



PRESS RELEASE

Colorado Department of Law
Attorney General Cynthia H. Coffman

FOR IMMEDIATE RELEASE

July 5, 2016

CONTACT

Erin Lamb
Colorado Attorney General's Office
720-508-6554
Erin.lamb@coag.gov

COLORADO SUPREME COURT HANDS ATTORNEY GENERAL CYNTHIA H. COFFMAN A KEY VICTORY IN HER FIGHT AGAINST DECEPTIVE FORECLOSURE PRACTICES

DENVER—Attorney General Cynthia H. Coffman won an important victory today in her fight to hold the largest foreclosure law firm in Colorado accountable for allegedly charging grossly inflated costs in foreclosure proceedings. In *State v. The Castle Law Group, LLC*, the Colorado Supreme Court held that Attorney General Coffman can introduce critical evidence at trial to demonstrate that the Castle Law Firm used affiliated businesses to artificially inflate foreclosure-related costs.

Attorney General Coffman alleges that the Castle Law Group and its principals, in concert with affiliated foreclosure-related businesses, systematically charged inflated and deceptive costs for routine services necessary to complete home foreclosures, while falsely representing that those costs were “actual, reasonable and necessary.” The inflated costs—estimated to exceed \$12 million—were passed on to homeowners, lenders, investors, and taxpayers. Attorney General Coffman alleges that all of the defendants shared in these illegal profits.

“We intend to prove at trial that these defendants took advantage of the foreclosure process to line their pockets,” Attorney General Coffman said. “This case is about ensuring the fairness and integrity of the foreclosure process, including for homeowners at risk of losing

their homes. I look forward to proving my allegations at trial and holding these defendants accountable.”

The trial court had held that Attorney General Coffman could not seek reimbursement and penalties for the deceptive profits retained by the affiliated businesses rather than the law firm itself. The Colorado Supreme Court disagreed, concluding that, according to the allegations in the case, the affiliated businesses “themselves also benefitted from the common scheme,” and the defendants could be held accountable for the amounts retained by those businesses. The Colorado Supreme Court also determined that the defendants are not immune from claims that their costs were deceptive merely because they disclosed the inflated costs to lenders and the public. The case will now go back to Denver District Court for trial.

#