



PRESS RELEASE

Colorado Department of Law
Attorney General John W. Suthers

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**ATTORNEY GENERAL CHARGES COLORADO'S LARGEST
FORECLOSURE LAW FIRMS WITH FRAUD**

\$13 Million Settlement with Aronowitz & Mecklenburg Secured

DENVER — Colorado Attorney General John Suthers today announced the filing of civil law enforcement actions against the two largest foreclosure law firms in Colorado. In separate filings, the Attorney General's Consumer Protection Section charged The Castle Law Group, its principals and affiliated foreclosure-related businesses, as well as Aronowitz & Mecklenburg, its principals and affiliated foreclosure-related businesses with violating the Colorado Consumer Protection Act, the Colorado Antitrust Act, and the Colorado Fair Debt Collection Practices Act. The Attorney General filed a simultaneous proposed Final Consent Judgment settling the case against the Aronowitz defendants.

“These lawsuits come at the end of a lengthy and exhaustive investigation into allegedly fraudulent billing practices by these firms that inflated foreclosure costs,” said Attorney General John Suthers. “These inflated costs were passed on to homeowners trying to save their homes from foreclosure, successful bidders for properties at foreclosure sales, and to investors and taxpayers. The facts uncovered by our investigation are very disturbing and, frankly, reflect poorly on the legal profession.”

The complaints, filed in Denver District Court, allege that these law firms, and their principals, conspired to charge fraudulent and inflated costs for posting of two statutorily-mandated notices on the homes of borrower's facing foreclosure, and used affiliated companies to run up the costs of title products used in the foreclosures. The complaints also allege that these firms improperly and deceptively

tacked on additional charges as “costs” for tasks already compensated by the maximum allowable fee paid to the law firm by the investor.

In the proposed Final Consent Judgment with the Aronowitz defendants, the law firm and its principals agree that, with the exception of some title business that they must operate at competitive market rates, to have no direct or indirect ownership interest in any law firm or other business engaged in foreclosure-related work in the State of Colorado for a period of nine years, and to pay the state \$10 million in unjust enrichment, civil penalties, and the state’s costs and attorney fees. An additional \$3 million in civil penalties is to be suspended pending compliance with the Final Consent Judgment. The court must approve that settlement before it becomes effective.

Investigations by the Colorado Attorney General’s Office of other Colorado foreclosure law firms and related businesses are ongoing.

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