

[Top Issues](#)
[Crime](#)
[Consumer](#)
[News & Alerts](#)
[News Releases & Advisories](#)
[News Search](#)
[Related Information](#)
[Events](#)
[Alerts](#)
[Consumer Columns](#)
[Protect Yourself](#)
[Help for Victims](#)
[About DOJ](#)
[News & Alerts](#) | [News Releases & Advisories](#) | [Bogus law firm gives up \\$1.2 million taken from NC consumers](#)

## BOGUS LAW FIRM GIVES UP \$1.2 MILLION TAKEN FROM NC CONSUMERS

Release date: 1/24/2012

### *Debt relief company took consumers' money but did little to help them, Cooper says*

**Raleigh:** A bogus Florida law firm that falsely claimed it would reduce consumers' debts by more than half has been barred from debt relief work in North Carolina, Attorney General Roy Cooper announced Tuesday.

"Debt relief scams take advantage of struggling consumers, adding to their burden instead of helping them get out of debt," Cooper said. "I'm pleased that we've been able to win money back for these consumers, money that can hopefully help them pay off bills and get on better financial footing."

Under a [consent judgment](#) approved by Wake County Superior Court Judge Howard Manning and filed today, The Consumer Law Group of Boca Raton, Florida has agreed to pay \$600,000 in refunds to North Carolina consumers who paid the company for help getting out of debt. That's on top of approximately \$600,000 worth of charges the company agreed not to collect from North Carolina consumers for a total of \$1.2 million in consumer refunds and savings. An additional \$50,000 payment will help cover the costs of the state's work on the case.

The judgment also bars CLG from marketing, soliciting or offering any debt settlement or debt negotiation services in North Carolina. In addition, CLG is prohibited from claiming that its services are government sponsored, performed by attorneys, or provide legal representation for consumers.

Cooper's office first [filed suit](#) against CLG in October 2010 after an investigation determined that more than 650 North Carolina consumers had paid the so-called law firm for debt relief work but gotten little or no help in return.

Under North Carolina law, it's illegal to charge an upfront fee for debt reduction or debt settlement services. CLG claimed that the debt adjusting law was unconstitutional and that the Attorney General had no jurisdiction over attorney conduct but a Superior Court judge rejected these claims. Some companies promising debt relief including CLG have tried to get around the law by claiming to be law firms.

Cooper contends that CLG deceived consumers by promising to reduce their debts by half and leave them debt-free without bankruptcy. In reality, CLG rarely worked out agreements to settle debts but kept substantial fees anyway. The company also misled consumers to believe that its program was government-affiliated, and claimed that its services were performed by attorneys when they were not.

Among the 16 consumers who've complained about CLG to the Attorney General's Consumer Protection Division were elderly and disabled North Carolinians who believed they could trust CLG because it said attorneys did the work and the program was government-sponsored.

Many of these consumers wound up worse off after seeking CLG's help because the company told them not to pay their debts or talk to their creditors, and to pay CLG instead. Some CLG customers were sued by their creditors because they didn't pay their bills and failed to respond to collection notices. Other consumers saw their debts mount significantly due to increased fees and interest charges and had to file for bankruptcy.

Consumers can continue to file complaints about CLG or other debt relief companies by calling the Attorney General's Consumer Protection Division at 1-877-5-NO-SCAM toll-free within North Carolina or filling out a [consumer complaint form](#) at [www.ncdoj.gov](http://www.ncdoj.gov).

"Don't pay an upfront fee for help getting out of debt," Cooper said. "For real help getting your debts under control meet with a qualified non-profit credit counselor in your local community who won't charge you a big fee."

To locate an accredited, non-profit credit counselor in your area who may be able to set up a legitimate plan to manage your debts, contact the National Foundation for Credit Counseling at 1-800-388-2227 or [www.nfcc.org](http://www.nfcc.org).

Contact: [Noelle Talley](#) (919) 716-6413

 print page
  email this
