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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

HOPE FOR CAR OWNERS, LLC, et al.,

Defendants.

Case No. 2:12-cv-00778-GEB-EFB

**STIPULATED FINAL ORDER FOR
PERMANENT INJUNCTION AND
SETTLEMENT OF CLAIMS AS TO
DEFENDANT PATRICK
FREEMAN**

Plaintiff Federal Trade Commission (“FTC”) commenced this civil action on March 27, 2012, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), to obtain preliminary and permanent injunctive and other equitable relief for Defendants’ alleged violations of Section 5 of the FTC Act, 15 U.S.C. § 45, in connection with the marketing and sale of motor vehicle loan assistance relief services. *See* Dkt. No. 1. On April 4, 2012, the Court issued a Temporary

1 prosecution of this action to the date of this Order. Each settling party shall bear its own
2 costs and attorneys fees.

3
4 This action and the relief awarded herein are in addition to, and not in lieu of, other
5 remedies as may be provided by law, including both civil and criminal remedies.

6 Entry of this Order is in the public interest.

7
8 **DEFINITIONS**

9
10 “**Assisting others**” includes, but is not limited to, providing any of the following goods or
11 services to another person:

- 12 A. performing customer service functions, including, but not limited to, receiving or
13 responding to consumer complaints;
- 14 B. formulating or providing, or arranging for the formulation or provision of, any
15 telephone sales script or any other marketing material, including but not limited
16 to, the text of any Internet website, email, or other electronic communication;
- 17 C. providing names of, or assisting in the generation of, potential customers;
- 18 D. performing marketing services of any kind; or
- 19 E. acting or serving as an owner, officer, director, manager, or principal of any entity.

20
21 “**Competent and reliable evidence**” means tests, analyses, research, studies, or other
22 evidence based on the expertise of professionals in the relevant area, that has been
23 conducted and evaluated in an objective manner by persons qualified to do so, using
24 procedures generally accepted in the profession to yield accurate and reliable results.

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“**Document**” is equal in scope and synonymous in meaning to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recording

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“Motor vehicle loan” means any loan secured by title to a motor vehicle or otherwise secured by the motor vehicle as collateral.

“Motor vehicle loan assistance relief product or service” means any product, service, plan, or program, offered or provided to the consumer in exchange for consideration, that is represented, expressly or by implication, to assist or attempt to assist the consumer with any of the following:

- A. stopping, preventing, or postponing any reposse

1 The foregoing shall include any manner of claimed assistance, including, but not limited
2 to, auditing or examining a consumer's motor vehicle loan application.

3
4 10. "Person" means a natural person, organization, or other legal entity, including a
5 corporation, partnership, proprietorship, association, cooperative, or any other group or
6 combination acting as an entity.

7 **ORDER**

8 **BAN ON ASSISTANCE RELIEF PRODUCTS AND SERVICES FOR SECURED AND**
9 **UNSECURED LOANS**

10 **IT IS THEREFORE ORDERED** that the Settling Defendant, whether acting directly or
11 through any other person, is permanently restrained and enjoined from:

12
13 A. Advertising, marketing, promoting, offering for sale, or selling any motor vehicle
14 loan assistance relief product or service or any product, service, plan, or program
15 represented, expressly or by implication, to renegotiate, settle, or in any way alter
16 the terms of payment or other terms of the debt or obligation, between a person
17 and one or more secured or unsecured creditors or debt collectors, including but
18 not limited to, a reduction in the balance, interest rate, or fees owed by a person to
19 a secured or unsecured creditor or debt collector; and
20

21 B. Assisting others engaged in advertising, marketing, promoting, offering for sale,
22 or selling any motor vehicle loan assistance relief product or service or any
23 product, service, plan, or program represented, expressly or by implication, to
24 renegotiate, settle, or in any way alter the terms of payment or other terms of the
25 debt or obligation, between a person and one or more secured or unsecured
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1 creditors or debt collectors, including but not limited to, a reduction in the
2 balance, interest rate, or fees owed by a person to a secured or unsecured creditor
3 or debt collector.
4

5 **PROHIBITED MISREPRESENTATIONS RELATING TO FINANCIAL RELATED**
6 **PRODUCTS OR SERVICES**

7 **II. IT IS FURTHER ORDERED** that the Settling Defendant and his officers, agents,
8 servants, employees, and attorneys, and those persons or entities in active concert or
9 participation with any of them who receive actual notice of this Order by personal service,
10 facsimile transmission, email, or otherwise, whether acting directly or through any
11 corporation, subsidiary, division, or other device, in connection with the advertising,
12 marketing, promotion, offering for sale or sale of any financial related product or service,
13 are hereby permanently restrained and enjoined from:
14

15 A. Misrepresenting or assisting others in misrepresenting, expressly or by
16 implication, any material fact, including but not limited to:

- 17 1. The terms or rates that are available for any loan or other extension of
18 credit, including but not limited to:
19 a. closing costs or other fees;
20 b. the payment schedule, the monthly payment amount(s), or other
21 payment terms, or whether there is a balloon payment; interest
22 rate(s), annual percentage rate(s), or finance charge; the loan
23 amount, the amount of credit, the draw amount, or outstanding
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- balance; the loan term, the draw period, or maturity; or any other term of credit;
 - c. the savings associated with the credit;
 - d. the amount of cash to be disbursed to the borrower out of the proceeds, or the amount of cash to be disbursed on behalf of the borrower to any third parties;
 - e. whether the payment of the minimum amount specified each month covers both interest and principal, and whether the credit has or can result in negative amortization;
 - f. that the credit does not have a prepayment penalty or that no prepayment penalty and/or other fees or costs will be incurred if the consumer subsequently refinances; and
 - g. that the interest rate(s) or annual percentage rate(s) are fixed rather than adjustable or adjustable rather than fixed;
2. Any person's ability to improve or otherwise affect a consumer's credit record, credit history, or credit rating or ability to obtain credit;
 3. That any person can improve any consumer's credit record, credit history, or credit rating by permanently removing negative information from the consumer's credit record, credit history, or credit rating, even where such information is accurate and not obsolete; and
 4. That a consumer will receive legal representation;

1 B. Advertising or assisting others in advertising credit terms other than those terms
2 that actually are or will be arranged or offered by a creditor or lender.

3
4 **PROHIBITED MISREPRESENTATIONS RELATING TO ANY PRODUCTS OR SERVICES**

5 **III. IT IS FURTHER ORDERED** that the Settling Defendant and his officers, agents,
6 servants, employees, and attorneys, and those persons or entities in active concert or
7 participation with any of them who receive actual notice of this Order by personal service,
8 facsimile transmission, email, or otherwise, whether acting directly or through any
9 corporation, subsidiary, division, or other device, in connection with the advertising,
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- 1 D. That any person will provide any product, service, plan, or program to any
2 consumer;
- 3 E. That any person providing a testimonial has purchased, received, or used the
4 product, service, plan, or program;
- 5
6 F. That the experience represented in a testimonial of the product, service, plan, or
7 program represents the person's actual experience resulting from the use of the
8 product, service, plan, or program under the circumstances depicted in the
9 advertisement;
- 10
11 G. The total costs to purchase, receive, or use, or the quantity of, the product, service,
12 plan, or program;
- 13
14 H. Any material restriction, limitation, or condition on purchasing, receiving, or
15 using the product, service, plan, or program; or
- 16
17 I. Any material aspect of the performance, efficacy, nature, or characteristics of the
18 product, service, plan, or program.

18 **SUBSTANTIATION FOR BENEFIT, PERFORMANCE, AND EFFICACY CLAIMS**

19 **IV. IT IS FURTHER ORDERED** that the Settling Defendant and his officers, agents,
20 servants, employees, and attorneys, and those persons or entities in active concert or
21 participation with any of them who receive actual notice of this Order by personal service,
22 facsimile transmission, email, or otherwise, whether acting directly or through any
23 corporation, subsidiary, division, or other device, in connection with the advertising,
24 marketing, promotion, offering for sale, or sale of any product or service are hereby
25 permanently restrained and enjoined from making any representation or assisting others in
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making any representation, expressly or by implication, about the benefits, performance, or efficacy of such product or service, unless at the time such representation is made, the Settling Defendant possesses and relies upon competent and reliable evidence that substantiates that the representation is true.

PROHIBITION ON DISCLOSING CUSTOMER INFORMATION

IT IS FURTHER ORDERED that the Settling Defendant and his successors, assigns, officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, are permanently restrained and enjoined from:

- A. disclosing, using, or benefitting 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) of any person that any Defendant obtained prior to entry of this Order in connection with the advertising, marketing, promotion, offering for sale or sale of any motor vehicle loan assistance relief

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destroying any electronic media, to ensure that the customer information cannot
practicably be read or reconstructed.

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

MONETARY JUDGMENT

VI. IT IS FURTHER ORDERED that:

A. Judge Er do the 6Er of

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- 1 C. The Settling Defendant relinquishes all dominion, control, and title to the funds
2 paid to the fullest extent permitted by law. The Settling Defendant shall make no
3 claim to or demand for return of the funds, directly or indirectly, through counsel
4 or otherwise
5
- 6 D. The Settling Defendant agrees that the facts as alleged in the Complaint filed in
7 this action shall be taken as true without further proof in any bankruptcy case or
8 subsequent civil litigation pursued by the FTC to enforce its rights to any payment
9 or money judgment pursuant to this Order, including but not limited to a
10 nondischargeability complaint in any bankruptcy case. The Settling Defendant
11 further stipulates and agrees that the facts alleged in the Complaint establish all
12 elements necessary to sustain an action by the Commission pursuant to Section
13 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and that this
14 Order shall have collateral estoppel effect for such purposes. Notwithstanding
15 anything to the contrary in this Order, the Settling Defendant expressly retains the
16 right and ability to contest all or any of the facts alleged in the Complaint filed in
17 this action in: (1) any criminal proceeding; and (2) any civil or administrative
18 proceeding to which the FTC is not a party.
19
- 20 E. The judgment entered pursuant to this Section is equitable monetary relief, solely
21 remedial and restitutionary in nature, and not a fine, penalty, punitive assessment
22 or forfeiture.
23
- 24 F. Upon request, the Settling Defendant is hereby required, in accordance with 53
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1 used for purposes of collecting and reporting on any delinquent amount arising
2 out of this Order.

3 G. Pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C.
4 § 1681b(a)(1), any consumer reporting agency may furnish a consumer report
5 concerning the Settling Defendant to the FTC, which shall be used for purposes of
6 collecting and reporting on any delinquent amount arising out of this Order.
7

8 **RIGHT TO REOPEN**

9 **VII. IT IS FURTHER ORDERED** that, the FTC's agreement to, and the Court's approval
10 of, this Order is expressly premised on the truthfulness, accuracy and completeness of the
11 Settling Defendant's financial statement previously submitted to the FTC. If, upon
12 motion by the FTC, the Court finds that the financial statement of the Settling Defendant
13 contains any material misrepresentation or omission, the judgment entered in Section VI
14 of this Order shall be reinstated and become immediately due and payable as to the
15 Settling Defendant, less any amounts turned over to the FTC or its designated agent
16 pursuant to Section VI of this Order; *provided, however*, that in all other respects this
17 Order shall remain in full force and effect unless otherwise ordered by the Court; and,
18 *provided further*, that proceedings instituted under this provision would be in addition to,
19 and not in lieu of, any other civil or criminal remedies as may be provided by law,
20 including any other proceedings that the FTC may initiate to enforce this Order. For
21 purposes of this Section, the Settling Defendant waives any right to contest any of the
22 allegations in the Complaint. Notwithstanding anything to the contrary in this Order, the
23 Settling Defendant expressly retains the right and ability to contest all or any of the facts
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1 alleged in the Complaint filed in this action in: (1) any criminal proceeding; and (2) any
2 civil or administrative proceeding to which the FTC is not a party.

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4 **ORDER ACKNOWLEDGMENTS**

5 **VIII. IT IS FURTHER ORDERED** that the Settling Defendant obtain acknowledgments of
6 receipt of this Order:

7 A. The Settling Defendant, within 7 days of entry of this Order, must submit to the
8 FTC an acknowledgment of receipt of this Order sworn under penalty of perjury.

9 B. For 5 years after entry of this Order, the Settling Defendant, for any business that
10 he, individually or collectively with any other person, is the majority owner or
11 directly or indirectly controls, must deliver a copy of this Order to: (1) all
12 principals, officers, directors, and managers; (2) all employees, agents, and
13 representatives who participate in conduct related to the subject matter of the
14 Order; and (3) any business entity resulting from any change in structure as set
15 forth in the Section titled Compliance Reporting. Delivery must occur within 7
16 days of entry of this Order for current personnel.

17 C. From each individual or entity to which the Settling Defendant delivered a copy of
18 this Order, the Settling Defendant must obtain, within 30 days, a signed and dated
19 acknowledgment of receipt of this Order.
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23 **COMPLIANCE REP**
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- 1 A. One year after entry of this Order, the Settling Defendant must submit a
2 compliance report, sworn under penalty of perjury. The Settling Defendant must:
3
4 1. identify all telephone numbers and all email, Internet, physical, and postal
5 addresses, including all residences;
6
7 2. identify all titles and roles in all business activities, including any business
8 for which the Settling Defendant performs services whether as an
9 employee or otherwise and any entity in which the Settling Defendant has
10 any ownership interest;
11
12 3. describe in detail the Settling Defendant's involvement in each such
13 business, including title, role, responsibilities, participation, authority,
14 control, and any ownership;
15
16 4. designate at least one telephone number and an email, physical, and postal
17 address as points of contact, which representatives of the FTC may use to
18 communicate with the Settling Defendant;
19
20 5. identify all of the Settling Defendant's businesses by all of their names,
21 telephone numbers, and physical, postal, email, and Internet addresses;
22
23 6. describe the activities of each business, including the products and
24 services offered, the means of advertising, marketing, and sales;
25
26 7. describe in detail whether and how the Settling Defendant is in compliance
27 with each Section of this Order; and
28
29 8. provide a copy of each Order Acknowledgment obtained pursuant to this
30 Order, unless previously submitted to the FTC;

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1 E. Unless otherwise directed by a FTC representative in writing, all submissions to
2 the FTC pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by
3 overnight courier (not the U.S. Postal Service) to: Associate Director for
4 Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600
5 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin:
6 *FTC v. Hope for Car Owners, LLC, et al.*, Matter Number X120016.
7

8 **RECORDKEEPING**

9 **X. IT IS FURTHER ORDERED** that the Settling Defendant must create certain records for
10 20 years after entry of the Order, and retain each such record for 5 years. Specifically, the
11 Settling Defendant, for any business in which the Settling Defendant is a majority owner
12 or directly or indirectly controls, must maintain the following records:
13

- 14 A. Accounting records showing the revenues from all goods or services sold, all costs
15 incurred in generating those revenues, and the resulting net profit or loss;
16
17 B. Personnel records showing, for each person providing services, whether as an
18 employee or otherwise, that person's: name, addresses, and telephone numbers;
19 job title or position; dates of service; and, if applicable, the reason for termination;
20
21 C. Complaints and refund requests, whether received directly or indirectly, such as
22 through a third party, and any response;
23
24 D. All records necessary to demonstrate full compliance with each provision of this
25 Order, including all submissions to the FTC; and
26
27 E. A copy of each advertisement or other marketing material.

28 **COMPLIANCE MONITORING**

1 **XI. IT IS FURTHER ORDERED** that, for the purpose of monitoring the Settling
2 Defendant's compliance with this Order, including the financial representations upon
3 which the judgment was suspended:
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5 A. Within 14 days of receipt of a written request from a representative of the FTC,
6 the Settling Defendant must: submit additional compliance reports or other
7 requested information, which must be sworn under penalty of perjury.
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28 *Stipulated Final Order*

RETENTION OF JURISDICTION

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XII. IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

IT IS SO STIPULATED:

PATRICK FREEMAN, Defendant pro se

GREGORY A. ASHE
STEPHANIE K. ROSENTHAL
Federal Trade Commission
Attorneys for Plaintiff

IT IS SO ORDERED.

Dated: November 29, 2012



Garland E. Burrell, Jr.

Senior United States District Judge