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 12

10 **UNITED STATES DISTRICT COURT**
 11 **CENTRAL DISTRICT OF CALIFORNIA**
 12

13 CONSUMER FINANCIAL PROTECTION
 14 BUREAU,

15 Plaintiff,

16 v.

17 MORGAN DREXEN, INC., AND WALTER J.
 18 LEDDA, INDIVIDUALLY AND AS OWNER,
 19 OFFICER, OR MANAGER OF MORGAN
 20 DREXEN,
 21 INC.,

22 Defendants.

Case No. SACV13-01267 JLS (JEMx)

**RESPONSE OF HOWARD LAW, P.C.,
 VINCENT HOWARD, WILLIAMSON &
 HOWARD, LLP, THE WILLIAMSON
 LAW FIRM, LLC AND LAWRENCE
 WILLIAMSON TO STATUS REPORT
 FILED BY THE CONSUMER FINANCIAL
 PROTECTION BUREAU**

HON. JOSEPHINE L. STATON

1 Howard Law, P.C., Vincent Howard, Williamson & Howard, LLP, The
2 Williamson Law Firm, and Lawrence Williamson (collectively the “Law Firms”)
3 hereby submit the following Response to the Status Report (the “Status Report”) filed
4 by the Consumer Financial Protection Bureau (the “CFPB”) on November 6, 2015.
5

6 **RESPONSE**
7

8 This Court’s order of October 9, 2015 included the following instruction:

9 The Attorneys also are ORDERED to submit an accounting to CFPB no later
10 than 10 days from the date of this Order, identifying the total payments they
11 received from Affected Consumers from June 18, 2015, to the present. The
12 Attorneys must then refund those payments to CFPB for distribution to the
13 relevant consumers. The Attorneys are jointly and severally liable for these
14 sanctions.

15 CFPB is ORDERED to file a Status Report with the Court regarding the
16 Attorneys’ compliance with this Order no later than 30 days from the date of
17 this Order.

18 (Dkt. No. 386) (the “Order”). The Law Firms provided the CFPB the accounting as
19 directed by the Court (the “Accounting”). However, a second review of the applicable
20 books and records indicated that the Accounting included payments from clients other
21 than the constituency defined in the Court’s order of June 18, 2015 as the “Affected
22 Consumers.” Accordingly, it overstated the fee claim.¹ The Law Firms are in the
23 process of preparing an updated Accounting.
24

25 ¹ The first accounting was provided in good faith and it was substantially accurate.
26 The Law Firms ability to expeditiously produce global accounting reports is very
27 limited. Morgan Drexen was serving as their accounting “cloud” prior to its closure on
28 June 18, 2015, and although the Law Firms now have most of the required accounting
data on their systems, they lack the software needed to produce automatic global
reports. These must be prepared individually.

1 As the Law Firms advised the CFPB, in order to insure the most accurate
2 accounting, the Law Firms accounting staff will need to “close” the October
3 accounting books first, and generate the report immediately thereafter. They propose a
4 November 13, 2015 due date for this updated financial report.
5

6 The second part of the above provision directs the Law Firms to remit to the
7 CFPB the fees paid to them by the Affected Consumer after June 18, 2015. As
8 indicated in the email attached to the CFPB’s Status Report, the Law Firms believe
9 this sum is approximately \$1.88 million. At the present time, the Law Firms do not
10 have the financial means to pay this sum. Their total available cash is between
11 \$50,000 and \$90,000 dollars.
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13

14 Notwithstanding their financial state, the Law Firms will do all within their
15 financial means to work with the CFPB to insure that what is available is provided to
16 the CFPB. The exact cash figure that is available for remittance to the CFPB is not
17 known at this time for the following reasons: 1) The Law Firms have shut down the
18 “debt settlement” part of their practices and the associated wind up process has been
19 difficult, time consuming and expensive. Moreover, the Law Firms have limited
20 resources available to effectuate this process; and 2) as indicated above, the monthly
21 accounting process is such that it is difficult to determine an exact available cash
22 balance until the month has been closed.
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26 Given the foregoing circumstances, the Law Firms propose the following:
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1 A. They will provide the CFPB an updated accounting reflecting fees paid to
2 the Law Firms by the Affected Consumers after June 18, 2015 by November 13, 2015;

3 B. They will provided the CFPB balance sheets for Howard Law, P.C.,
4 Williamson & Howard, LLP and The Williamson Firm, LLC by November 13, 2015;
5
6 and

7 C. Once the CFPB has received the foregoing financial data, the Law Firms
8 will work with the CFPB, within the limits of their financial means, to assist this
9 agency in complying with the administrative provisions in the Order.
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11 The Law Firms do not believe it is appropriate for the Court to grant any
12 additional relief in this case, as in an administrative fee, since there is no motion
13 before the Court seeking this relief.
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15 Dated: November 9, 2015

OKEEFE & ASSOCIATES
LAW CORPORATION, P.C.

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18 By: /s/ Sean A. O'Keefe
19 Sean A. O'Keefe, attorneys for the
20 Howard Law, P.C., Vincent
21 Howard, Williamson & Howard,
22 LLP, The Williamson Law Firm,
23 and Lawrence Williamson
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