

IN THE MATTER OF:

**ARONOW LAW, CORP. d/b/a ARONOW
LAW, P.C. d/b/a ARONOW LAW, PC**

and

DARREN ARONOW

Respondents.

BEFORE THE MARYLAND

COMMISSIONER OF

FINANCIAL REGULATION

Case No.: CFR-FY2017-0003

CONSENT ORDER AND SETTLEMENT AGREEMENT

This matter comes before the Office of the Commissioner of Financial Regulation (“OCFR”) as the result of a complaint filed by Alvin L. Webb and Michelle E. Webb (“Consumers A”) against Aronow Law, Corp. d/b/a Aronow Law, P.C. d/b/a Aronow Law, PC (“Aronow Law”) and Darren Aronow (“Mr. Aronow”), (collectively the “Respondents”). Based upon the complaint and an investigation, the Deputy Commissioner issued a Statement of Charges and Order for Hearing dated February 1, 2019 against the Respondents and transmitted this matter to the Office of Administrative Hearings (“OAH”) for a hearing on the charges. The OAH scheduled a hearing for April 30, 2019 at 9:30 a.m. at the OAH in Hunt Valley, Maryland. To resolve this matter without a formal hearing, the OCFR and the Respondents have agreed to enter into this Consent Order and Settlement Agreement (“Consent Order”) on this 29th day of April, 2019, to provide for the imposition of disciplinary measures which are fair and equitable in these circumstances and which are consistent with the best interest of the people of the State of Maryland. The OCFR and the Respondents agree and stipulate as follows:

1. At all times relevant, the OCFR has had jurisdiction over the Respondents.
2. Aronow Law is a law firm that organized in the State of New York in February 2016, and operates out of New York at the principal business address of 20 Crossways Park Drive N, Suite 210, Woodbury, New York 11797. The Maryland State Department of Assessments and Taxation (“SDAT”) qualified Aronow Law to conduct business in the State of Maryland effective February 23, 2017; however, on December 4, 2017, SDAT forfeited Aronow Law’s qualification to do business in Maryland based on Aronow Law’s failure to file a personal property tax return.
3. Mr. Aronow is an attorney barred in the State of New York who engaged in business activities involving Maryland consumers. Mr. Aronow is not, and has never been, licensed to practice law in the State of Maryland. Mr. Aronow is the owner, director, officer, manager, and/or agent of Aronow Law and directs or exercises control over the activities and

finances of Aronow Law, including Aronow Law's loan modification activities with Maryland consumers.

4. The Respondents advertised and marketed loan modification services to Maryland residents.

5. On June 9, 2016, the Respondents entered into a Loan Modification Retainer Agreement with Consumers A in which the Respondents promised to obtain a modification of the mortgage loan for Consumers A's residential property located at [REDACTED] [REDACTED]. At the time Consumers A contacted the Respondents for assistance, Consumers A were more than 60 days in default on their Maryland residential mortgage loan.

6. The Respondents led Consumers A to believe that the Respondents would provide assistance in obtaining a loan modification on Consumers A's behalf with lender MGC Mortgage, Inc. ("MGC Mortgage"). The loan modification agreement required Consumers A to pay an upfront monthly fee of \$800 before the Respondents would provide the mortgage assistance relief services. Ultimately, Consumers A paid the Respondents upfront fees totaling \$1,600.

7. The Respondents did not obtain a loan modification for Consumers A. On or about July 15, 2016, MGC Mortgage initiated foreclosure proceedings against the [REDACTED] [REDACTED] property and on September 6, 2016, MGC Mortgage informed Respondents by letter that MGC Mortgage initiated foreclosure proceedings against Consumers A.

8. The OCFR's investigation revealed that from March 2016 through January 2017, approximately 43 Maryland consumers ("Consumers A-QQ"), see Exhibit A attached hereto, executed agreements with the Respondents, and collected \$122,661 in upfront fees from Consumers A-QQ.

9. On or about February 28, 2017, Respondents refunded the upfront fees paid by Consumers A in the amount of \$1,600.

10. Pursuant to the Annotated Code of Maryland Real Property Article ("RP"), Title 7, Subtitle 3 (Protection of Homeowners in Foreclosure Act, hereinafter "PHIFA"), the Commissioner may enforce the provisions of PHIFA as they apply to those individuals entering into agreements with Maryland homeowners in default or in foreclosure to provide residential mortgage loan modification services pertaining to homeowner-occupied Maryland residential real property, or otherwise contracting to provide services to stave off foreclosure on Maryland residential mortgage loans in default. The Respondents collected the upfront fees from Consumers A-QQ in violation of RP § 7-307(2) as well as 12 C.F.R. § 1015.3(b)(7) and 12 C.F.R. § 1015.5(a)(b), under an executed written agreement that failed to incorporate the offer of mortgage assistance relief between Maryland consumers and their lenders or any other servicers of the loans.

11. Further, the Respondents collected the upfront fees pursuant to an executed written agreement between Consumers A-QQ and the Respondents failed to incorporate the offer of mortgage assistance relief between Consumers A-QQ and their lenders or any other servicers of the loans in violation of the Maryland Mortgage Assistance Relief Services Act (“MARS Act”), Md. Code Ann., Real Prop. Art., Title 7, Subtitle 5.

12. The MARS Act requires that mortgage assistance relief service providers comply with the federal Mortgage Assistance Relief Services Rule in 12 C.F.R. Part 1015 (“Regulation O”). Specifically, RP § 7-502 provides: “A mortgage assistance relief service provider providing assistance relief service in connection with a dwelling in the State that does not comply with 12 C.F.R. §§ 1015.1 through 1015.11 and any subsequent revision of those regulations is in violation of this subtitle.”

13. Pursuant to RP § 7-501(d) and (e) of the MARS Act, “mortgage assistance relief service” has the same meaning stated in 12 C.F.R. § 1015.2 and any subsequent revision of that federal regulation and “mortgage assistance relief service provider” has the same meaning stated in 12 C.F.R. § 1015.2 and any subsequent revision of that regulation. Further, RP § 7-501 incorporates the meanings of other terms stated in 12 C.F.R. § 1015.2 to the extent those terms are used to establish the meaning of “mortgage assistance relief service provider.”

14. 12 C.F.R. § 1015.2 defines “mortgage assistance relief service provider” as “any person that provides, offers to provide, or arranges for others to provide, any mortgage assistance relief service,” excluding “the dwelling loan holder, or any agent or contract of such individual or entity,” and “the servicer of a dwelling loan, or any agent or contractor of such individual or entity.”

15. 12 C.F.R. §1015.2 defines “mortgage assistance relief service” to mean:

... any 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:

(1) 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;

(2) 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;

(3) Obtaining any forbearance or modification in the timing of payments from any dwelling loan holder or servicer on any dwelling loan;

(4) Negotiating, obtaining, or arranging any extension of the period of time within which the consumer may:

(i) Cure his or her default on a dwelling loan,

(ii) Reinstate his or her dwelling loan,

(iii) Redeem a dwelling, or

- (iv) Exercise any right to reinstate a dwelling loan or redeem a dwelling;
- (5) Obtaining any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling; or
- (6) Negotiating, obtaining or arranging:
 - (i) A short sale of a dwelling,
 - (ii) A deed-in-lieu of foreclosure, or
 - (iii) Any other disposition of a dwelling other than a sale to a third party who is not the dwelling loan holder.

16. Under the pertinent federal regulations, incorporated into Maryland law through RP §§ 7-501 and 502 of the MARS Act, a “mortgage assistance relief service provider” includes any person offering, providing, or presenting that they can provide loan modification services for consideration.

17. Pursuant to 12 C.F.R. § 1015.5(a), mortgage assistance relief service providers are prohibited from collecting any upfront or other fees from consumers prior to the consumers entering into a written agreement with their lender or servicer that incorporates the offer of mortgage assistance relief.

18. Pursuant to RP §§ 7-319.1 and 7-506, the OCFR may enforce the provisions of PHIFA and the MARS Act by, among other things, conducting investigations and issuing orders in accordance with the Commissioner’s general powers under Md. Code Ann., Financial Institutions Article (“FI”) §§ 2-113 - 2-116, which include imposing civil penalties of up to \$1,000 for the first violation of the MARS Act, and up to \$5,000 for each subsequent violation. The OCFR may also require persons to take affirmative action to correct a violation, including restitution of money or property to individuals harmed by the violation.

19. The Respondents do not admit or deny that by their acts and omissions described above they have violated PHIFA and the MARS Act and they are subject to the OCFR’s general powers set forth in FI §§ 2-113 to 2-116 but desire to resolve this matter without a formal administrative hearing.

20. The Respondents, by entering into this Consent Order expressly waive the right to an administrative hearing before the OAH on the charges, the making of Findings of Fact and Conclusions of Law by an Administrative Law Judge, any and all further proceedings before the OCFR and any rights to appeal to a court of competent jurisdiction from this Consent Order. Respondents acknowledge that they have had an opportunity to consult with independent legal counsel in connection with the waiver of rights and with the negotiation and execution of this Consent Order, that Respondents have consulted with independent legal counsel, and Respondents enter into this Consent Order knowingly, willingly, and voluntarily.

21. Respondents represent and warrant that they are currently in compliance with PHIFA and the MARS Act and all other laws, regulations, and rules governing loan modification activities, loss mitigation services, foreclosure consulting, or other similar

services with Maryland consumers, and that Respondents will continue to act in compliance at all future times. Respondents acknowledge that the OCFR is relying upon Respondents' representations and that this Consent Order may be revoked and the OCFR may pursue any and all remedies available under the law against Respondents if the OCFR finds that Respondents knowingly or willfully withheld information from the OCFR.

22. The OCFR agrees to accept this Consent Order as the full and final resolution of Case No. CFR-FY2017-0003 and agrees not to pursue an enforcement action based on the alleged violations cited herein, unless the Respondents fail to perform their obligations under this Consent Order.

23. The OCFR and Respondents further agree that this Consent Order is admissible and shall be binding and enforceable in a court of competent jurisdiction by the OCFR should the Respondents fail to perform their obligations.

24. The OCFR and Respondents further acknowledge that this Consent Order does not in any way relate to, impact, or otherwise affect the legal rights of, or preclude the OCFR from bringing or continuing actions against persons not Parties to this Consent Order.

BASED ON THE STIPULATIONS AND AGREEMENTS SET FORTH ABOVE IT IS, BY THE OFFICE OF THE COMMISSIONER OF FINANCIAL REGULATION, HEREBY:

ORDERED that Respondents shall adhere to all terms of this Consent Order; and it is

ORDERED that the Respondents shall pay restitution in the total amount of \$122,661.50 to Maryland Consumers B-QQ. If Respondents provide documentation within three days of this Consent Order demonstrating that any consumer accepted a beneficial offer of mortgage assistance relief, the Commissioner may in the Commissioner's sole discretion reduce the restitution amount due and owing by Respondents. In making this determination of "beneficial" offer, the Commissioner will evaluate all relevant information involving the facts and circumstances surrounding the offer of mortgage assistance relief, including the consumer's financial status and it is further

ORDERED that upon receipt of the documentation, the Commissioner will notify the Respondents in writing of any reduction to the restitution due and owing ("Restitution Reduction Notification Letter") within fourteen (14) days thereafter. The Restitution Reduction Notification Letter shall be incorporated into this Consent Order as fully set forth herein, and it is further

ORDERED that within nine (9) months of the Restitution Reduction Notification Letter, Respondents shall mail a check for the amount of money to be refunded to each consumer via First Class U.S. Mail, to each affected consumer's last known address, or to an updated address as can be identified through customary address verification means. Each refund shall be accompanied by a letter indicating that the refund is being issued pursuant to a

Consent Order issued by the Deputy Commissioner, and that the Consent Order does not in any way affect the consumer's legal rights. Within nine (9) months of the date the Restitution Reduction Notification Letter, the Respondents shall send checks to each affected consumer. Within twelve (12) months of the date the Restitution Reduction Notification Letter, the Respondents shall furnish evidence to the OCFR that the refunds were tendered to each affected consumer in the agreed amount by providing a copy of the front and back of the cancelled check for each refund payment. The Respondents shall not seek a release from Consumers B-QQ in conjunction with these refunds; and it is further

ORDERED that if any refund payment checks mailed by the Respondents to the Maryland consumers in accordance with this Consent Order and the Restitution Reduction Notification Letter are either not cashed or are returned to the Respondents as non-deliverable (collectively, the "Undeliverable Refunds"), the Respondents shall transfer any Undeliverable Refunds payment checks within twelve (12) months from the date of execution of this Consent Order to the custody of the Comptroller of Maryland as follows: The Respondents will stop payment on such Undeliverable Refunds payment checks, and shall pay the total amount of all Undeliverable Refunds in the form of a single check made payable to the "Comptroller of Maryland," which shall be submitted to the OCFR, and accompanied by a spreadsheet in both hard copy and electronic format that contains the name of the consumer, the amount of upfront fees the Respondents collected from the consumer, the social security number of the consumer (if known), the date of birth of the consumer (if known), the date on which each refund check was mailed, and an indication of which refund checks were cashed, and which refund checks were either not cashed or were returned to the Respondents as Undeliverable Refunds. Such action on the part of the Respondents shall relieve the Respondents of any further obligation to make refunds to these consumers under this Consent Order; and it is further

ORDERED that the Respondents shall pay a total civil money penalty of \$10,000 (Ten Thousand Dollars) in the form of a Cashier's Check or Money Order made payable to the Commissioner of Financial Regulation, to be delivered to the OCFR, in c/o Sophie Asike, Assistant Attorney General, Department of Labor, Licensing and Regulation, 500 N. Calvert Street, Suite 406, Baltimore, Maryland 21202 no later than January 29, 2020; and it is further

ORDERED that the Respondents shall pay an investigative fee of \$2,170 (Two Thousand One Hundred Seventy Dollars) in the form of a Cashier's Check or Money Order made payable to the Commissioner of Financial Regulation, to be delivered to the OCFR, in c/o Sophie Asike, Assistant Attorney General, Department of Labor, Licensing and Regulation, 500 N. Calvert Street, Suite 406, Baltimore, Maryland 21202 no later than January 29, 2020; and it is further

ORDERED that from the date of this Consent Order and for six quarters thereafter on the 21st day of the month that follows the end of each quarter (*i.e.*, January 21, April 21, July 21, and October 21) the Respondents shall submit to the OCFR a list of all Maryland consumers to whom the Respondents have provided, directly or indirectly, mortgage assistance relief services for review. The list shall include: (a) the name, address, telephone number and email address of the consumer, (b) the date of the mortgage assistance relief services contract,

(c) the name of the person with whom the consumer entered into the mortgage assistance relief services contract; (d) the amount of fees paid by the consumer, if any, for the services, (e) the date the fees, if any, were paid; (f) the bank account(s) into which the fees were deposited; (g) the identity of the bank account holder; and (h) the outcome of the mortgage assistance relief services provided, e.g. the consumer accepted a beneficial loan modification; the consumer rejected the offered loan modification, etc.; and it is further.

ORDERED that the Respondents shall immediately cease and desist from engaging in any of the following: any and all activities which constitute violations of the mortgage assistance relief services laws in RP §§ 7-306 and 7-501(d), including mortgage assistance relief, loan modification services, loss mitigation services, and foreclosure consulting in the State of Maryland or with Maryland residents, either by acting directly, or by acting indirectly through other individuals or business entities; and it is further

ORDERED that the Respondents shall immediately cease and desist from violating the aforementioned statutory provisions of Maryland law, including, but not limited to PHIFA and the MARS Act; and it is further

ORDERED that, in the event the Respondents violate any provision of this Consent Order, or otherwise engage in the activities which formed the basis for the allegations set forth above, the OCFR may, at the OCFR's discretion, take any enforcement actions available under FI § 2-115(b) and RP §§ 7-319.1 and 7-506, as well as take any other enforcement actions as permitted by, and in accordance with, applicable State law; and that such enforcement actions could include an order to cease and desist, civil money penalties of up to \$1,000 for each violation and up to \$5,000 for each subsequent violation, an order to provide restitution of money or property to any aggrieved persons, an action for relief in Maryland Circuit Court, and/or referral for possible criminal prosecution; and it is further

ORDERED that this matter shall be resolved in accordance with the terms of this Consent Order and the same shall be reflected among the records of the OCFR; and it is further

ORDERED that this document shall constitute a Final Order of the OCFR, by the authority delegated to the Deputy Commissioner under FI § 2-103, and that the OCFR may consider this Consent Order and the facts set forth herein in connection with, and in deciding, any action or proceeding before the OCFR; and that this Consent Order may, if relevant, be admitted into evidence in any matter before the OCFR, the OAH, or court of competent jurisdiction.

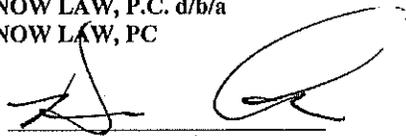
IN WITNESS WHEREOF, this Consent Order is executed on the day and year first

above written.

**MARYLAND COMMISSIONER OF
FINANCIAL REGULATION**

By: 
Teresa M. Louro
Deputy Commissioner

**ARONOW LAW, CORP. d/b/a
ARONOW LAW, P.C. d/b/a
ARONOW LAW, PC**

By: 
Darren Aronow
Owner

DARREN ARONOW

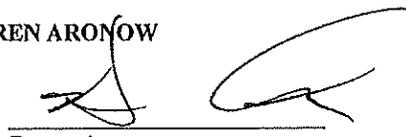
By: 
Darren Aronow
Owner

Exhibit A

Consumer ID	Consumer Name	Consumer Address	Amount Paid	Refund Issued
A			\$1,600	Y
B			\$3,200	N
C			\$1,950	N
D			\$3,200	N
E			\$3,200	N
F			\$3,200	N
G			\$800	N
H			\$2,400	N
I			\$5,180	N
J			\$3,000	N
K			\$900	N
L			\$1,850	N

M		\$1,500	N
N		\$4,000	N
O		\$3,450	N
P		\$1,500	N
Q		\$1,750	N
R		\$800	N
S		\$3,625	N
T		\$5,450	N
U		\$3,000	N
V		\$3,650	N
W		\$4,575	N
X		\$2,320	N
Y		\$4,585	N

Z		\$1,600	N
AA		\$4,500	N
BB		\$2,800	N
CC		Unknown	Unknown
DD		Unknown	Unknown
EE		\$3,200	N
FF		\$5,350	N
GG		\$2,400	N
HH		\$3,950	N
II		\$5,200	N
JJ		\$3,650	N
KK		\$4,295	N
LL		\$3,200	N

MM		\$0	Y
NN		\$2,895.50	N
OO		\$3,300	N
PP		\$1,600	N
QQ		\$4,035	N