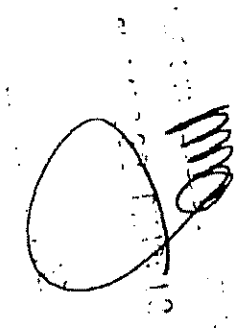
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 98-6212 CIV-ZLOCH/SELTZER



UNITED STATES OF AMERICA,

Plaintiff,

v.

JACK SCHROLD,

Defendant.

MODIFIED STIPULATED JUDGMENT AND ORDER

Plaintiff, United States of America, acting upon notification and authorization to the

FINDINGS

1. This Court has jurisdiction of the subject matter of this case and of the parties pursuant to 28 U.S.C. §§ 1331, 1337(a), 1345 and 1355, and 15 U.S.C. §§ 45, 56(a), 57b, and 1679h(b)(2).

The Complaint states a claim upon which relief may be granted against the Defendant, under

§ 1679b(b); (b) his practice of having his employees challenge negative entries on his customers' credit reports without having a reasonable basis for those challenges violated Paragraph III(B) of the Order and 15 U.S.C. § 1679b(a)(1); (c) he failed to take the steps the Order required in order to continue charging and receiving payment from the people who were his customers at the time the Order was entered, in violation of Paragraph IV(B) of the Order; and (d) he failed to distribute the Order to his employees and obtain signed acknowledgments from them in a timely

DEFINITIONS

photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

G. **"Material"** means likely to affect a person's choice of, or conduct regarding, goods or services.

H. **"Person"** means any individual, group, unincorporated association, limited or general partnership, corporation, or other business entity.

MODIFIED ORDER

I. PERMANENT BAN

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that Defendant, whether directly or indirectly, or through any corporation, business entity, or person under his control, is hereby permanently restrained and enjoined from engaging, participating, or assisting

subsidiary, division or other device, are hereby permanently restrained and enjoined from:

A. Representing, directly or by implication, that Defendant is able to improve substantially consumers' credit reports or profiles by effectuating the permanent lawful removal of bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, repossessions, or

or under common control with him, and all other persons or entities in active concert or participation with any of them who receive actual notice of this Modified Order by personal service or otherwise, whether acting directly or through any business entity, corporation, subsidiary, division or other device, are hereby permanently restrained and enjoined from

violating the Credit Repair Organizations Act ("CROA"), 15 U.S.C. §§ 1679-1679j, as presently enacted or as it may hereinafter be amended, by, including, but not limited to:

A. Violating 15 U.S.C. § 1679b(b) by charging or receiving any money or other valuable consideration for services that Defendant has agreed to perform for the purpose of

to consumers without first having the consumers sign written contracts that:

1. include a prescribed statement of the consumer's right to cancel the transaction within three business days; and

2. are accompanied by a notice of cancellation in the form and manner prescribed.

IT IS FURTHER ORDERED that Defendant, whether directly or indirectly, or through

D.C. 20004. The cover letter accompanying the check shall include the title of this litigation and a reference to DJ# 102-3114.

B. Concurrently or within five (5) days of executing this Order, Defendant shall

separate from and in addition to the civil penalty ordered under Section IV of this Modified Order) shall be suspended until further order of the Court, and *provided further* that this judgment shall be subject to the conditions set forth in Section VI of this Modified Order.

A. Any funds paid pursuant to this Section of the Modified Order shall be paid to the Commission in the form of a wire transfer or certified or cashier's check made payable to the Federal Trade Commission.

B. Any funds paid pursuant to this Section of the Modified Order shall be deposited

Order is expressly premised upon the financial condition of Defendant, as represented by his financial statements, supplemental documents, and deposition testimony, which contain material information upon which Plaintiff relied in negotiating this Modified Order.

If, upon motion by Plaintiff or the Commission, the Court finds that Defendant failed to submit to the Commission the sworn statement required by this Section, or that Defendant failed to disclose any material asset, or materially misrepresented the value of any asset, or made any

the Complaint or the United States' Motion For an Order To Show Cause Why Defendant Should Not Be Held in Civil Contempt (including the supporting memoranda) filed in this action.

VIII. CEASE COLLECTIONS, NOTICE TO CUSTOMERS, CORRECT CONSUMER REPORTS, AND DISMISS LAWSUITS FILED AGAINST CUSTOMERS

A. IT IS FURTHER ORDERED that, immediately upon entry of this Modified

Order, Defendant shall cease collecting and accepting any payment from any customer for any credit repair services arising from contracts signed between Defendant and his customers prior to

and the United States settling allegations that Defendant violated the Credit Repair Organizations Act; and

5. File motions to vacate judgments obtained against customers, if any, in

B. In addition, the Commission is authorized to monitor compliance with this Modified Order by all other lawful means, including, but not limited to, the following:

1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45;

2. posing as consumers to Defendant, Defendant's employees, or any other entity managed or controlled in whole or in part by Defendant, without the necessity of identification or prior notice;

C. Defendant shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Modified Order. The person interviewed may have counsel present.

Provided, however, that nothing in this Modified Order shall limit the Commission's

b. Any changes in Defendant's employment status (including self-employment) within ten (10) days of the date of such change. Such notice shall include the name and address of each business that Defendant is affiliated with, employed by, or performs services for; a statement of the nature of the business; and a statement of Defendant's duties and responsibilities in connection with the business;

c. Any changes in Defendant's name or use of any aliases or fictitious names; and

2. Defendant shall notify the Commission of any changes in corporate

and

2. A copy of each acknowledgment of receipt of this Modified Order

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subject matter of this Modified Order. Defendant shall secure from each such person a signed and dated statement acknowledging receipt of the Modified Order within thirty (30) days after

this

E. Copies of all sales scripts, training materials, advertisements, or other promotional or marketing materials; and

XV. STIPULATION OF THE PARTIES

The parties, by and through their counsel, stipulate to the entry of this Modified Order.

[redacted]

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