

LENDERS UPDATE™

ALT & ASSOCIATES NEWSLETTER

A COMPLIMENTARY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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FTC TAKES ACTION AGAINST LEAD GENERATOR.

Lead generators and the purchase of leads are issues of concern and sensitivity with regard to RESPA section 8 compliance, and are subject to careful analysis both under RESPA and other federal and state laws. That said, sometimes the question is not even close as in this most recent action by the Federal Trade Commission involving a lead generator.

On July 5 the Federal Trade Commission agreed to settle charges against Blue Global Media and related parties for misleading consumers about its services. The company operated a string of websites that solicited customers to fill out loan applications for a variety of loan types. Blue Global claimed in its marketing that it would search its network of lenders to determine who would offer the best terms to the borrower and then refer the application to that lender.

However, the applications were sold to random entities without regard for how the information would be used or whether it would remain secure. In reality, few were matched based on the best terms. The applications were usually sold to the highest bidders. The company also agreed to protect the personal information. Again, the information was sold without regard for how it was used and how it was protected.

The parties agreed with the FTC to enter into a stipulated judgement. While the judgment was suspended based on the inability of the company and named individuals to pay, the judgment was for \$104 million.

To read more please see <https://www.ftc.gov/news-events/press-releases/2017/07/ftc-halts-operation-unlawfully-shared-sold-consumers-sensitive>.

ABOUT ALT & ASSOCIATES

Alt & Associates publishes the *Lenders Update* via e-mail as a complimentary service to our friends and clients in the financial industry throughout California and the United States. Over the past three decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their business operations. Legal counsel provided to the mortgage industry includes, but is not limited to:

- **Regulatory assistance, both state and federal**
- **Compliance work**
- **Operational advice**
- **Transactional work**
- **Agreements such as Loan Officer Compensation Agreements etc.**
- **Various forms of employee, officer, and/or manager contracts**
- **Litigation representation**

You may direct any questions or comments directly to:

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