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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Federal Trade Commission,

Plaintiff,

v.

Federal Loan Modification

Law Center, LLP, et al.

Defendants.

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)Case No. SACV09-401 CJC (MLGx)
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)
)**STIPULATED FINAL ORDER**
)**FOR PERMANENT NJUNCTION**
)**AND SETTLEMENT OF**
)**CLAIMS AS TO**
)**STEVEN OSCHEROWITZ**
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)Judge: Hon. Cormac J. Carney
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Plaintiff Federal Trade Commission (“FTC”) commenced this civil action on



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1 5. Defendant Steven Oscherowitz enters into this Order freely and without
2 coercion and acknowledges that he has read, understands, and is prepared to abide
3 by, the provisions of this Order.

4 6. By agreeing to this Order, Defendant Steven Oscherowitz does not
5 admit any of the allegations set forth in the Amended Complaint, other than the
6 jurisdictional facts, merely by stipulating and agreeing to the entry of this Order.

7 7. Defendant Steven Oscherowitz waives all rights to seek judicial review
8 or otherwise challenge or contest the validity of this Order. Defendant Steven
9 Oscherowitz also waives any claim that he may have held under the Equal Access
10 to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the
11 date of this Order. Each party shall bear its own costs and attorneys fees.

12 8. This action and the relief awarded herein, are in addition to, and not in
13 lieu of, other remedies as may be provided Tj17.fJot.5(steveotheieven

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1 2. “Credit” means the right granted by a creditor to a debtor to defer
2 payment of debt or to incur debt and defer its payment.

3 3. “Debt relief good or service” means any good, service, plan or
4 program, including debt management plans, debt settlement, debt negotiation, and
5 for-profit credit counseling, represented, expressly or by implication, to
6 renegotiate, settle, or in any way alter the terms of payment or other terms of the
7 debt between a consumer and one or more unsecured creditors, servicers, or debt
8 collectors, including but not limited to, a reduction in the balance, interest rate, or
9 fees owed by a consumer to an unsecured creditor, servicer, or debt collector.

10 4. “Defendant” means Steven Oscherowitz individually.

11 5. “Financial related good or service” means any good, service, plan, or
12 program that is represented, expressly or by implication, to (A) provide any
13 consumer, arrange for any consumer to receive, or assist any consumer in receiving,
14 credit, debit, or stored value cards; (B) improve, or arrange to improve, any
15 consumer’s credit record, credit history, or credit rating; (C) provide advice or
16 assistance to any consumer with regard to any activity or service the purpose of
17 which is to improve a consumer’s credit record, credit history, or credit rating; (D)
18 provide any consumer, arrange for any consumer to receive, or assist any consumer
19 in receiving, a loan or other extension of credit; (E) provide any consumer, arrange
20 for any consumer to receive, or assist any consumer in receiving, debt relief goods
21 or services; (F) provide any consumer, arrange for any consumer to receive, or
22 assist any consumer in receiving any service represented, expressly or by
23 implication, to renegotiate, settle, or in any way alter the terms of payment or other
24 terms of the debt between a consumer and one or more secured creditors, servicers,
25 or debt collectors.
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1 6. “Federal homeowner relief of financial stability program” means any
2 program (including its sponsoring agencies, telephone numbers, and Internet
3 websites) operated or endorsed by the United States government to provide relief to
4 homeowners or stabilize the economy, including but not limited to (A) the Making
5 Home Affordable Program; (B) the Financial Stability Plan; (C) the Troubled Asset
6 Relief Program and any other program sponsored or operated by the United States
7 Department of the Treasury; (D) the HOPE for Homeowners program, any program
8 operated or created pursuant to the Helping Families Save Their Homes Act, and
9 any other program sponsored or operated by the Federal Housing Administration;
10 or (E) any program sponsored or operated by the United States Department of
11 Housing and Urban Development (“HUD”), the HOPE NOW Alliance, the
12 Homeownership Preservation Foundation, or any other HUD-approved housing
13 counseling agency.
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15 I. “For-profit” means any activity organized to carry on business
16 for the profit of the entity engaging in the activity or that of its members.
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18 8. “Material fact” means any fact that is likely to affect a person’s choice
19 of, or conduct regarding, goods or services.

20 9. “Mortgage loan modification or foreclosure relief service” means any
21 good, service, plan, or program that is represented, expressly or by implication, to
22 assist a consumer in any manner to (A) stop, prevent, or postpone any home
23 mortgage or deed of trust foreclosure sale; (B) obtain or arrange a modification of
24 any term of a home loan, deed of trust, or mortgage; (C) obtain any forbearance
25 from any mortgage loan holder or servicer; (D) exercise any right of reinstatement
26 of any mortgage loan; (E) obtain, arrange, or attempt to obtain or arrange any
27 extension of the period within which the owner of property sold at foreclosure may
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1 cure his or her default or reinstate his or her obligation; (F) obtain any waiver of an
2 acceleration clause contained in any promissory note or contract secured by a deed
3 of trust or mortgage on a residence in foreclosure or contained in that deed of trust;
4 (G) obtain a loan or advance of funds that is connected to the consumer's home
5 ownership; (H) avoid or ameliorate the impairment of the consumer's credit record,
6 credit history, or credit rating that is connected to the consumer's home ownership;
7 (I) save the consumer's residence from foreclosure; (J) assist the consumer in
8 obtaining proceeds from the foreclosure sale of the consumer's residence; (K)
9 obtain or arrange a pre-foreclosure sale, short sale, or deed-in-lieu of foreclosure;
10 (L) obtain or arrange a refinancing, recapitalization, or reinstatement of a home
11 loan, deed of trust, or mortgage; (M) audit or examine a consumer's mortgage or
12 home loan application; or (N) obtain, arrange, or attempt to obtain or arrange any
13 extension of the period within which the renter of property sold at foreclosure may
14 continue to occupy the property. The foregoing shall include any manner of
15 claimed assistance, including, but not limited to, debt, credit, budget, or financial
16 counseling; receiving money for the purpose of distributing it to creditors;
17 contacting creditors or servicers on behalf of the consumer; and giving advice of
18 any kind with respect to filing for bankruptcy.
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20 10. "Person" means a natural person, organization, or other legal entity,
21 including a corporation, partnership, proprietorship, association, cooperative, or any
22 other group or combination acting as an entity.

23 11. "Servicer" means any beneficiary, mortgagee, trustee, loan servicer,
24 loan holder, or any entity performing loan or credit account administration or
25 processing services and/or its authorized agents.

26 12. "Telemarketing" means any plan, program, or campaign (whether or
27 not covered by the Telemarketing Rule, 16 C.F.R. Part 310) that is conducted to
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1 induce the purchase of goods or services or the payment of money by means of the
2 use of one or more telephones.

3 **ORDER**

4 **BAN ON MORTGAGE LOAN MODIFICATION AND FORECLOSURE**

5 **RELIEF SERVICES**

6 **I. IT IS THEREFORE ORDERED** that Defendant, whether acting directly or
7 through any other person, is permanently restrained and enjoined from

8 A. Advertising, marketing, promoting, offering for sale, or selling any
9 mortgage loan modification or foreclosure relief service; and

10 B. Assisting others engaged in advertising, marketing, promoting,
11 offering for sale, or selling any mortgage loan modification or foreclosure relief
12 service.

13 **BAN ON TELEMARKETING**

14 **II. IT IS FURTHER ORDERED** that Defendant, whether acting directly or
15 through any other person, is permanently restrained and enjoined from
16 telemarketing, or assisting others engaged in telemarketing any good or
17 service.
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19 **PROHIBITED REPRESENTATIONS RELATING TO FINANCIAL**
20 **RELATED GOODS AND SERVICES**

21 **III. IT IS FURTHER ORDERED** that Defendant and his successors, assigns,
22 officers, agents, servants, employees, and attorneys, and those persons or entities in
23 active concert or participation with any of them who receive actual notice of this
24 Order by personal service, facsimile transmission, email, or otherwise, whether
25 acting directly or through any corporation, subsidiary, division, or other device, in
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1 connection with the advertising, marketing, promotion, offering for sale or sale of
2 any financial related good or service, are hereby

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1 2. That any person can improve any consumer's credit record,
2 credit history, or credit rating by permanently removing negative information from
3 the consumer's credit record, credit history, or credit rating, even where such
4 information is accurate and not obsolete;

5 3. Any person's ability to improve or otherwise affect a
6 consumer's credit record, credit history, or credit rating or ability to obtain credit;

7 4. Any aspect of any debt relief good or service, including but not
8 limited to, the amount of savings a consumer will receive from purchasing, using,
9 or enrolling in such debt relief good or service; the amount of time before which a
10 consumer will receive settlement of the consumer's debts; or the reduction or
11 cessation of collection calls; and

12 5. That a consumer will receive legal representation;

13 B. Advertising or assisting others in advertising credit terms other than
14 those terms that actually are or will be ar
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1 advertising, marketing, promotion, offering for sale or sale of any mortgage loan
2 modification or foreclosure relief service, and

3 B. failing to dispose of such customer information in all forms in his
4 possession, custody, or control within thirty (30) days after entry of this Order.

5 Disposal shall be by means that protect against unauthorized access to the customer
6 information, such as by burning, pulverizing, or shredding any papers, and by
7 erasing or destroying any electronic media, to ensure that the customer information
8 cannot practicably be read or reconstructed.

9 C. **Provided, however,** that customer information need not be disposed
10 of, and may be disclosed, to the extent requested by a government agency or
11 required by a law, regulation, or court order.

12 **MONETARY RELIEF**

13 **VI. IT IS FURTHER ORDERED** that:

14 A. Judgment is hereby entered against the Defendant, jointly and
15 severally, in the amount of eleven million five hundred twenty-six thousand two
16 hundred and seventy-four dollars (\$11,526,274);

17 B. The Defendant hereby assigns to the Commission, without any
18 encumbrances, all rights and claims to, and the right to pursue any chose in action
19 to recover, any money or assets owed to th
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1 consumers is wholly or partially impracticable or funds remain after redress is
2 completed, the FTC may apply any remaining funds for such other equitable relief,
3 including but not limited to consumer information remedies, as the FTC determines
4 to be reasonably related to the practices alleged in the Amended Complaint. Any
5 funds not used for such equitable relief shall be deposited to the U.S. Treasury as
6 equitable disgorgement. Defendant shall have no right to challenge the FTC's
7 choice of remedies or the manner of distribution.

8 D. The Defendant relinquishes all dominion, control, and title to the funds
9 paid to the fullest extent permitted by law. The Defendant shall make no claim to
10 or demand for return of the funds, directly or indirectly, through counsel or
11 otherwise.

12 E. Defendant agrees that the facts as alleged in the Amended Complaint
13 filed in this action shall be taken as true without further proof in any bankruptcy
14 case or subsequent civil litigation pursued by the Commission to enforce its rights
15 to any payment or money judgment pursuant to this Order, including but not limited
16 to a nondischargeability complaint in any bankruptcy case. Defendant further
17 stipulates and agrees that the facts alleged in the Amended Complaint establish all
18 elements necessary to sustain an action by the Commission pursuant to Section
19 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and that this Order
20 shall have collateral estoppel effect for such purposes.

21 F. The judgment entered pursuant to this Section is equitable monetary
22 relief, solely remedial in nature, and not a fine, penalty, punitive assessment or
23 forfeiture.

24 G. Upon request, the Defendant is hereby required, in accordance with 31
25 U.S.C. § 7701, to furnish to the FTC his tax identification number, which shall be
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1 used for purposes of collecting and reporting on any delinquent amount arising out
2 of this Order.

3 H. Pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C.
4 § 1681b(1), any consumer reporting agency may furnish a consumer report
5 concerning Defendant to the FTC, which shall be used for purposes of collecting
6 and reporting on any delinquent amount arising out of this Order.

7 COOPERATION WITH FTC

8 **VII. ,pr. 6**

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1 and accurate and sworn to under penalty of perjury; produce documents for
2 inspection and copying; appear for deposition; and provide entry during normal
3 business hours to any business location in Defendant's possession or direct or
4 indirect control to inspect the business operation;

5 B. In addition, the FTC is authorized to use all other lawful means,
6 including but not limited to:

7 1. obtaining discovery from any person, without further leave of
8 court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45 and
9 69;

10 2. posing as consumers and suppliers to the Defendant, his
11 employees, or any other entity managed or controlled in whole or in part by the
12 Defendant, without the necessity of identification or prior notice; and

13 C. The Defendant shall permit repres
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1 a. Any changes in Defendant's residence, mailing addresses,
2 and telephone numbers, within ten (10) days of the date of such change;

3 b. Any changes in Defendant's employment status
4 (including self-employment), and any change in Defendant's ownership in any
5 business entity, within ten (10) days of the date of such change. Such notice shall
6 include the name and address of each business that Defendant is affiliated with,
7 employed by, creates or forms, or performs services for; a detailed description of
8 the nature of the business; and a detailed description of Defendant's duties and
9 responsibilities in connection with the business or employment; and

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

12 2. The Defendant shall notify the FTC of any changes in structure
13 of any corporate defendant or any business entity that Defendant directly or
14 indirectly controls, or has an ownership interest in, that may affect compliance
15 obligations arising under this Order, including but not limited to: incorporation or
16 other organization; a dissolution, assignment, sale, merger, or other action; the
17 creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or
18 practices subject to this Order; or a change in the business name or address, at least
19 thirty (30) days prior to such change, provided that, with respect to any proposed
20 change in the business entity about which Defendant learns less than thirty (30)
21 days prior to the date such action is to take place, Defendant shall notify the FTC as
22 soon as is practicable after obtaining such knowledge.

23 B. One hundred eighty (180) days after the date of entry of this Order and
24 annually thereafter for a period of ten (10) years, the Defendant shall provide a
25 written report to the FTC, which is true and accurate and sworn to under penalty of
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2 Provided that, in lieu of overnight courier, Defendant may send such reports or
3 notifications by first-class mail, but only if Defendant contemporaneously sends an
4 electronic version of such report or notification to the FTC at: DEBrief@ftc.gov.

5 E. For purposes of the compliance reporting and monitoring required by
6 this Order, the FTC is authorized to

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1 D. Complaints and refund requests (whether received directly, indirectly,
2 or through any third party) and any responses to those complaints or requests;

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

5 F. All records and documents necessary to demonstrate full compliance
6 with each provision of this Order, including but not limited to, copies of
7 acknowledgments of receipt of this Order required by the Sections titled
8 "Distribution of Order" and "Acknowledgment of Receipt of Order" and all reports
9 submitted to the FTC pursuant to the Section titled "Compliance Reporting."

10 **DISTRIBUTION OF ORDER**

11 **XI. IT IS FURTHER ORDERED** that, for a period of ten (10) years from the
12 date of entry of this Order, Defendant shall deliver copies of the Order as directed
13 below:

14 A. Defendant as Control Person: For any business that Defendant
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B. Defendant as employee or non-control person: For any business where

