- C. Award Plaintiff monetary civil penalties for each violation of the MAP Rule, Regulation N, and Sections 226.24(i) and 1026.24(i) of Regulation Z; and
- D. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,

Dated: 9/12/2014

**FOR THE FEDERAL TRADE
COMMISSION:**


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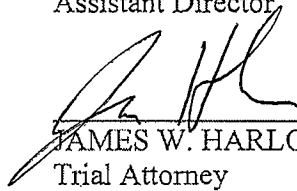
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