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

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

**NELSON GAMBLE &
ASSOCIATES LLC, et al.,**

Defendants.

Case No. SACV12-1504-JST (MLGx)

[proposed] **STIPULATED FINAL
ORDER FOR PERMANENT
INJUNCTION AND
SETTLEMENT OF CLAIMS**

Plaintiff, the Federal Trade Commission (“FTC”), commenced this civil action on September 10, 2012, by filing its Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”) for a permanent injunction, and other equitable relief in this matter, 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 Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. § 6101 *et seq.* On September 10, 2012, on motion by the FTC, the Court entered an *ex parte* temporary restraining order with asset freeze and other equitable relief against Defendants. On October 15, 2012, the FTC and

1 and Settlement of Claims (“Order”) to resolve all matters in dispute in this action
2 between them

3
4 **FINDINGS OF FACT**

5 By stipulation of the parties, the Court finds as follows:

- 6 1. This is an action by the FTC instituted under Sections 13(b) and 19 of the
7 FTC Act, 15 U.S.C. §§ 53(b) and 57b. The Complaint seeks both permanent
8 injunctive relief and equitable monetary relief for Defendants’ alleged
9 deceptive acts or practices as alleged therein.
10
11 2. The FTC has the authority under Sections 13(b) and 19 of the FTC Act to
12 seek the relief it has requested, and the Complaint states a claim upon which
13 relief can be granted against Defendants.
14
15 3. This Court has jurisdiction over the subject matter of this case and has
16 jurisdiction over Defendants. Venue in the Central District of California is
17 proper.
18
19 4. The activities of Defendants, as alleged in the Complaint, are in or affecting
20 commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
21
22 5. Defendants neither admit nor deny any of the allegations in the Complaint,
23 except as specifically stated in this Order. Only for purposes of this action,
24 Defendants admit the facts necessary to establish jurisdiction.
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6. Defendants waive all rights to seek judicial review or otherwise challenge or contest the validity of this Order. Defendants also waive any claim that they may have held under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this Order. Each settling party shall bear its own costs and attorney's fees.

7. This action and the relief awarded her2 0 T1r2 0 ()Tr2 ce Aha1hc14 a r(r)o va()Tru TD

1 C. formulating or providing, or arranging for the formulation or
2 provision of, any marketing support material or service, including but
3 not limited to, web or Internet Protocol addresses or domain name
4 registration for any Internet websites, affiliate marketing services, or
5 media placement services;

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7
8 D. providing names of, or assisting in the generation of, potential
9 customers;

10
11 E. performing marketing, billing, or payment services of any kind; and

12 F. acting or serving as an owner, officer, director, manager, or principal
13 of any entity.

14
15 2. ***“Competent and reliable evidence”*** means tests, analyses, research, studies,
16 or other evidence based on the expertise of professionals in the relevant area,
17 that has been conducted and evaluated in an objective manner by persons
18 qualified to do so, using procedures generally accepted in the profession to
19 yield accurate and reliable results.

20
21
22 3. ***“Corporate Defendants”*** means Nelson Gamble & Associates LLC; Jackson
23 Hunter Morris & Knight LLP; Mekhia Capital, LLC; Blackrock Professional
24 Corporation; and their successors and assigns.
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1 Alliance, the Homeownership Preservation Foundation, or any other
2 HUD-approved housing counseling agency.

3
4 7. ***“Financial related product or service”*** means any product, service, plan, or
5 program represented, expressly or by implication, to:

6 A. provide any consumer, arrange for any consumer to receive, or assist
7 any consumer in receiving, credit, debit, or stored value cards;

8
9 B. improve, or arrange to improve, any consumer’s credit record, credit
10 history, or credit rating;

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12 C. provide advice or assistance to any consumer with regard to any
13 activity or service the purpose of whichr9().roTJ 0 -1.92 c892 TD [(2 6)8(id)Tg]TJ
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16 A. provide any consumer, arrange for any consumer to rec or
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1 secured or unsecured creditors or debt collectors, any product, service, plan,
2 or program represented, expressly or by implication, to:

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4 A. negotiate, settle, or in any way alter the terms of payment or other
5 terms of the mortgage, loan, debt, or obligation, including but not
6 limited to, a reduction in the amount of interest, principal balance,
7 monthly payments, or fees owed by a person to a secured or
8 unsecured creditor or debt collector.
9
10 B. stop, prevent, or postpone any mortgage or deed of foreclosure sale
11 for a person's dwelling, any other sale of collateral, any repossession
12 of a person's dwelling or other collateral, or otherwise save a person's
13 dwelling or other collateral from foreclosure or repossession;
14
15 C. obtain any forbearance or modification in the timing of payments
16 from any secured or unsecured holder of any mortgage, loan, debt, or
17 obligation;
18
19 D. negotiate, obtain, or arrange any extension of the period of time
20 within which the person may (i) cure his or her default on the
21 mortgage, loan, debt, or obligation, (ii) reinstate his or her mortgage,
22 loan, debt, or obligation, (iii) redeem a dwelling or other collateral, or
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1 draw amount, or outstanding balance; the loan term, the
2 draw period, or maturity; or any other term of credit;

3 c. the savings associated with the credit;

4
5 d. the amount of cash to be disbursed to the borrower out of
6 the proceeds, or the amount of cash to be disbursed on
7 behalf of the borrower to any third parties;

8
9 e. whether the payment of the minimum amount specified
10 each month covers both interest and principal, and
11 whether the credit has or can result in negative
12 amortization;

13
14 f. that the credit does not have a prepayment penalty or that
15 no prepayment penalty and/or other fees or costs will be
16 incurred if the consumer subsequently refinances; and

17
18 g. that the interest rate(s) or annual percentage rate(s) are
19 fixed rather than adjustable or adjustable rather than
20 fixed;

21
22
23 2. Any person's ability to improve or otherwise affect a
24 consumer's credit record, credit history, or credit rating or
25 ability to obtain credit;

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

6 4. That a consumer will receive legal representation;

7
8 B. Advertising or assisting others in advertising credit terms other than
9 those terms that actually are or will be arranged or offered by a
10 creditor or lender.
11

12
13 **PROHIBITED REPRESENTATIONS RELATING TO ANY**
14 **PRODUCT OR SERVICE**

15 **V. IT IS FURTHER ORDERED** that Defendants and their officers, agents,
16 servants, employees, and attorneys, and those persons or entities in active
17 concert or participation with any of them who receive actual notice of this
18 Order by personal service, facsimile transmission, email, or otherwise,
19 whether acting directly or through any corporation, subsidiary, division, or
20 other device, in connection with the advertising, marketing, promotion,
21 offering for sale or sale of any product or service, are hereby permanently
22 restrained and enjoined from misrepresenting or assisting others in
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1 misrepresenting, expressly or by implication, any material fact, including but
2 not limited to:

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4 A. Any material aspect of the nature or terms of any refund, cancellation,
5 exchange, or repurchase policy, including, but not limited to, the
6 likelihood of a consumer obtaining a full or partial refund, or the
7 circumstances in which a full or partial refund will be granted to the
8 consumer;
9
10 B. That any person is affiliated with, endorsed or approved by, or
11 otherwise connected to any other person; government entity; any
12 federal homeowner relief or financial stability program; public,
13 non-profit, or other non-commercial program; or any other program;
14
15 C. The nature, expertise, position, or job title of any person who provides
16 any product, service, plan, or program;
17
18 D. That any person will provide any product, service, plan, or program to
19 any consumer;
20
21 E. That any person providing a testimonial has purchased, received, or
22 used the product, service, plan, or program;
23
24 F. That the experience represented in a testimonial of the product,
25 service, plan, or program represents the person's actual experience
26

1 resulting from the use of the product, service, plan, or program under
2 the circumstances depicted in the advertisement;

3
4 G. The total costs to purchase, receive, or use, or the quantity of, the
5 product, service, plan, or program;

6
7 H. That consumers have ordered, purchased, or agreed to purchase any
8 product or service from any person, and therefore owe money to that
9 or any other person;

10
11 I. That any person will not debit consumers' bank accounts, charge
12 consumers' credit or debit cards, or otherwise withdraw money from
13 consumers until after consumers perform any action;

14
15 J. Any material restriction, limitation, or condition on purchasing,
16 receiving, or using the product, service, plan, or program; or

17
18 K. Any material aspect of the performance, efficacy, nature, or
19 characteristics of the product, service, plan, or program.

20 **PROHIBITION ON UNAUTHORIZED WITHDRAWALS**

21 **VI. IT IS FURTHER ORDERED** that Defendants and their successors,
22 assigns, officers, agents, servants, employees, attorneys, and those persons
23 or entities in active concert or participation with any of them who receive
24 actual notice of this Order by personal service or otherwise, whether acting
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1 directly or through any corporation, subsidiary, division, or other device, are
2 hereby restrained and enjoined from:

3 A. Causing consumers' bank accounts to be debited or credit or debit
4 cards charged without having obtained consumers' express informed
5 consent, or
6

7 B. Making electronic fund transfers from a consumer's account on a
8 recurring basis without:
9

10 1. Obtaining a written authorization signed or similarly
11 authenticated from consumers for preauthorized electronic fund
12 transfers from the accounts; and
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14 2. Providing to the consumers a copy of a written authorization
15 signed or similarly authenticated by the consumers for
16 preauthorized electronic fund transfers from the consumers'
17 accounts.
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1 number, other identifying information, or any data that enables access
2 to a customer's account (including a credit card, bank account, or
3 other financial account) of any person that any Defendant obtained
4 prior to entry of this Order in connection with the advertising,
5 marketing, promotion, offering for sale or sale of any secured or
6 unsecured debt relief product or service, and
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9 B. failing to dispose of such customer information in all forms in their
10 possession, custody, or control within thirty (30) days after receipt of
11 written direction to do so from a representative of the FTC. Disposal
12 shall be by means that protect against unauthorized access to the
13 customer information, such as by burning, pulverizing, or shredding
14 any papers, and by erasing or destroying any electronic media, to
15 ensure that the customer information cannot practicably be read or
16 reconstructed.
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20 C. **Provided, however,** that customer information need not be disposed
21 of, and may be disclosed, to the extent requested by a government
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PROHIBITION ON COLLECTING ON ACCOUNTS

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2 **IX. IT IS FURTHER ORDERED** that Defendants and their successors,
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4 assigns, officers, agents, servants, employees, and attorneys, and those
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6 persons or entities in active concert or participation with any of them who
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8 receive actual notice of this Order by personal service, facsimile
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10 transmission, email, or otherwise, whether acting directly or through any
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12 corporation, subsidiary, division, or other device, are permanently restrained
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14 and enjoined from attempting to collect, collecting, or assigning any right to
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16 collect payment from any consumer who purchased or agreed to purchase
17
18 from any Defendant any secured or unsecured debt relief product or service.

MONETARY JUDGMENT

- 15
16 **X. IT IS FURTHER ORDERED** that:
- 17
18 A. Judgment in the amount of FOUR MILLION, SIX HUNDRED
19
20 THIRTY EIGHT THOUSAND, NINE HUNDRED AND FIFTEEN
21
22 DOLLARS (\$4,638,915) is entered in favor of the FTC against the
23
24 Individual Defendant and the Corporate Defendants, jointly and
25
26 severally, as equitable monetary relief;
- 27
28 B. In partial satisfaction of the judgment against Defendants:

1 1. Wells Fargo Bank shall, within ten (10) business days from
2 receipt of a copy of this Order, transfer to the FTC or its
3 designated agent all funds, if any, in (a) account number
4 xxxx3631 in the name of Jeremy R. Nelson, (b) account
5 xxxx0397 in the name of Blackrock Professional
6 Corporation, (c) account number xxxx0348 in the name of
7 Jackson Hunter Morris & Knight, (d) account number
8 xxxx0728 in the name of Lexxani Insurance Services, (e)
9 account number xxxx0777 in the name of Debt Relief Law
10 Group, (f) account number xxxx0916 in the name of Jackson
11 Hunter Morris & Knight, (g) account number xxxx0908 in the
12 name of Debt Relief Law Group, (h) account number xxxx0924
13 in the name of Jackson Hunter Morris & Knight, (i) account
14 number xxxx9769 in the name of Lexxani Insurance Services,
15 (j) account number xxxx0932 in the name of Jackson Hunter
16 Morris & Knight, (k) account number xxxx0874 in the name of
17 Blackrock Professional Corporation, (l) account number
18 xxxx0890 in the name of Blackrock Professional Corporation,
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1 Capital, LLC, and (g) account number xxxx2820 in the name of
2 Jackson Hunter Morris & Knight LLP;

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4 4. Crossroads Financial Technologies, LLC shall, within ten (10)
5 business days from receipt of a copy of this Order, transfer to
6 the FTC or its designated agent all funds, if any, in account
7 number xxxx4601 in the name of Jackson Hunter Morris &
8 Knight LLP;

9
10 5. Global Client Solutions shall, within ten (10) business days
11 from receipt of a copy of this Order, transfer to the FTC or its
12 designated agent all funds, if any, in (a) account number
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C. The asset freeze is modified to permit the transfers identified in this Section. Upon completion of those transfers, the asset freeze is dissolved.

- 1 I. The facts alleged in the Complaint will be taken as true, without
2 further proof, in any subsequent civil litigation by or on behalf of the
3 FTC, including in a proceeding to enforce its rights to any payment or
4 monetary judgment pursuant to this Order, such as a
5 nondischargeability complaint in any bankruptcy case.
6
7
8 J. The facts alleged in the Complaint establish all elements necessary to
9 sustain an action by the FTC pursuant to Section 523(a)(2)(A) of the
10 Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have
11 collateral estoppel effect for such purposes.
12
13 K. Defendants acknowledge that their Taxpayer Identification Numbers
14 (Social Security Numbers or Employer Identification Numbers),
15 which Defendants previously submitted to the FTC, may be used for
16 collecting and reporting on any delinquent amount arising out of this
17 Order, in accordance with 31 U.S.C. § 7701.
18
19
20 L. Pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15
21 U.S.C. § 1681b(a)(1), any consumer reporting agency may furnish a
22 consumer report concerning Defendants to the FTC, which shall be
23 used for purposes of collecting and reporting on any delinquent
24 amount arising out of this Order.
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1 how that Defendant is in compliance with each Section of this
2 Order; and (e) provide a copy of each Order Acknowledgment
3 obtained pursuant to this Order, unless previously submitted to
4 the FTC;

- 5
- 6 2. Additionally, the Individual Defendant must: (a) identify all
7 telephone numbers and all email, Internet, physical, and postal
8 addresses, including all residences; (b) identify all titles and
9 roles in all business activities, including any business for which
10 such Defendant performs services whether as an employee or
11 otherwise and any entity in which such Defendant has any
12 ownership interest; and (c) describe in detail such Defendant's
13 involvement in each such business, including title, role,
14 responsibilities, participation, authority, control, and any
15 ownership.

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- 20 B. For 20 years following entry of this Order, each Defendant must
21 submit a compliance notice, sworn under penalty of perjury, within 14
22 days of any change in the following:

- 23
- 24 1. Each Defendant must report any change in: (a) any designated
25 point of contact; or (b) the structure of any Corporate
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1 Defendant or any entity that Defendant has any ownership
2 interest in or directly or indirectly controls that may affect
3 compliance obligations arising under this Order, including:
4 creation, merger, sale, or dissolution of the entity or any
5 subsidiary, parent, or affiliate that engages in any acts or
6 practices subject to this Order.
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9 2. Additionally, the Individual Defendant must report any change
10 in: (a) name, including aliases or fictitious name, or residence
11 address; or (b) title or role in any business activity, including
12 any business for which such Defendant performs services
13 whether as an employee or otherwise and any entity in which
14 such Defendant has any ownership interest, and identify its
15 name, physical address, and Internet address, if any.
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19 C. Each Defendant must submit to the FTC notice of the filing of any
20 bankruptcy petition, insolvency proceeding, or any similar proceeding
21 by or against such Defendant within 14 days of its filing.
22

23 D. Any submission to the FTC required by this Order to be sworn under
24 penalty of perjury must be true and accurate and comply with 28
25 U.S.C. § 1746, such as by concluding: "I declare under penalty of
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1 perjury under the laws of the United States of America that the
2 foregoing is true and correct. Executed on:_____” and supplying the
3 date, signatory’s full name, title (if applicable), and signature.
4

5 E. Unless otherwise directed by a FTC representative in writing, all
6 submissions to the FTC pursuant to this Order must be emailed to
7 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal
8 Service) to: Associate Director for Enforcement, Bureau of Consumer
9 Protection, Federal Trade Commission, 600 Pennsylvania Avenue
10 NW, Washington, DC 20580. The subject line must begin: *FTC v.*
11 *Nelson Gamble & Associates, et al.*, Matter Number X120048.
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14 **RECORDKEEPING**

15
16 **XIII. IT IS FURTHER ORDERED** that Defendants must create certain records
17 for 20 years after entry of the Order, and retain each such record for 5 years.
18 Specifically, each Corporate Defendant and the Individual Defendant for any
19 business in which that Defendant, individually or collectively with any other
20 Defendants, is a majority owner or directly or indirectly controls, must
21 maintain the following records:
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A. Accounting records showing the revenues from all goods or services sold, all costs incurred in generating those revenues, and the resulting net profit or loss;

B. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name, addresses, and telephone numbers; job title or position; dates of service; and, if applicable, the

1 perjury; appear for depositions; and produce documents, for
2 inspection and copying. The FTC is also authorized to obtain
3 discovery, without further leave of court, using any of the procedures
4 prescribed by Federal Rules of Civil Procedure 29, 30 (including
5 telephonic depositions), 31, 33, 34, 36, 45, and 69.

6
7
8 B. For matters concerning this Order, the FTC is authorized to
9 communicate directly with each Defendant. Each Defendant must
10 permit representatives of the FTC to interview any employee or other
11 person affiliated with any Defendant who has agreed to such an
12 interview. The person interviewed may have counsel present.

13
14
15 C. The FTC may use all other lawful means, including posing, through
16 its representatives, as consumers, suppliers, or other individuals or
17 entities, to Defendants or any individual or entity affiliated with
18 Defendants, without the necessity of identification or prior notice.
19 Nothing in this Order limits the Commission's lawful use of
20 compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15
21 U.S.C. §§ 49, 57b-1.
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RETENTION OF JURISDICTION

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XV. 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 ORDERED, this _____ day of _____ 2013.

JOSEPHINE STATON TUCKER
UNITED STATES DISTRICT JUDGE