

**FOR IMMEDIATE RELEASE:**

March 3, 2026

**CONTACT:** [press@democracyforward.org](mailto:press@democracyforward.org)

**Civil Rights and Immigration Advocates to Court: Sham Settlement Betrays Victims of Housing Scam**

*Friend of the Court Brief in Texas Fair Housing Case Calls Out Troubling Terms of Settlement Agreement*

**HOUSTON** – A coalition, led by the National Fair Housing Alliance (NFHA) and composed of nonprofit organizations focused on fair housing, civil rights, and immigration advocacy, today asked a federal court in Texas to refuse to enter the proposed settlement agreement in *Consumer Financial Protection Bureau et al. v. Colony Ridge Development LLC, et al.* because it contains terms that are unlawful, unnecessary, and unrelated to the underlying case.

The [friend of the court brief](#) – submitted today by NFHA, League of United Latin American Citizens, Center for Responsible Lending, the National Consumer Law Center, UnidosUS, the Poverty & Race Research Action Council, Public Justice, and Southern Poverty Law Center – challenges a [proposed settlement agreement](#) submitted by the U.S. Department of Justice (DOJ) in a case currently being heard in the U.S. District for the Southern District of Texas. The case alleges that Houston land developers and lenders (collectively, Colony Ridge) violated numerous laws, including the Equal Credit Opportunity Act, Fair Housing Act, Interstate Land Sales Full Disclosure Act, and Consumer Financial Protection Act of 2010 when it intentionally targeted Hispanic consumers with false statements and predatory loans that caused many to suffer foreclosure. Instead of providing restitution to the consumers targeted in the scam, however, the proposed settlement unlawfully funnels \$20 million toward increased immigration enforcement in the communities where those consumers reside.

“[I]nstead of providing individual relief to the victims of Defendants’ predatory scheme, the settlement agreement appears intended to subject them to heightened surveillance, and, for some, could subject them to potential detention, family separation, or even deportation,” the brief states.

The coalition of organizations is represented by Democracy Forward, Relman Colfax PLLC, and the National Fair Housing Alliance.

“Discrimination is not a paperwork violation – it is a devastating harm that strips families of wealth, stability, and opportunity. When Latino families are targeted for predatory homeownership schemes, are concentrated in poorly resourced neighborhoods, and lose their hard-earned savings, justice requires more than infrastructure upgrades,” said **Lisa Rice, President and CEO, National Fair Housing Alliance**. “It requires restitution. It requires accountability. And it requires a clear message that discrimination will not be tolerated. Americans across backgrounds believe housing has become unfair, unaffordable, and increasingly inaccessible, and they expect the government to take meaningful action to prevent and remedy discrimination. By approving a settlement that offers no direct relief to families who were misled and harmed, the CFPB and the DOJ would fall short of the duty Americans believe is essential to restoring fairness and protecting access to the American Dream.”

“Latino families were sold a false path to homeownership and instead were left carrying crushing debt, unusable land, and shattered trust,” said **Juan Proaño, CEO of LULAC**. “A settlement that sends millions elsewhere while the families who were targeted receive nothing is not justice. If our communities are deliberately exploited through deceptive and discriminatory housing practices, then the remedy must include direct relief for those harmed and real accountability for those responsible.”

“The proposed agreement does not compensate the people or communities that were harmed by the predatory policies and actions of this developer,” said **Mitria Spotser, Vice President and Federal Policy Director at the Center for Responsible Lending**. “Instead, rather than holding this developer accountable for its mortgage discrimination scheme, the CFPB and DOJ propose to rub salt in the wounds of these and future borrowers by steering the settlement money to immigration authorities to presumably aid their detention and removal efforts. True justice demands that the court reject this offensive settlement agreement.”

“This lawsuit sets out to obtain justice for Latino families targeted by predatory home loan schemes. Money that should go to victims is instead being proposed for immigration enforcement, subjecting victims to increased risk of deportation,” said **Odette Williamson, Director of Racial Justice Advocacy at the National Consumer Law Center**. “The court must reject this so-called settlement, which provides no meaningful relief and puts victims at risk.”

“The Department of Justice has an obligation to enforce our nation’s civil rights and fair lending laws on behalf of the people who were harmed. Diverting \$20 million away from victims of a well-documented predatory scheme and toward immigration enforcement unrelated to this case is a profound abdication of that responsibility. The court should reject it,” said **Laura Arce, Senior Vice President, Economic Initiatives at UnidosUS**.

“Predatory schemes like that at issue here exacerbate the racial wealth gap and harm the health and well being of the families targeted by bad actors by cutting them off from safe, clean water and other critical infrastructure,” said **Thomas Silverstein, Executive Director of the Poverty & Race Research Action Council**. “When federal courts give their sign-off to agreements that purport to remedy those harms, they have an obligation to ensure that the relief matches the violation.”

“This proposed settlement does nothing to end discrimination or provide justice for its victims,” said **Leah Nicholls, Director of Public Justice’s Access to Justice Project**. “Instead of providing harmed families with real relief, it subjects them to surveillance and additional risk of deportation—harming them twice over and undermining the vision of our equal housing and lending laws.”

“Predatory schemes like those alleged here perpetuate poverty and hinder generational wealth accumulation,” said **Bryan Fair, interim President and CEO, SPLC**. “It should be deeply concerning to all of us that the federal government signed a settlement causing a community that has already been discriminated against to be further harmed by increased immigration surveillance.”

“The Justice Department should be ashamed of itself with this proposed settlement, which asks a court to sign off on a resolution that could cause greater harm to communities instead of the justice they deserve,” said **Skye Perryman, President and CEO of Democracy Forward**. “Democracy Forward is honored to represent this coalition, which has offered the court its

expert perspective on why this move by the DOJ should be rejected. While people harmed in this nation should not have to take measures to protect themselves from our Department of Justice, now they have to. We are committed to ensuring that manipulative moves like this one by the DOJ are opposed.”

“The court has an independent obligation to review the terms of the settlement, and across all metrics this settlement should fail the review,” said **Yiyang Wu, Partner at Relman Colfax PLLC**. “The settlement should have focused on delivering meaningful relief to the harmed borrowers. Instead, it funnels \$20 million toward increased immigration enforcement in the very communities where many of those borrowers reside, thereby creating new avenues to further prey upon the community. We are hopeful that our motion will help the court understand the import of its decision and that the court will deny the government and defendants’ motion.”

The Consumer Financial Protection Bureau (CFPB) and DOJ [sued Colony Ridge in December 2023](#) for operating an illegal land sales scheme and targeting tens of thousands of Hispanic borrowers with false statements and predatory loans with interest rates of 10.9% to 12.9% — three to five times typical market rates. The lawsuit alleges Colony Ridge sold unsuspecting families flood-prone land without water, sewer, or electrical infrastructure, and that the company set borrowers up to fail with loans they could not afford. According to the lawsuit, roughly 1-in-4 Colony Ridge loans ended in foreclosure, but the company “repurchased” the properties from itself to sell them again to unsuspecting new borrowers.

The settlement agreement proposed by the Trump-Vance administration asks the court to enter this agreement and retain jurisdiction to enforce it, which the organizations submitting today’s friend of the court brief argue is improper and unlawful given that these immigration and law enforcement provisions are unrelated to the underlying case.

The friend of the court brief filed today can be found [here](#).

– # # # –

*Democracy Forward Foundation is a national legal organization that advances democracy and social progress through litigation, policy, public education, and regulatory engagement. For more information, please visit [www.democracyforward.org](http://www.democracyforward.org).*

*Relman Colfax PLLC is one of the nation’s premier civil rights law firms committed to advancing justice through high-impact litigation, legal counseling, and strategic advocacy. For more information, please visit [www.relmanlaw.com](http://www.relmanlaw.com).*

*The National Fair Housing Alliance (NFHA) is the country’s only national civil rights organization dedicated solely to eliminating all forms of housing and lending discrimination and ensuring equal opportunities for all people. As the trade association for over 170 fair housing and justice-centered organizations and individuals throughout the U.S. and its territories, NFHA works to dismantle longstanding barriers to equity and build diverse, inclusive, well-resourced communities.*

*The League of United Latin American Citizens (LULAC) is the nation’s oldest and largest Latino civil rights organization. Founded in 1929, LULAC is committed to advancing the rights and opportunities of Latino Americans through advocacy, community building, and*

*education. With a growing network of councils nationwide, LULAC remains steadfast in its mission to protect and empower millions of Latinos, contributing daily to America's prosperity. For more information about LULAC and its initiatives, please visit [www.LULAC.org](http://www.LULAC.org).*

*The Poverty & Race Research Action Council (PRRAC) is a civil rights law and policy organization based in Washington, D.C. Our mission is to promote research-based advocacy strategies to address structural inequality and change the systems that disadvantage low income people of color. PRRAC was founded in 1989, through an initiative of major civil rights, civil liberties, and antipoverty groups seeking to connect advocates with social scientists working at the intersection of race and poverty. For more information, visit [www.prrac.org](http://www.prrac.org).*

*Public Justice takes on the most significant systemic threats to justice of our time—abusive corporate power and predatory practices, the assault on civil rights and liberties, and the destruction of the earth's sustainability. We link high-impact litigation with strategic communications and the strength of our partnerships to combat these abusive and discriminatory systems and achieve social and economic justice. For more information, visit [www.publicjustice.net](http://www.publicjustice.net).*

*The Southern Poverty Law Center (SPLC) is a catalyst for racial justice in the South and beyond, working in partnership with communities to dismantle white supremacy, strengthen intersectional movements and advance the human rights of all people. For more information, visit [www.splcenter.org](http://www.splcenter.org).*