

"Credit Repair Cloud and its CEO Daniel Rosen enabled credit repair companies that harvested illegal fees from struggling consumers," said CFPB Director Rohit Chopra. "We will continue our work to hold individual executives accountable when they violate federal law."

Credit Repair Cloud is a California-based corporation founded by Daniel A. Rosen. Since 2013, Credit Repair Cloud has sold software and other tools to help others start and operate credit repair businesses. A credit repair business provides consumers with goods or services that purport to remove derogatory information from credit reports or otherwise improve a person's credit history, credit record, or credit rating. Credit repair companies that use telemarketing are covered by the Telemarketing Sale Rule, which prohibits charging fees until the company has provided that consumer with a credit report that shows the promised results and that was issued more than six months after such results were achieved.

The CFPB alleges that Credit Repair Cloud and Rosen provided substantial assistance to credit repair companies that use telemarketing to reach consumers and charge illegal advance fees by providing users with a system that, among other things, generated and tracked disputes and integrated a billing system, and provided training, marketing tools, and model websites.

The CFPB alleges that Rosen was individually liable for Credit Repair Cloud's violations because he controlled Credit Repair Cloud, he participated in its acts of substantial assistance, and he knew or recklessly disregarded that they were taking place. Rosen's acts of substantial assistance included, among other things, training credit repair companies on the Credit Repair Cloud's system, providing sample scripts, and offering advice on how and when to collect fees from consumers.

Enforcement Action

Under the Consumer Financial Protection Act, the CFPB has the authority to take action against persons violating consumer financial protection laws, including the Telemarketing Sales Rule. If entered by the court, the proposed order would require the defendants to:

- Pay \$3 million in civil penalties: CEO Daniel Rosen would pay a \$2 million civil money penalty and Credit Repair Cloud would pay a \$1 million civil penalty, both of which would be deposited into the CFPB's victims relief fund, called the Civil Penalty Fund.
- Stop assisting companies with illegally charging advance fees: The order would permanently bar Credit Repair Cloud and Rosen from providing substantial assistance to any companies that use telemarketing to sell credit repair services and that charge advance fees. Credit Repair Cloud and Rosen would also be required to delete from their tools and services any language related to telemarketing and charging monthly fees for credit repair services.
- Notify companies using its tools and services that they cannot charge illegal upfront fees, and monitor whether companies are complying: Credit Repair Cloud and Rosen would be required to send a notice to all companies that use Credit Repair Cloud that provides specific examples of telemarketing and advance fees that are unlawful. They also would be required to monitor whether Credit Repair Cloud's users are telemarketing and charging advance fees.

Read today's proposed order.

Consumers can submit complaints about financial products or services by visiting the CFPB's website or by calling (855) 411-CFPB (2372).

Employees who they believe their company has violated federal consumer financial protection laws are encouraged to send information about what they know to whistleblower@cfpb.gov. To learn more about reporting potential industry misconduct, visit the CFPB's website.

The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. For more information, visit www.consumerfinance.gov.

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