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Consumer Financial
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The CFPB Takes Action Against Real Estate Kickbacks

Homebuilder Required to Turn Over Profits from Kickbacks Funneled Through Sham Mortgage Companies

WASHINGTON, D.C. — The Consumer Financial Protection Bureau today ordered a Texas homebuilder, Paul Taylor, to surrender more than \$100,000 he received in kickbacks for referring mortgage origination business to Benchmark Bank and to Willow Bend Mortgage Company. The Bureau is also prohibiting Taylor from engaging in future real estate settlement services, including mortgage origination.

“Kickbacks harm consumers by hampering fair market competition and by unnecessarily increasing the costs of getting a mortgage,” said CFPB Director Richard Cordray. “The CFPB will continue to take action against schemes designed to let service providers profit through unscrupulous and illegal business practices.”

Paul Taylor received illegal referral fees through partnerships with Benchmark Bank and Willow Bend Mortgage Company. Taylor and the bank created and jointly owned Stratford Mortgage Services, LC, which claimed to be a mortgage originator. Similarly, Taylor and Willow Bend created and jointly owned PTH Mortgage Company. In reality both entities were shams designed to allow Taylor to receive the kickbacks. His homebuilding company, Paul Taylor Homes, then referred mortgage origination business to the sham entities. However, the work was actually performed by the Bank and Willow Bend. The kickbacks were passed through the sham entities back to Taylor through profit distributions and as a payment through a “service agreement.”

The settlement resolves violations of the Real Estate Settlement Procedures Act (RESPA). RESPA prohibits giving and receiving kickbacks for services involving federally related mortgages. Kickbacks can hurt competition when customers are redirected from law-abiding businesses and can raise prices for consumers by inflating the costs of real estate settlement. The CFPB has the authority to enforce RESPA.

Under the terms of the settlement, Taylor has agreed to pay \$118,194.20, the full amount of money he received since early 2010 from the kickback schemes. The payment will be deposited in the United States Treasury.

The CFPB became aware of Taylor’s conduct related to Benchmark Bank and Stratford through a referral from the Federal Deposit Insurance Corporation (FDIC). The FDIC separately fined Benchmark Bank for its role in the RESPA violations. The Bureau will continue to enforce RESPA’s anti-kickback provisions to protect consumers and deter



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individuals from engaging in illegal activity.

A copy of the CFPB's Consent Order is available here:

http://files.consumerfinance.gov/f/291305_cfpb_consent-order-0001.pdf

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

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