



## PRESS RELEASE

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### **AG Frosh Secures Settlement with Debt Settlement Companies that Charged Consumers Thousands without Providing Services** *Businesses must return fees collected from consumers*

**Baltimore, MD (March 16, 2017)** – Maryland Attorney General Brian E. Frosh announced today that his Consumer Protection Division entered into a settlement with five California law firms and their owner, Mandip Purewal, to resolve allegations that the companies collected illegal advance fees from consumers for debt settlement services, and then failed to reduce consumers’ debts. The Division alleged that, prior to doing anything to help consumers, National Consumer Law Group, P.C., U.S. Legal Services Group, P.C., Imperial Law Group, P.C., Apex Legal Group, P.C., and Regis Law Group, P.C. used consumers’ payments to pay themselves thousands of dollars of fees. The Division alleged that while NCLG did settle some consumers’ debts, the more common experience was that most debts were not settled even though the firm charged consumers in full for its services. In addition to failing to provide the promised services, the Division alleged that the firms told consumers that attorneys would be involved in settling their debts, when that was not the case.

“Consumers should not pay up-front fees for debt-settlement or debt-management services, and shouldn’t end up worse off than when they started,” said Attorney General Frosh. “Debt settlement companies may only collect their fees after they’ve helped consumers obtain the debt relief they need.”

Maryland’s Debt Settlement Services Act prohibits debt settlement companies from collecting fees from consumers until they’ve actually settled or reduced the consumers’ debt, and requires the companies to register with Maryland’s Commissioner of Financial Regulation. The Division alleged that the firms regularly collected fees in advance, and none of them were registered with the Commissioner of Financial Regulation.

The settlement requires Mr. Purewal and his firms to immediately cease offering or providing debt settlement services in Maryland, and to return all payments they have collected from consumers for debts that were not settled. The companies must also pay a civil penalty of \$200,000 and a further \$50,000 for the costs of the investigation and the claims process necessary to return money to consumers.

For more information about the settlement, Marylanders can contact the Consumer Protection Division at 410-576-6569.