

1 STEVEN W. BALSTER
IL Bar No. 6189072, sbalster@ftc.gov
2 JONATHAN L. KESSLER
CO Bar No. 15094, jkessler@ftc.gov
3 MARIA DEL MONACO
4 OH Bar No. 0067930, mdelmonaco@ftc.gov
5 FEDERAL TRADE COMMISSION
1111 Superior Avenue, Suite 200
6 Cleveland, OH 44114
7 Tel: 216-263-3455; Fax: 216-263-3426

8 STACY PROCTER (Local Counsel)
CA Bar No. 221078, sprocter@ftc.gov
9 FEDERAL TRADE COMMISSION
10 10877 Wilshire Boulevard, Suite 700
Los Angeles, CA 90024
11 Tel: 310-824-4343; Fax: 310-824-4380
12

13 Attorneys for Plaintiff
14 FEDERAL TRADE COMMISSION

15 UNITED STATES DISTRICT COURT
16 CENTRAL DISTRICT OF CALIFORNIA

17 _____)
18 FEDERAL TRADE COMMISSION,)

19 Plaintiff,)

20 vs.)

21 A TO Z MARKETING, INC., a)
22 Nevada corporation, also dba Client)
23 Services, *et al.*,)

24 Defendants.)

Case No. SACV13-919 DOC (RNBx)

**FINAL ORDER FOR
PERMANENT INJUNCTION
AGAINST DEFENDANTS
BACKEND SERVICES, INC.;
EMAX LOANS, INC.; LEGAL
MARKETING GROUP, INC.;
NATIONWIDE LAW CENTER,
INC.; UNITED STATES LAW
CENTER, P.C.; INTERSTATE
LAW GROUP, LLC;
MILLENNIUM LAW CENTER,
P.C.; AND SC LAW GROUP, P.C.**

[249]

1 **ENTRY OF DEFAULT JUDGMENT AND FINAL ORDER FOR**
2 **PERMANENT INJUNCTION AGAINST DEFENDANTS BACKEND**
3 **SERVICES, INC.; EMAX LOANS, INC.; LEGAL MARKETING GROUP,**
4 **INC.; NATIONWIDE LAW CENTER, INC.; UNITED STATES LAW**
5 **CENTER, P.C.; INTERSTATE LAW GROUP, LLC; MILLENNIUM LAW**
6 **CENTER, P.C.; AND SC LAW GROUP, P.C.**

7 Plaintiff, the Federal Trade Commission (“FTC” or “Commission”), filed its
8 Complaint for Injunctive and Other Equitable Relief pursuant to Sections 13(b) and
9 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and
10 57b, and the 2009 Omnibus Appropriations Act, Public Law 111-8, Section 626,
11 123 Stat. 524, 678 (Mar. 11, 2009) (“Omnibus Act”), as clarified by the Credit
12 Card Accountability Responsibility and Disclosure Act of 2009, Public Law 111-
13 24, Section 511, 123 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card Act”), and
14 amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act,
15 Public Law 111-203, Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010)
16 (“Dodd-Frank Act”), 12 U.S.C. § 5538. The Commission filed its Amended
17 Complaint on December 16, 2013.

18 Although Defendants Backend Services, Inc.; Emax Loans, Inc.; Legal
19 Marketing Group, Inc.; Nationwide Law Center, Inc.; United States Law Center,
20 P.C.; Interstate Law Group, LLC; Millennium Law Center, P.C.; and SC Law
21 Group, P.C. (collectively, “Defendants”) were served with the Amended
22 Complaint, they did not file Answers and the Clerk entered Defaults against them.
23 (Dkt. 210, 211, 213, 227, 229, 230). In light of Defendants’ default and after
24 25
26
27
28

1 considering the pleadings, declarations, exhibits, other evidence, and the arguments
2 of counsel, judgment is entered in favor of Plaintiff, Federal Trade Commission,
3 upon the terms set forth below.

4
5 **FINDINGS**

- 6 1. This Court has jurisdiction over this matter. Venue is proper in this District.
7
8 2. The Defendants’ activities as alleged in the Amended Complaint are in or
9 affecting commerce as “commerce” is defined in Section 4 of the FTC Act,
10 15 U.S.C. § 4 of the FTC Act, 15 U.S.C. § 44.
11
12 3. The Amended Complaint charges that Defendants participated in deceptive
13 and unlawful acts or practices in violation of Section 5 of the FTC Act, 15
14 U.S.C. § 45, and the Mortgage Assistance Relief Services Rule, 16 C.F.R.
15 Part 322 (“MARS Rule”), recodified as Mortgage Assistance Relief
16 Services, 12 C.F.R. Part 1015 (“Regulation O”), in connection with the
17 marketing and sale of mortgage assistance relief services (“MARS”).
18
19 4. Specifically, the Amended Complaint alleges that since about 2010,
20 Defendants participated in one or more common enterprises that sold home-
21 loan modification services. (Dkt. 176). The Amended Complaint alleges
22 that they did so by misrepresenting the likelihood of obtaining a loan
23 modification and by misrepresenting the benefits of loan audits, in violation
24 of Section 5 of the FTC Act, 15 U.S.C. § 45. The Amended Complaint also
25
26
27
28

1 alleges that Defendants violated the MARS Rule by collecting advance fees
2 for the provision of MARS, by making material misrepresentations in the
3 provision of MARS, and by failing to make disclosures as required by the
4 MARS Rule.
5

6 5. Defendants had proper notice of this lawsuit. (Dkt. 198, 200, 201, 203, 204,
7 212, 221, and 222). They never filed Answers to the Amended Complaint.
8

9 6. On May 2, 2014, May 5, 2014, and June 4, 2014, the FTC filed Applications
10 for Clerk's Entries of Default against Defendants (Dkt. 206-208, 214, 216,
11 217, 224, and 226), and the Clerk entered Defaults against Defendants
12 (Dkt. 210, 211, 213, 220, 227, and 229).
13

14 7. Pursuant to Federal Rule of Civil Procedure 55(b), the Court enters this
15 default judgment against Defendants Backend Services, Inc.; Emax Loans,
16 Inc.; Legal Marketing Group, Inc.; Nationwide Law Center, Inc.; United
17 States Law Center, P.C.; Interstate Law Group, LLC; Millennium Law
18 Center, P.C.; and SC Law Group, P.C. Furthermore, from the affidavit filed
19 by the Federal Trade Commission, it appears that the Commission is entitled
20 to equitable monetary relief against Defendants in the amount of twelve
21 million four hundred seventy-one thousand nine hundred forty-four dollars
22 and thirty-nine cents (\$12,471,944.39), for which Defendants are jointly and
23 severally liable.
24
25
26
27
28

1 8. This Final Judgment is in addition to, and not in lieu of, any other civil or
2 criminal remedies that may be provided by law.

3 9. Entry of this Final Judgment is in the public interest.

4
5 10. Pursuant to Federal Rule of Civil Procedure 65(d), this Final Judgment is
6 binding upon Defendants, their officers, agents, servants, employees,
7 attorneys, corporations, successors and assigns, and upon those persons or
8 entities in active concert or participation with them who receive actual notice
9 of this Final Judgment by personal service or otherwise.

10
11 11. This action is the “commencement or continuation of an action or
12 proceeding by a governmental unit to enforce such governmental unit’s
13 police or regulatory power,” as set forth in 11 U.S.C. § 362(b)(4). Any
14 bankruptcy petition, voluntary or involuntary, does not automatically stay
15 this action.
16
17

18 12. Any bankruptcy petition, voluntary or involuntary, does not divest this Court
19 of jurisdiction to enter this Judgment.
20

21 **DEFINITIONS**

22 A. “Assisting Others” includes:

- 23 1. performing customer service functions, including receiving or
24 responding to consumer complaints;
25
26
27
28

- 1 2. formulating or providing, or arranging for the formulation or
2 provision of, any advertising or marketing material, including any
3 telephone sales script, direct mail solicitation, or the design, text, or
4 use of images of any Internet website, email, or other electronic
5 communication;
- 6 3. formulating or providing, or arranging for the formulation or
7 provision of, any marketing support material or service, including web
8 or Internet Protocol addresses or domain name registration for any
9 Internet websites, affiliate marketing services, or media placement
10 services;
- 11 4. providing names of, or assisting in the generation of, potential
12 customers;
- 13 5. performing marketing, billing, or payment services of any kind; or
- 14 6. acting or serving as an owner, officer, director, manager, or principal
15 of any entity.

16
17
18
19
20
21 B. “Defendant§” means Defendants Backend Services, Inc.; Emax Loans, Inc.;
22 Legal Marketing Group, Inc.; Nationwide Law Center, Inc.; United States
23 Law Center, P.C.; Interstate Law Group, LLC; Millennium Law Center,
24 P.C.; and SC Law Group, P.C., individually, collectively, or in any
25 combination.
26
27
28

1 C. “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
4 relief to homeowners or stabilize the economy, including but not limited to:
5

- 6 1. the Making Home Affordable Program;
- 7 2. the Financial Stability Plan;
- 8 3. the Troubled Asset Relief Program and any other program sponsored
9 or operated by the United States Department of the Treasury;
10
- 11 4.
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

- 1 2. provide any consumer, arrange for any consumer to receive, or assist
2 any consumer in receiving, credit, debit, or stored value cards;
- 3 3. improve, repair, or arrange to improve or repair, any consumer's
4 credit record, credit history, or credit rating; or
- 5 4. provide advice or assistance to improve any consumer's credit record,
6 credit history, or credit rating.
7

8
9 E. "Person" means a natural person, organization, or other legal entity,
10 including a corporation, partnership, limited liability company,
11 proprietorship, association, cooperative, or any other group or combination
12 acting as an entity.
13

14 F. "Secured or unsecured debt relief product or service" means, with respect
15 to any mortgage, loan, debt, or obligation between a person and one or more
16 secured or unsecured creditors or debt collectors, any product, service, plan,
17 or program represented, expressly or by implication, to:
18

- 19 1. stop, prevent, or postpone any mortgage deed of foreclosure sale for a
20 person's dwelling, any other sale of collateral, any repossession of a
21 person's dwelling or other collateral, or otherwise save a person's
22 dwelling or other collateral from foreclosure or repossession;
- 23 2. negotiate, obtain, or arrange a modification, or renegotiate, settle, or
24 in any way alter any terms of the mortgage, loan, debt, or obligation,
25
26
27
28

1 including a reduction in the amount of interest, principal balance,
2 monthly payments, or fees owed by a person to a secured or
3 unsecured creditor or debt collector;

- 4
- 5 3. obtain any forbearance or modification in the timing of payments
6 from any secured or unsecured holder or servicer of any mortgage,
7 loan, debt, or obligation;
- 8
- 9 4. negotiate, obtain, or arrange any extension of the period of time
10 within which a person may (i) cure his or her default on the mortgage,
11 loan, debt, or obligation, (ii) reinstate his or her mortgage, loan, debt,
12 or obligation, (iii) redeem a dwelling or other collateral, or
13 (iv) exercise any right to reinstate the mortgage, loan, debt, or
14 obligation or redeem a dwelling or other collateral;
- 15
- 16 5. obtain any waiver of an acceleration clause or balloon payment
17 contained in any promissory note or contract secured by any dwelling
18 or other collateral; or
- 19
- 20 6. negotiate, obtain, or arrange (i) a short sale of a dwelling or other
21 collateral, (ii) a deed-in-lieu of foreclosure, or (iii) any other
22 disposition of a mortgage, loan, debt, or obligation other than a sale to
23 a third party that is not the secured or unsecured loan holder.
24
25
26
27
28

1 The foregoing shall include any manner of claimed assistance, including, but
2 not limited to, auditing or examining a person’s application for the
3 mortgage, loan, debt, or obligation.
4

5 **G. “Telemarketing”** means any plan, program, or campaign which is conducted
6 to induce the purchase of goods or services by use of one or more
7 telephones, and which involves a telephone call, whether or not covered by
8 the Telemarketing Sales Rule.
9

10 **ORDER**

11 **BAN ON SECURED AND UNSECURED**
12 **DEBT RELIEF PRODUCTS AND SERVICES**

13 **I. IT IS THEREFORE ORDERED** that Defendants, whether acting directly
14 or through any other person, are permanently restrained and enjoined from:
15

16 A. advertising, marketing, promoting, offering for sale, or selling any
17 secured or unsecured debt relief product or service; and
18

19 B. assisting others engaged in advertising, marketing, promoting,
20 offering for sale, or selling any secured or unsecured debt relief
21 product or service.
22

23 **PROHIBITED MISREPRESENTATIONS RELATING TO**
24 **FINANCIAL PRODUCTS OR SERVICES**

25 **II. IT IS FURTHER ORDERED** that Defendants, Defendants’ officers,
26 agents, servants, employees, and attorneys, and all other persons or entities
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

- vi. whether any specified minimum payment amount covers both interest and principal, and whether the credit has or can result in negative amortization; or
- vii. that the credit does not have a prepayment penalty or whether subsequent refinancing may trigger a prepayment penalty and/or other fees;

B. the savings associated with the loan or other extension of credit;

C. the ability to improve or otherwise affect a consumer’s credit record, credit history, credit rating, or ability to obtain credit, including that a consumer’s credit record, credit history, or credit rating, or ability to obtain credit can be improved by permanently removing current, accurate negative information from the consumer’s credit record or history; or

D. that a consumer will receive legal representation.

PROHIBITED MISREPRESENTATIONS RELATING TO ANY PRODUCTS OR SERVICES

III. **IT IS FURTHER ORDERED** that Defendants, Defendants’ officers, agents, servants, employees, and attorneys, and all other persons or entities in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with advertising, marketing, promoting, offering for sale, or selling any product,

1 service, plan, or program are permanently restrained and enjoined from
2 misrepresenting or assisting others in misrepresenting, expressly or by
3 implication, any material fact, including:
4

5 A. any material aspect of the nature or terms of any refund, cancellation,
6 exchange, or repurchase policy, including but not limited to the
7

8
9 A.

10 4

11 A.

12
13 4
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

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

5
6 H. any material restriction, limitation, or condition on purchasing,
7 receiving, or using the product, service, plan, or program; or

8
9 I. any other material fact concerning any aspect of the performance,
10 efficacy, nature, or characteristics of the product, service, plan, or
11 program.
12

13 **CUSTOMER INFORMATION**

14 **IV. IT IS FURTHER ORDERED** that Defendants, Defendants' officers,
15 agents, servants, employees, and attorneys, and all other persons or entities
16 in active concert or participation with any of them, who receive actual notice
17 of this Order, whether acting directly or indirectly, are permanently
18 restrained or enjoined from directly or indirectly:
19

20 A. failing to provide sufficient customer information to enable the
21 Commission to efficiently administer consumer redress. If a
22 representative of the Commission requests in writing any information
23 related to redress, Defendants must provide it, in the form prescribed
24 by the Commission, within 14 days.
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

B. disclosing, using, or benefiting 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), that any Defendant obtained prior to entry of this Order in connection with the marketing and sale of secured or unsecured debt relief products or services; and

C. disposing of such customer informat24N/ction w.2i59 [ctiriz6(at24s)]TJ -0.0006 T

MONETARY JUDGMENT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

V.

rights to any payment or monetary judgment pursuant to this Order,
such as a nondischargeability complaint in any bankruptcy case.

D. the facts alleged in the Amended Complaint establish all elements

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 practices alleged in the Amended Complaint. Any money not used for
2 such equitable relief is to be deposited to the U.S. Treasury as
3 disgorgement. Defendants have no right to challenge any actions the
4 Commission or its representatives may take pursuant to this
5 Subsection.
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ORDER ACKNOWLEDGMENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

VII. IT IS FURTHER ORDERED that Defendants obtain acknowledgments of receipt of this Order:

A. Each Defendant, within 7 days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For 3 years after entry of this Order, Defendants must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees, agents, and representatives who participate in telemarketing and/or the advertising, marketing, promotion, offering for sale or sale of any financial product or service; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within 7 days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which a Defendant delivered a copy of this Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgement of receipt of this Order.

COMPLIANCE REPORTING

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

VIII. **IT IS FURTHER ORDERED** that Defendants make timely submissions to the Commission:

A. One year after entry of this Order, each Defendant must submit a compliance report, sworn under penalty of perjury: (a) identifying the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission may use to communicate with Defendant; (b) identifying all of that Defendant’s businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describing the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other defendant in this action; (d) describe in detail whether and how that Defendant is in compliance with each section of this Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission.

B. For 10 years after entry of this Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following: (a) any designated point of contact; or

1 (b) the structure of any Defendant or any entity that Defendant has
2 any ownership interest in or controls directly or indirectly that may
3 affect compliance obligations arising under this Order, including:
4 creation, merger, sale, or dissolution of the entity or any subsidiary,
5 parent, or affiliate that engages in any acts or practices subject to this
6 Order.
7

8
9 C. Each Defendant must submit to the Commission notice of the filing of
10 any bankruptcy petition, insolvency proceeding, or similar proceeding
11 by or against such Defendant within 14 days of its filing.
12

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

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

Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington DC 20580. The subject line must begin: *FTC v. A to Z Marketing, Inc., et al.*, Case No. SACV13-919-DOC (RNBx) (C.D. Cal.) [FTC File No. X130049].

RECORDKEEPING

IX. IT IS FURTHER ORDERED that Defendants must create certain records for 10 years after entry of this Order, and retain such records for 5 years. Specifically, Defendants must create and retain the following records:

- A. accounting records showing the revenues from all goods or services sold;
- B. personnel records showing, for each person providing services, whether as an employee or otherwise, that person’s: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- D. all records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and

1 E. a copy of each unique advertisement or other marketing material.

2 **COMPLIANCE MONITORING**

3 **X. IT IS FURTHER ORDERED** that, for purposes of monitoring Defendants'
4 compliance with this Order:

5
6 A. Within 14 days of receipt of a written request from a representative of
7 the Commission, each Defendant must: submit additional compliance
8 reports or other requested information, which must be sworn under
9 penalty of perjury; appear for depositions; and produce documents for
10 inspection and copying. The Commission is also authorized to obtain
11 discovery, without further leave of court, using any of the procedures
12 prescribed by Federal Rules of Civil Procedure 29, 30 (including
13 telephonic depositions), 31, 33, 34, 36, 45, and 69.

14
15
16
17 B. For matters concerning this Order, the Commission is authorized to
18 communicate directly with each Defendant. Defendants must permit
19 representatives of the Commission to interview any employee or other
20 person affiliated with any Defendant who has agreed to such an
21 interview. The person interviewed may have counsel present.

22
23 C. The Commission may use all other lawful means, including posing,
24 through its representatives as consumers, suppliers, or other
25 individuals or entities, to Defendants or any individual or entity
26
27
28

1 affiliated with Defendants, without the necessity of identification or
2 prior notice. Nothing in this Order limits the Commission's lawful
3 use of compulsory process, pursuant to Sections 9 and 20 of the FTC
4 Act, 15 U.S.C. §§ 49, 57b-1.
5

6 **RETENTION OF JURISDICTION**

7 **XI. IT IS FURTHER ORDERED** that this Court retains jurisdiction of this
8 matter for purposes of construction, modification, and enforcement of this
9 Order.
10

11
12 **SO ORDERED this 2nd day of September, 2014**
13
14

15
16 _____
17 DAVID O. CARTER
18 UNITED STATES DISTRICT JUDGE
19
20
21
22
23
24
25
26
27
28