



PRESS RELEASE

AG Frosh Secures Settlement in Mortgage Title Company Kickback Scheme

Wells Fargo, JPMorgan Chase will pay more than \$11 million in restitution

Baltimore, MD (January 22, 2015) - Attorney General Brian E. Frosh today announced a settlement with Wells Fargo Bank and JPMorgan Chase Bank (Chase) to resolve allegations that the financial firms illegally steered customers to a now-defunct Maryland-based title company in exchange for marketing services that increased their customer base.

From 2009 to 2013, Genuine Title, LLC, allegedly provided marketing leads, direct-mail letters and other costly services to loan officers from Wells Fargo and Chase, which increased the number of loans that the banks originated or refinanced, thereby boosting their commissions. In exchange, the loan officers referred consumers to Genuine Title for settlement services. The arrangement, which was investigated by the Attorney General's Consumer Protection Division and the Consumer Financial Protection Bureau (CFPB), violated the federal Real Estate Settlement Procedures Act and the Maryland Consumer Protection Act.

"Homeowners were steered toward this title company, not because they were the best or most affordable, but because they were providing kickbacks to loan officers who referred customers to them," said Attorney General Frosh. "This type of quid pro quo is illegal, and it's unfair to other businesses that play by the rules."

Under the agreement, Wells Fargo will provide \$10.8 million in restitution to customers who used a Wells Fargo loan officer and closed a settlement with Genuine Title between September 2011 and early 2014. Wells Fargo will also pay penalties of \$21 million to the CFPB and \$3 million to the Consumer Protection Division. Chase will provide \$300,000 in restitution and pay penalties of \$500,000 to the CFPB and \$100,000 to the Consumer Protection Division. The banks will distribute the money themselves.

The kickback scheme occurred during a hot mortgage refinancing market when interest rates were very low. Homeowners refinancing their mortgages typically do not have a preferred title company; instead, they often rely on the loan officer processing the mortgage to recommend one.

Loan officers at Wells Fargo branches in Maryland, Massachusetts, New Jersey, Pennsylvania, South Carolina and Virginia, and at Chase branches in Maryland and New York received marketing services from Genuine Title. Thousands of customers were then referred to Genuine Title for settlement services.

"Today, we took action against two of the nation's largest banks, Wells Fargo and JPMorgan Chase, for illegal mortgage kickbacks," said CFPB Director Richard Cordray. "These banks allowed their loan officers to focus on their own illegal financial gain rather than treating consumers fairly. Our action today to address these practices should serve as a warning for all those in the mortgage market."

The case was referred to the Consumer Protection Division by the Maryland Insurance Administration and the investigation was conducted jointly with the Consumer Financial Protection Bureau. Attorney General Frosh thanked Assistant Attorney General Jeff Evans for his hard work on the case.