

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING
File No. 2024-CFPB-0004

In the Matter of:

**NOVAD Management Consulting,
LLC**

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the reverse-mortgage servicing practices of NOVAD Management Consulting, LLC (Respondent, as defined below) and has identified the following violations of law:

1) unfair acts or practices by failing to communicate with and respond to consumers, in violation of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5536(a)(1)(B), 5531(c)(1); 2) deceptive acts or practices by sending misleading repayment letters to consumers in connection with consumers' reverse-mortgage loans, in violation of 12 U.S.C. § 5536(a)(1)(B); and 3) abusive acts or practices by failing to respond to consumers' calls, e-mails and inquiries, even after sending due-and-payable letters, which (a) materially interfered with the

ability of consumers to understand the terms or conditions of their loans; and

(b) took unreasonable advantage of the inability of the consumers to protect their interests, in violation of 12 U.S.C. §§ 5531(d)(1) and 5531(d)(2)(B). Respondent also violated the Real Estate Settlement Procedures Act (RESPA) and its implementing regulation, Regulation X, by failing to acknowledge, investigate, and timely respond to notices of error and information requests, in violation of 12 U.S.C. §§ 2601-2617, 12 C.F.R. §§ 1024.35 and 1024.36. Under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I.

Jurisdiction

1. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, and RESPA, 12 U.S.C. §§ 2601-2617.

II.

Stipulation

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated June 12, 2024 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, without admitting

or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau's jurisdiction over Respondent and the subject matter of this action.

III.

Definitions

3. The following definitions apply to this Consent Order:
 - a. "Affected Consumers" include borrowers who, during the Relevant Period, were subject to Respondent's violations of RESPA, Regulation X, or the CFPA as described in Section IV, related to:
 - i. receiving one or more due-and-payable or repayment letters, issued for a reason other than death of the borrower;
 - ii. making more than one request for a payoff statement; and
 - iii. their lien release being delayed by more than 180 days.
 - b. "Assisting Others" includes, but is not limited to:
 - i. consulting in any form whatsoever;
 - ii. providing paralegal or administrative support services;
 - iii. performing customer-service functions, including but not limited to receiving or responding to consumer complaints;
 - iv. formulating or providing, or arranging for the formulation or provision of, any advertising or marketing material, including,

- but not limited to, web or Internet Protocol addresses or domain-name registration for any internet websites, affiliate-marketing services, or media-placement services;
- v. providing names of, or assisting in the generation of, potential customers;
 - vi. performing marketing, billing, or payment services of any kind; and
 - vii. acting or serving as an owner, officer, director, manager, or principal of any entity.
- c. “Chief Executive Officer” means Respondent’s Chief Executive Officer.
- d. “Effective Date” means the date on which the Consent Order is entered on the administrative docket.
- e. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or their delegate.
- f. “HECM” means Home Equity Conversion Mortgage (also known as a “reverse mortgage”), a federal program administered by the U.S. Department of Housing and Urban Development (HUD), which

allows homeowners over age 62 to borrow money using their home as security for the loan.

- g. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section IV of this Consent Order.
- h. “Relevant Period” includes from September 29, 2014, to December 12, 2022.
- i. “Respondent” or “NOVAD” means NOVAD Management Consulting, LLC, and its successors and assigns.
- j. “Sutherland” means Sutherland Global Services, Inc., Sutherland Mortgage Services, Inc., and Sutherland Government Solutions, Inc.

IV.

Bureau Findings and Conclusions

The Bureau finds the following:

- 4. NOVAD is a single-member Maryland limited liability company with its principal place of business in Landover, MD.
- 5. Sutherland Global Services, Inc. (Sutherland Global) is a New York Corporation with offices in Pittsford, New York.

6. Sutherland Mortgage Services, Inc. (Sutherland Mortgage) is a Texas Corporation, with offices in Houston, Texas. Sutherland Mortgage is 100% owned by Adventity Inc., a wholly owned subsidiary of Sutherland Global.
7. Sutherland Government Solutions, Inc. (Sutherland Government) is a Delaware corporation with offices in Clifton, New Jersey. Sutherland Government is a wholly owned subsidiary of Sutherland Global.
8. In 2013, Sutherland approached NOVAD, a small minority-owned contractor with no mortgage-servicing experience, to bid on a HUD contract to service HECM loans.
9. The teaming agreement and proposal that NOVAD submitted to HUD to secure the HECM loan servicing contract promoted NOVAD and Sutherland as a qualified servicing team.
10. Sutherland's and NOVAD's bid was successful, with HUD awarding NOVAD the HECM contract in 2014.
11. After HUD awarded the HECM contract to NOVAD, NOVAD and Sutherland entered into a series of subcontracts. Under the subcontracts, Sutherland provided, among other things, physical space, office equipment, and roughly half of the personnel to support the HUD contract.
12. From September 2014 to December 2022, Respondent was responsible for servicing HECM loans on behalf of HUD.

13. Respondent's employees, with Sutherland's employees, were responsible for servicing loans and performing various loan-servicing functions under the HUD contracts, including making disbursements under the terms of the reverse-mortgage loans, communicating with borrowers, providing timely information to borrowers, and ensuring borrowers' loans were current.
14. From September 2014 to December 2022, Respondent was responsible for servicing between 49,000 and 150,000 HECM loans each year.
15. Respondent has been responsible for servicing federally related mortgage loans. Therefore, Respondent is a "servicer" under RESPA and Regulation X, 12 U.S.C. § 2605(i)(2), 12 C.F.R. § 1024.2(b)(26).
16. Because servicing loans is a "consumer financial product or service" under the CFPA, Respondent is also a "covered person" under 12 U.S.C. § 5481(5), (6).
17. Respondent's unlawful servicing practices during the Relevant Period caused a minimum of \$11.5 million of harm to Affected Consumers.

Findings and Conclusions as to Failure to Respond to Borrowers
(Unfairness, in Violation of the CFPA)

18. The CFPA prohibits "unfair" acts or practices. 12 U.S.C. § 5536(a)(1)(B). An act or practice is unfair if it causes or is likely to cause consumers substantial injury that is not reasonably avoidable and is not outweighed by

countervailing benefits to consumers or to competition. 12 U.S.C.

§ 5531(c)(1).

19. During the Relevant Period, in connection with providing mortgage servicing, Respondent frequently failed to respond to consumers' inquiries and complaints related to their reverse mortgages.
20. Respondent's failure to respond to consumers was likely to, and did, result in substantial injury because consumers who could not obtain information related to their mortgage loan incurred fees and charges that they could have otherwise avoided by completing a payoff, short sale, foreclosure, deed-in-lieu of foreclosure, or loan modification. For example, Respondent's failures to provide information necessary to process a short sale or deed-in-lieu of foreclosure led to consumers improperly being denied public-assistance benefits, losing opportunities to sell their homes for more money than they were ultimately able to obtain, and experiencing extreme stress from not being able to complete the sales in a timely manner.
21. Respondent also failed to accept or process consumers' provision of information, such as proof of occupancy or insurance, related to consumers' HECM loans. Respondent's failure to accept or process proof of occupancy or insurance documents submitted by borrowers triggered a default condition causing the borrower's loan to become immediately "due and payable,"

ultimately leading to foreclosure if not cured. Thus, borrowers were likely to suffer substantial injury where Respondent's inability to give or receive such information led to a default condition.

22. Because borrowers had no other point of contact for their mortgage loans, and could not choose their loan servicer, the substantial injury caused by Respondent's failure to respond to or receive information was not reasonably avoidable.
23. Respondent also failed to timely process lien releases, including when required by law, when requested by borrowers, or when requested by consumers' other financing institutions.
24. Respondent's failure to respond to or receive information was not outweighed by countervailing benefits to consumers or to competition.
25. Therefore, Respondent engaged in unfair acts or practices that violate §§ 1036(a)(1)(B) and 1031(c)(1) of the CFPA. 12 U.S.C. §§ 5536(a)(1)(B) and 5531(c)(1).

**Findings and Conclusions as to Repayment Letter Misrepresentations
(Deception, in Violation of the CFPA)**

26. An act or practice is deceptive if it involves a material misrepresentation or omission that is likely to mislead consumers acting reasonably under the circumstances. 12 U.S.C. § 5536(a)(1)(B).

27. In numerous instances during the Relevant Period, Respondent represented to consumers that their loans were due and payable within 30 days, when in fact, those consumers had not experienced any default condition. Therefore, such repayment letters were not warranted or accurate.
28. The repayment letters were likely to mislead reasonable consumers because the letters appeared to be an official notice, included consumers' personal account information, and were sent by consumers' mortgage servicer.
29. These notices were material because they demanded full payment of the entire loan amount and led consumers to believe that their loans were in default and that they were in jeopardy of losing their homes. The notices resulted in extraordinary and unwarranted anxiety to consumers and caretakers who were naturally worried about elderly and vulnerable consumers being without a place to live.
30. Therefore, Respondent engaged in deceptive acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

**Findings and Conclusions as to Taking Unreasonable Advantage of the
Inability of the Consumers to Protect Their Interests
(Abusive, in Violation of the CFPA)**

31. An act or practice is abusive under the CFPA if it "takes unreasonable advantage of . . . the inability of the consumer to protect the interests of the

consumer in selecting or using a consumer financial product or service.” 12
U.S.C. § 5531(d)(2)(B).

32. During the Relevant Period, Respondent routinely failed to effectively service consumers’ reverse mortgages.
33. This included failing to respond to borrowers’ time-sensitive information requests and error notices, failing to acknowledge, investigate, and correct servicing errors, and failing to engage in two-way communications with borrowers. These failures resulted in stress, confusion, and other harms to consumers.
34. Respondent’s failure to respond to inquiries from reverse-mortgage borrowers undermined consumers’ ability to protect their interests in using a reverse mortgage.
35. Consumers did not choose to have Respondent service their reverse mortgage and could not protect their interests by selecting a different servicer.
36. Respondent gained an unreasonable advantage by avoiding the cost of providing adequate resources and staffing for the loan-servicing operation.
37. By taking unreasonable advantage of consumers’ inability to protect their own interests in using a reverse mortgage, Respondent engaged in abusive

acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Findings and Conclusions as to Material Interference with Consumers' Ability to Understand Their Reverse Mortgage (Abusive, in Violation of the CFPA)

38. An act or practice is abusive under the CFPA if it “materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service.” 12 U.S.C. § 5531(d)(1).
39. Respondent’s practice of sending of unwarranted repayment letters and subsequent failure to respond to consumer calls, e-mails, and inquiries materially interfered with consumers’ ability to understand the terms and conditions of their reverse mortgage, including why their loans were being called due and payable.
40. Without a clear communication or response, and no way to effectively contact their servicer, consumers had to guess how to proceed, were unable to cure a default condition, pay off their loans or sell their homes, and potentially faced the threat of foreclosure.
41. By failing to communicate with or respond to consumers after sending repayment letters, Respondent materially interfered with consumers’ ability to understand the terms and conditions of their loans. And the failure to communicate with or respond to consumers increased consumer anxieties

and stress while depriving them of all potential options to remain in their homes or to sell their homes to a third party or a family member who may have been willing to allow the consumer to remain in the home.

42. Therefore, Respondent engaged in abusive acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

**Findings and Conclusions as to
Failure to Acknowledge Notices of Error**

43. RESPA states that “[i]f any servicer of a federally related mortgage loan receives a qualified written request from the borrower (or an agent of the borrower) for information relating to the servicing of such loan, the servicer shall provide a written response acknowledging receipt of the correspondence within 5 days (excluding legal public holidays, Saturdays, and Sundays) unless the action requested is taken within such period.” 12 U.S.C. § 2605(e)(1)(A); 12 C.F.R. § 1024.35(d).
44. Under 12 U.S.C. § 2605(k)(1)(C), a servicer of federally related mortgages shall not fail to take timely action to respond to a borrower’s requests to correct errors relating to allocation of payments, final balances for purposes of paying off the loan, or avoiding foreclosure, or other standard servicer’s duties.

45. Regulation X provides that “[a] servicer shall comply with the requirements of this section for any written notice from the borrower that asserts an error and that includes the name of the borrower, information that enables the servicer to identify the borrower's mortgage loan account, and the error the borrower believes has occurred . . . A qualified written request that asserts an error relating to the servicing of a mortgage loan is a notice of error for purposes of this section, and a servicer must comply with all requirements applicable to a notice of error with respect to such qualified written request.” 12 C.F.R. § 1024.35(a).
46. Respondent did not have a system for acknowledging or responding to notices of error in writing or otherwise. Respondent did not have policies, procedures, or training on the requirements of RESPA or Regulation X.
47. Respondent did not distinguish notices of error from other correspondence received from borrowers, and did not track the receipt of or responses to notices of error.
48. During the Relevant Period, Respondent did not acknowledge or respond to notices of error from borrowers in writing within five business days.
49. Respondent failed to respond to written correspondence, including notices of error, in writing. On numerous occasions, borrowers sent Respondent

notices of error and did not receive a written response acknowledging receipt of the correspondence within five business days, or at all.

50. By failing to acknowledge receipt of notices of error (1) in writing; and (2) within five business days, Respondent violated RESPA, 12 U.S.C. § 2605(e), (k)(1)(C) and (k)(1)(E), and Regulation X, 12 C.F.R. § 1024.35(d).

**Findings and Conclusions as to Failure
to Timely Respond to Notices of Error**

51. Under 12 U.S.C. § 2605(e)(2), servicers must respond to notices of error within 30 days.
52. Under 12 U.S.C. § 2605(k)(1)(C), a servicer of federally related mortgages shall not fail to take timely action to respond to a borrower's requests to correct errors relating to allocation of payments, final balances for purposes of paying off the loan, or avoiding foreclosure, or other standard servicer's duties.
53. Under 12 C.F.R. § 1024.35(e)(3), servicers must respond to notices of error within: (A) seven days (excluding legal public holidays, Saturdays, and Sundays) if the notice of error is related to a failure to provide an accurate payoff balance; (B) before the date of a foreclosure sale or within 30 days (excluding legal public holidays, Saturdays, and Sundays) (whichever is

earlier) if the notice of error is related to a foreclosure; or (C) 30 days (excluding legal public holidays, Saturdays, and Sundays) after receipt.

54. Respondent routinely did not meet the timing requirements for responding to notices of error.
55. On many occasions, consumers received no response or severely delinquent responses to their notices of error.
56. Respondent's failure to provide timely responses to notices of error violated RESPA, 12 U.S.C. § 2605(e)(2), (k)(1)(C) and (k)(1)(E), and Regulation X, 12 C.F.R. § 1024.35(e)(3).

**Findings and Conclusions as to Failure
to Substantively Respond to Notices of Error**

57. RESPA requires that a servicer conduct an investigation of a qualified written request (QWR) and make appropriate corrections to a consumer's account. 12 U.S.C. § 2605(e)(2)(A) and (k)(1)(C).
58. Regulation X provides that a QWR that asserts an error relating to the servicing of a mortgage loan is a notice of error and that a servicer must generally respond to a notice of error by either: (A) correcting the error and providing the borrower with a written notification of the correction; or (B) conducting a reasonable investigation and providing a written notification, which includes, among other things, a statement that the

servicer has determined that that no error has occurred and a statement of the reason or reasons for this determination. 12 C.F.R. § 1024.35(e)(1).

59. During the Relevant Period, on many occasions, Respondent did not provide substantive or written responses to notices of error, and often did not provide any response at all.
60. When consumers did receive a response from Respondent with respect to a notice of error, errors were often not corrected, and no information was provided concerning what, if any, investigation had been conducted.
61. Respondent's failure to substantively respond to notices of error violated RESPA, 12 U.S.C. § 2605(e)(2)(A), (k)(1)(C) and (k)(1)(E), and Regulation X, 12 C.F.R. § 1024.35(e)(1)(A)-(B).

**Findings and Conclusions as to Failure
to Acknowledge Requests for Information**

62. Under 12 U.S.C. § 2605(e)(1)(A), a servicer must, within five days of receiving a QWR, provide to the relevant borrower a written acknowledgment of the servicer's receipt of a QWR seeking information relating to the servicing of the borrower's loan.
63. In addition to the provisions for notices of error, Regulation X requires servicers to comply with certain requirements for any written request for information from a borrower, including a QWR, that enables the servicer to identify the borrower's mortgage loan account, and states the information the

borrower is requesting with respect to the borrower's mortgage loan. 12

C.F.R. § 1024.36(a).

64. 12 C.F.R. § 1024.36(c) requires servicers to provide borrowers with a written response acknowledging receipt of the information request within five business days of receipt of the request.
65. During the Relevant Period, Respondent did not have a system for responding to QWRs and other requests for information. It did not provide staff with policies, procedures, or training on the requirements of RESPA or Regulation X relating to requests for information.
66. Respondent did not distinguish QWRs or other requests for information from other correspondence received by borrowers. It did not track the receipt of or responses to requests for information.
67. Respondent often did not respond to written correspondence from borrowers for at least 10 business days, if not longer, and typically did not respond in writing.
68. By failing to acknowledge information requests (1) in writing and (2) within five business days, Respondent violated RESPA, 12 U.S.C. § 2605(e) and (k)(1)(E), and Regulation X, 12 C.F.R. § 1024.36(c).

**Findings and Conclusions as to Failure
to Timely Respond to Requests for Information**

69. Under 12 U.S.C. § 2605(e) and 12 C.F.R. § 1024.36(a), a servicer is required to respond to any written request for information from a borrower that “states the information the borrower is requesting with respect to the borrower’s mortgage loan.” 12 C.F.R. § 1024.36(d)(2) requires a servicer to respond to written information requests within 10 days (excluding legal public holidays, Saturdays, and Sundays) if the request relates to the identity of, and address or other relevant contact information for, the owner or assignee of a mortgage loan. For all other requests for information, the servicer generally must respond within 30 days (excluding legal public holidays, Saturdays, and Sundays) (unless the deadline is extended by written notice to the borrower).
70. During the Relevant Period, Respondent did not have policies or procedures for information requests and did not track the timeframe in which it responded to information requests.
71. On many occasions, Respondent failed to respond to requests for information for many months, if at all.
72. By failing to provide a timely response to information requests, Respondent violated RESPA, 12 U.S.C. § 2605(e) and (k)(1)(E), and Regulation X, 12 C.F.R. § 1024.36(d)(2).

**Findings and Conclusions as to Failure
to Substantively Respond to Information Requests**

73. RESPA and Regulation X require that servicers respond to QWRs or other information requests by either providing the borrower with the requested information in writing or conducting a reasonable search for the requested information and providing the borrower with a written notification that includes, among other things, notice that the servicer has determined that the information is not available and provides the basis for the servicer's determination. 12 U.S.C. § 2605(e)(2); 12 C.F.R. § 1024.36(d)(1)(i)-(ii).
74. Respondent did not have policies or procedures for information requests and did not track the way in which it responded.
75. During the Relevant Period, on many occasions, Respondent failed to provide any response to borrowers' requests for information.
76. Where Respondent did respond, it often failed to do so in writing and failed to provide the information requested or provide information concerning whether it had conducted a reasonable search for the requested information.
77. Thus, by failing to provide a response to information requests in the manner required, Respondent violated RESPA, 12 U.S.C. § 2605(e)(2) and (k)(1)(E), and Regulation X, 12 C.F.R. § 1024.36(d)(1).

CONDUCT PROVISIONS

V.

Permanent Ban on Reverse-Mortgage Servicing Activities

IT IS ORDERED, under §§ 1053 and 1055 of the CFPA, that:

78. Respondent, whether acting directly or indirectly, is permanently restrained from:

- a. Advertising, marketing, promoting, offering for sale, selling, or servicing reverse mortgages, or Assisting Others in the advertising, marketing, promoting, offering for sale, selling, or servicing of reverse mortgages; or
- b. Receiving any remuneration or other consideration from, holding any ownership interest in, providing services to, or working in any capacity for any person engaged in or Assisting Others in advertising, marketing, promoting, offering for sale, selling, or servicing reverse mortgages.

Nothing in this Consent Order shall be read as an exception to this Paragraph.

Prohibited Conduct

IT IS ORDERED, under §§ 1053 and 1055 of the CFPA, that:

79. Respondent and its officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with them who receive actual notice of this Consent Order, whether acting directly or indirectly, in connection with reverse-mortgage servicing, may not violate sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531 and 5536, or RESPA and its implementing regulation, Regulation X, 12 U.S.C. §§ 2601-2617, 12 C.F.R. §§ 1024.35 and 1024.36, and are prohibited from:

- a. Failing to communicate with and respond to consumers in a timely and accurate manner;
- b. Sending any communication that misrepresents any material fact about the terms, servicing, or repayment obligations of mortgage loans;
- c. Failing to respond to consumers' calls, emails and inquiries, even after sending due-and-payable letters; and
- d. Failing to acknowledge, investigate, and timely respond to qualified written requests, notices of error and information requests.

VI.

Customer Information

IT IS FURTHER ORDERED that:

80. Respondent, and its officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with them who receive actual notice of this Consent Order, whether acting directly or indirectly, may not disclose, use, or benefit from customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account), that Respondent obtained before the Effective Date in connection with reverse-mortgage servicing; or attempt to collect, sell, assign, or otherwise transfer any right to collect payment from any consumer who had a reverse mortgage serviced by Respondent. However, customer information may be disclosed if requested by a government agency or required by law, regulation, or court order.

VII.

Role of the Chief Executive Officer

IT IS FURTHER ORDERED that:

81. Respondent's Chief Executive Officer has the ultimate responsibility for ensuring that Respondent complies with this Consent Order.
82. Respondent's Chief Executive Officer must review all plans and reports required by this Consent Order, and any submissions to the Bureau prior to such submission.
83. One year after the Effective Date, Respondent must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report), that has been approved by the Chief Executive Officer, the accuracy of which is sworn to under penalty of perjury, and which, at a minimum:
 - a. Describes the steps that Respondent's Chief Executive Officer has taken to reasonably assess whether Respondent is complying with each applicable paragraph and subparagraph of the Order;
 - b. Describes in detail whether and how Respondent has complied with each applicable paragraph and subparagraph of the Order, including the manner of verification of such compliance and any corrective

actions taken to remedy potential non-compliance with the applicable requirement, paragraph, or subparagraph; and

- c. attaches a copy of each Order Acknowledgment obtained under Section XII, unless previously submitted to the Bureau.

84. Respondent's Chief Executive Officer must:

- a. Authorize whatever actions are necessary for Respondent to assess whether Respondent is complying with each applicable paragraph and subparagraph of the Order;
- b. Authorize whatever actions, including corrective actions, are necessary for Respondent to fully comply with each applicable paragraph and subparagraph of the Order; and
- c. Require timely reporting by management to Respondent's Chief Executive Officer on the status of compliance obligations.

MONETARY PROVISIONS

VIII.

Order to Pay Civil Money Penalty

IT IS FURTHER ORDERED that:

- 85. Under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV of this Consent Order, and taking

into account Respondent's sworn and documented inability to pay as set forth below, Respondent must pay a civil money penalty of \$1 to the Bureau.

86. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
87. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
88. Respondent, for all purposes, must treat the civil money penalty paid under this Consent Order as a penalty paid to the government. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
 - a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
 - b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.
89. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory

monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action or because of any payment that the Bureau makes from the Civil Penalty Fund. If the court in any Related Consumer Action offsets or otherwise reduces the amount of compensatory monetary remedies imposed against Respondent based on the civil money penalty paid in this action or based on any payment that the Bureau makes from the Civil Penalty Fund, Respondent must, within 30 days after entry of a final order granting such offset or reduction, notify the Bureau, and pay the amount of the offset or reduction to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

IX.

Effect of Misrepresentation or Omission Regarding Financial Condition

IT IS FURTHER ORDERED that:

90. The Bureau's agreement to issue this Consent Order and the civil money penalty imposed in Section VIII is expressly premised on the truthfulness, accuracy, and completeness of Respondent's sworn financial statements and supporting documents submitted to the Bureau, which Respondent asserts are truthful, accurate, and complete, and which include:

- a. Financial Statement of Respondent NOVAD Management Consulting, LLC, including the attachments, credit report and corporate financial disclosure form, submitted to the Bureau on or about April 10, 2024;
 - b. Tax returns, including the attachments and schedules, of Everett Davon Kelly, provided to the Bureau on or about April 10, 2024;
 - c. Email from Everett Davon Kelly to the Bureau on May 14, 2024;
 - d. Financial Statement of Respondent NOVAD Management Consulting, LLC, provided to the Bureau on or about May 14, 2024; and
 - e. Bank statements of NOVAD Management Consulting, LLC, provided to the Bureau on or about May 15, 2024.
91. If Respondent has failed to disclose any material asset or any of its financial statements contain any material misrepresentation or omission, including materially misstating the value of any asset, then, by reason of the violations of law described in Section IV of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent will be required to pay an additional civil money penalty of \$16,500,000, which is the amount of the discount provided to account for Respondent's inability to pay a greater amount in determining the civil money penalty imposed in Section VIII. The Bureau can seek to enforce in any Federal district court for a district in which Respondent is located or resides or is doing business as

immediately due and payable this order for an additional civil money penalty.

X.

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

92. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.
93. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.
94. Respondent acknowledges that its Taxpayer Identification Number (Social Security Number or Employer Identification Number), which Respondent previously submitted to the Bureau, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.
95. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Enforcement

Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

COMPLIANCE PROVISIONS

XI.

Reporting Requirements

IT IS FURTHER ORDERED that:

96. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice, if practicable, at least 30 days before the development, but in any case no later than 14 days after the development.
97. Within 7 days of the Effective Date, Respondent must:

- a. designate at least one telephone number and email, physical, and postal addresses as points of contact that the Bureau may use to communicate with Respondent;
 - b. identify all businesses for which Respondent is the majority owner, or that Respondent directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; and
 - c. describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
98. Respondent must report any change in the information required to be submitted under Paragraph 97 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.

XII.

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

99. Within 7 days of the Effective Date, Respondent must submit to the Enforcement Director an acknowledgment of receipt of this Consent Order, sworn under penalty of perjury.

100. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its executive officers, as well as to any managers, employees, service providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.
101. For 5 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section XI, any future executive officers, as well as to any managers, employees, service providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.
102. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.
103. Ninety days from the Effective Date, Respondent must submit to the Bureau a list of all persons and their titles to whom this Consent Order has been delivered under the Section of this Order titled “Order Distribution and Acknowledgment” and a copy of all signed and dated statements acknowledging receipt of this Consent Order under Paragraph 102.

XIII.

Recordkeeping

IT IS FURTHER ORDERED that:

104. Respondent must create and retain the following business records:
 - a. all documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau, and
 - b. all consumer complaints and refund requests (whether received directly or indirectly, such as through a third party), and any responses to those complaints or requests.
105. All documents and records must be maintained in their original electronic format. Data should be centralized, and maintained in such a way that access, retrieval, auditing and production are not hindered.
106. Respondent must make the documents identified in Paragraph 104 available to the Bureau upon the Bureau's request.

XIV.

Notices

IT IS FURTHER ORDERED that:

107. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents

relating to this Consent Order in writing, with the subject line, “*In re Novad Management Consulting, LLC*, File No. 2024-CFPB-0004 ,” and send them to the following email: Enforcement_Compliance@cfpb.gov addressed as follows:

ATTN: Enforcement Director
Consumer Financial Protection Bureau
Office of Enforcement

XV.

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

108. Respondent must cooperate fully to help the Bureau determine the identity and location of, and the amount of injury sustained by, each Affected Consumer. Respondent must provide such information in its or its agents’ possession or control within 14 days of receiving a written request from the Bureau.
109. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in Section IV. Respondent must provide truthful and complete information, evidence, and testimony. Respondent must cause Respondent’s officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request

upon 10 days' written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

110. Respondent must remain registered for the Bureau's Company Portal, and in connection with responding to consumer complaints and inquiries on the Company Portal, must comply with the timely response requirements set forth in § 1034(b)(1)-(3) of the CFPA, 12 U.S.C. § 5534(b).
111. Unless otherwise prohibited by law or regulation, Respondent must prominently identify on its website that consumers can file a complaint with the Bureau and provide the applicable telephone, website, and mailing information to do so.

XVI.

Compliance Monitoring

IT IS FURTHER ORDERED that:

112. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
113. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an

interview regarding: (a) this matter; (b) anything related to or associated with the conduct described in Section IV; or (c) compliance with the Consent Order. The person interviewed may have counsel present.

114. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

XVII.

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

115. Respondent may seek a modification to non-material requirements of this Consent Order (e.g., reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Enforcement Director.
116. The Enforcement Director may, in their discretion, modify any non-material requirements of this Consent Order (e.g., reasonable extensions of time and changes to reporting requirements) if they determine good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

ADMINISTRATIVE PROVISIONS

XVIII.

IT IS FURTHER ORDERED that:

117. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau from taking any other action against Respondent, except as described in Paragraph 118 below. Further, for the avoidance of doubt, the provisions of this Consent Order do not bar, estop, or otherwise prevent any other person or governmental agency from taking any action against Respondent.
118. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.

119. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
120. Except Paragraph 78 and where this Consent Order expressly provides that its requirements are permanent, including in Paragraph 79, all other provisions of this Consent Order will terminate on the later of 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent if such action is initiated within 5 years of the Effective Date. If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the non-permanent provisions of the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.

121. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.
122. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under §1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.
123. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.

124. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing Respondent, its Executives, its officers, or its employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 18th day of June, 2024.

Rohit Chopra

Rohit Chopra
Director
Consumer Financial Protection Bureau