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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Federal Trade Commission,
Plaintiff,
v.
Sameer Lakhany, *et al.*,
Defendants.

Case No. SACV12-0337-CJC (JPRx)

**FINAL ORDER FOR PERMANENT
INJUNCTION AND SETTLEMENT
OF CLAIMS AS TO DEFENDANT
ASSURITY LAW GROUP, INC.**

Judge: Hon. Cormac J. Carney
Courtroom 9B

Plaintiff Federal Trade Commission (“FTC”), commenced this civil action against Defendants Sameer Lakhany, The Credit Shop, LLC, Fidelity Legal Services LLC, Titanium Realty, Inc., Precision Law Center, Inc., and Precision Law Center LLC, on March 5, 2012, pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the 2009 Omnibus Appropriations Act, Public Law 111-8, Section 626, 123 Stat. 524, 678 (Mar. 11, 2009) (“Omnibus Act”), as clarified by the Credit Card Accountability Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card Act”), and amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203,

1 Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) (“Dodd-Frank Act”), by filing
2 a Complaint for preliminary and permanent injunctive relief, rescission or
3 reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-
4 gotten monies, and other equitable relief for Defendants’ acts or practices in
5 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Mortgage
6 Assistance Relief Services Rule, 16 C.F.R. Part 322 (“MARS Rule”) (effective
7 December 29, 2010, except for Section 322.5, which became effective on January 31,
8 2011), recodified as Mortgage Assistance Relief Services (Regulation O), 12 C.F.R.
9 Part 1015 (“Regulation O”) (effective December 30, 2011), in connection with the
10 marketing and sale of Mortgage Assistance Relief Services (“MARS”).

11 On March 19, 2012, the Court entered a preliminary injunction against
12 Defendants Sameer Lakhany, The Credit Shop, LLC, Fidelity Legal Services LLC,
13 and Titanium Realty, Inc. (Dkt. # 51). On March 21, 2012, the Court entered a
14 preliminary injunction against Defendants Precision Law Center, Inc. and Precision
15 Law Center LLC (Dkt. #66). On March 22, 2012, the FTC filed a First Amended
16 Complaint (“Amended Complaint”), adding as defendants Brian Pacios, Assurity
17 Law Group, Inc. (“ALG”), and National Legal Network, Inc. (Dkt. #72). On April
18 24, 2012, the Court entered a preliminary injunction as to Defendants Brian Pacios
19 and National Legal Network, Inc. (Dkt. #110). On April 26, 2012, ALG moved to
20 dismiss the Amended Complaint as to ALG (Dkt. #108). On May 2, 2012, the Court
21 entered an order denying a preliminary injunction as to ALG (Dkt. #117). On April
22 26, 2012, the Court denied ALG’s motion to dismiss the Amended Complaint as to

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FINDINGS

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2 1. This is an action by the FTC instituted under Sections 13(b) and 19 of the FTC
3 Act, 15 U.S.C. §§ 53(b) and 57b, and Section 626 of the Omnibus Act as
4 clarified by Section 511 of the Credit Card Act and amended by Section 1097
5 of the Dodd-Frank Act. The Amended Complaint seeks both permanent
6 injunctive relief and equitable monetary relief for Defendants’ alleged
7 deceptive acts or practices as alleged therein.
- 8 2. The FTC has the authority under Sections 13(b) and 19 of the FTC Act to seek
9 the relief it has requested, and the Amended Complaint states a claim upon
10 which relief can be granted against Defendants.
- 11 3. This Court has jurisdiction over the subject matter of this case and has
12 jurisdiction over Defendants. Venue in the Central District of California is
13 proper.
- 14 4. The activities of Defendants, as alleged in the Amended Complaint, are in or
15 affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
- 16 5. The FTC and Defendant ALG stipulate and agree to entry of this Order,
17 without trial or final adjudication of any issue of fact or law, to settle and
18 resolve all matters in dispute arising from the conduct alleged in the Amended
19 Complaint to the date of entry of this Order. This settlement does not settle
20 and resolve any matters not alleged in the Amended Complaint. Defendant
21 ALG admits the jurisdictional facts set forth in the Amended Complaint.
22 However, it does not admit or deny any other allegations set forth in the
23 Amended Complaint merely by stipulating and agreeing to the entry of this
24 Order.
- 25 6. Defendant ALG waives all rights to seek judicial review or otherwise
26 challenge or contest the validity of this Order. Defendant ALG also waives
27 any claim that it may have held under the Equal Access to Justice Act, 28
28 U.S.C. § 2412, concerning the prosecution of this action to the date of this

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1 qualified to do so, using procedures generally accepted in the profession to
2 yield accurate and reliable results.

3 3. **“Consumer”** means any natural person.

4 4. **“Customer”** means any person who has paid, or may be required to pay, for
5 products, services, plans, or programs offered for sale or sold by any other
6 person.

7 5. **“Debt relief product or service”** means any product, service, plan, or
8 program represented, expressly or by implication, to renegotiate, settle, or in
9 any way alter the terms of payment or other terms of the debt or obligation,
10 between a person and one or more unsecured creditors or debt collectors,
11 including, but not limited to, a reduction in the balance, interest rate, or fees
12 owed by a person to an unsecured creditor or debt collector.

13 6. **“Defendant ALG”** or **“ALG”** means Defendant Assurity Law Group, Inc.,
14 and its successors and assigns. References to “all” or “any” “defendant(s) in
15 this action” means Defendant Sameer (“Sammy”) Lakhany, The Credit Shop,
16 LLC, Fidelity Legal Services, LLC, Titanium Realty, Inc., Precision Law
17 Center, Inc., Precision Law Center, LLC, Brian Pacios, Assurity Law Group,
18 Inc., and National Legal Network, Inc.

19 7. **“Document”** is synonymous in meaning and equal in scope to the usage of the
20 term in Federal Rule of Civil Procedure 34(a), and includes writings,
21 drawings, graphs, charts, photographs, audio and video recordings, computer
22 records, and other data compilations from which the information can be
23 obtained and translated, if necessary, through detection devices into
24 reasonably usable form. A draft or non-identical copy is a separate document
25 within the meaning of the term.

26 8. **“Federal homeowner relief or financial stability program”** means any
27 program (including its sponsoring agencies, telephone numbers, and Internet
28 websites) operated or endorsed by the United States government to provide

1 relief to homeowners or stabilize the economy, including, but not limited to:

- 2 A. the Making Home Affordable Program;
- 3 B. the Financial Stability Plan;
- 4 C. the Troubled Asset Relief Program and any other program sponsored or
- 5 operated by the United States Department of the Treasury;
- 6 D. the HOPE for Homeowners program, any program operated or created
- 7 pursuant to the Helping Families Save Their Homes Act, and any other
- 8 program sponsored or operated by the Federal Housing Administration;
- 9 or
- 10 E. any program sponsored or operated by the United States Department of
- 11 Housing and Urban Development (“HUD”), the HOPE NOW Alliance,
- 12 the Homeownership Preservation Foundation, or any other HUD-
- 13 approved housing counseling agency.

14 9. **“Financial related product or service”** means any product, service, plan, or

15 program represented, expressly or by implication, to:

- 16 A. provide any consumer, arrange for any consumer to receive, or assist
- 17 any consumer in receiving, credit, debit, or stored value cards;
- 18 B. improve, or arrange to improve, any consumer’s credit record, credit
- 19 history, or credit rating;
- 20 C. provide advice or assistance to any consumer with regard to any activity
- 21 or service the purpose of which is to improve a consumer’s credit
- 22 record, credit history, or credit rating;
- 23 D. provide any consumer, arrange for any consumer to receive, or assist
- 24 any consumer in receiving, a loan or other extension of credit;
- 25 E. provide any consumer, arrange for any consumer to receive, or assist
- 26 any consumer in receiving any service represented, expressly or by
- 27 implication, to renegotiate, settle, or in any way alter the terms of
- 28 payment or other terms of any debt or obligation (other than a debt or

1 obligation secured by a mortgage on a consumer's dwelling) between a
2 consumer and one or more secured creditors, servicers, or debt
3 collectors.

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

6 11. **"Mortgage assistance relief product or service"** means any product, service,
7 plan, or program, offered or provided to the consumer in exchange for
8 consideration, that is represented, expressly or by implication, to assist or
9 attempt to assist the consumer with any of the following:

- 10 A. stopping, preventing, or postponing any mortgage or deed of trust
11 foreclosure sale for the consumer's dwelling, any repossession of the
12 consumer's dwelling, or otherwise saving the consumer's dwelling from
13 foreclosure or repossession;
- 14 B. negotiating, obtaining, or arranging a modification of any term of a
15 dwelling loan, including a reduction in the amount of interest, principal
16 balance, monthly payments, or fees;
- 17 C. obtaining any forbearance or modification in the timing of payments
18 from any dwelling loan holder or servicer on any dwelling loan;
- 19 D. negotiating, obtaining, or arranging any extension of the period of time
20 within which the consumer may (i) cure his or her default on a dwelling
21 loan, (ii) reinstate his or her dwelling loan, (iii) redeem a dwelling, or
22 (iv) exercise any right to reinstate a dwelling loan or redeem a dwelling;
- 23 E. obtaining any waiver of an acceleration clause or balloon payment
24 contained in any promissory note or contract secured by any dwelling;
25 or
- 26 F. negotiating, obtaining, or arranging (i) a short sale of a dwelling, (ii) a
27 deed-in-lieu of foreclosure, (iii) or any other disposition of a dwelling
28 loan other than a sale to a third party that is not the dwelling loan

holder.

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

12. **“Person”** means a natural person, an organization or other legal entity, including a corporation, partnership, sole proprietorship, limited liability company, association, cooperative, or any other group or combination acting as an entity.
13. **“Telemarketing”** means a plan, program, or campaign which is conducted to induce the purchase of goods or services or a charitable contribution, by use of one or more telephones and which involves more than one interstate telephone call, whether inbound or outbound.

ORDER

PROHIBITED REPRESENTATIONS RELATING TO MORTGAGE ASSISTANCE RELIEF PRODUCTS OR SERVICES

I. IT IS THEREFORE ORDERED

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2. as a result of a loan audit, generally will obtain for consumers mortgage loan modifications that will make consumers' payments substantially more affordable or help consumers avoid foreclosure;
3. are accredited non-profit organizations with superior techniques

1 commercial communications: “You may stop doing business with us at
2 any time. You may accept or reject the offer of mortgage assistance we
3 obtain from your lender [or servicer]. If you reject the offer, you do not
4 have to pay us. If you accept the offer, you will have to pay us [insert
5 amount or method for calculating the amount] for our services.” For the
6 purposes of this paragraph, the amount “you will have to pay” shall
7 consist of the total amount the consumer must pay to purchase, receive,
8 and use all of the mortgage assistance relief services that are the subject
9 of the sales offer, including but not limited to, all fees and charges, in
10 violation of 12 C.F.R. § 1015.4(b)(1) (Dec. 30, 2011),

11 E. failing, in all general commercial communications, consumer-specific
12 commercial communications, and other communications in cases where
13 any defendant or person has represented, expressly or by implication, in
14 connection with the advertising, marketing, promotion, offering for sale,
15 sale, or performance of any mortgage assistance relief service, that the
16 consumer should temporarily or permanently discontinue payments, in
17 whole or in part, on a dwelling loan, to place clearly and prominently,
18 and in close proximity to any such representation the following
19 disclosure: “If you stop paying your mortgage, you could lose your
20 home and damage your credit rating,” in violation of 12 C.F.R.
21 § 1015.4(c) (Dec. 30, 2011).

22 **PROHIBITED MISREPRESENTATIONS RELATING TO FINANCIAL**
23 **RELATED PRODUCTS OR SERVICES**
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1 promotion of mortgage assistance relief products; and

2 B. Failing to dispose of such customer information in all forms in their
3 possession, custody, or control within thirty (30) days after the date of
4 entry of this Order. Disposal shall be by means that protect against
5 unauthorized access to the customer information, such as by burning or
6 shredding any papers, and by erasing or destroying any electronic
7 media, to ensure that the customer information cannot practicably be
8 read or reconstructed.

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

12 **TURNOVER OF FUNDS**

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

14 A. Defendant ALG shall turn over to the FTC or its designated agent the
15 sum of \$100,000. This sum is due and payable by Defendant ALG in
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1 of each business, including the products and services offered, the means
2 of advertising, marketing, and sales, and the involvement of any other
3 defendant in this action; (d) describe in detail whether and how
4 Defendant ALG is in compliance with each Section of this Order; and
5 (e) provide a copy of each Order Acknowledgment obtained pursuant to
6 this Order, unless previously submitted to the FTC;

7 B. For 10 years following entry of this Order, Defendant ALG must submit
8 a compliance notice, sworn under penalty of perjury, within 14 days of
9 any change in the following – Defendant ALG must report any change
10 in: (a) any designated point of contact; (b) the structure of any entity in
11 which Defendant ALG has any ownership interest or directly or
12 indirectly controls that may affect compliance obligations arising under
13 this Order, including: creation, merger, sale, or dissolution of the entity
14 or any subsidiary, parent, or affiliate that engages in any acts or
15 practices subject to this Order.

16 C. Defendant ALG must submit to the FTC notice of the filing of any
17 bankruptcy petition, insolvency proceeding, or any similar proceeding
18 by or against such Defendant within 14 days of its filing.

19 D. Any submission to the FTC required by this Order to be sworn under
20 penalty of perjury must be true and accurate and comply with 28 U.S.C.
21 § 1746, such as by concluding: “I declare under penalty of perjury
22 under the laws of the United States of America that the foregoing is true
23 and correct. Executed on:_____” and supplying the date, signatory’s
24 full name, title (if applicable), and signature.

25 E. Unless otherwise directed by a FTC representative in writing, all
26 submissions to the FTC pursuant to this Order must be emailed to
27 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal
28 Service) to: Associate Director for Enforcement, Bureau of Consumer

