

UNITED STATES DISTRICT COURT
DISTRICT OF KANSAS

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

JOEL JEROME TUCKER, individually and as an
officer of SQ Capital, LLC, JT Holdings, Inc., and
HPD LLC,

SQ CAPITAL, LLC, a corporation,

JT HOLDINGS, INC., a corporation,

and

HPD LLC, a corporation,

Defendants.

CASE NO. 2:16-CV-02816-JAR-JPO

DEFAULT JUDGMENT

Plaintiff Federal Trade Commission (“FTC”) has filed a complaint seeking a permanent injunction and other equitable relief, pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), and has filed a Motion for Entry of Default Judgment against all Defendants in this action. Upon consideration of the Complaint, Plaintiff’s memorandum in support of default judgment, Defendants’ Opposition, and the record in this matter, and following a hearing on the FTC’s Motion pursuant to Federal Rule of Civil Procedure 55(b)(2) on September 20, 2017,

IT IS HEREBY ORDERED that the FTC’s Motion is

2. Venue in the District of Kansas is proper as to Defendants.
3. Defendants' activities are in or affecting commerce, as defined in the FTC Act, 15 U.S.C. § 44.
4. The Complaint states claims upon which relief may be granted against Defendants under Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a), 53(b).
5. Defendants have received proper process and service of process as required by Rule 4 of the Federal Rules of Civil Procedure.
6. Following a hearing on December 22, 2016, this Court issued a temporary restraining order against Defendants and ordered Defendants to appear on January 6, 2017, at 9:00 am to show cause, if there be, why this Court should not enter a preliminary injunction.
7. On January 6, 2017, defendant Joel Tucker appeared *pro se* and did not oppose entry of a preliminary injunction. On January 6, 2017, this Court entered a preliminary injunction that, among other things, required Defendants to provide an accounting of debt sales. ECF No. 21. Defendant Tucker subsequently appeared at three hearings regarding contempt of the preliminary injunction, on February 9 and 23, and March 16, 2017. ECF No. 28; ECF No. 34; ECF No. 39. On February 23, 2017, the Court found Defendants in contempt of the preliminary injunction and directed Defendant Tucker to comply by providing a report on debt portfolios and chains of title. ECF No. 33. On March 15, 2017, Defendant Tucker provided an accounting with some of the materials ordered. ECF No. 39.
8. Defendants have failed to file an answer to the Complaint or to otherwise defend the claims in the Complaint. The Clerk of the Court properly entered defaults against all Defendants on March 31, 2017. ECF No. 44.

12. Defendants' scheme to market counterfeit debt portfolios was deliberate, and caused serious and widespread harm. It involved elaborate planning, the creation of false documents, and multiple sales transactions to several buyers over a three-year period. Defendant Tucker's repeated misconduct and orchestration of counterfeit debt transactions indicates that he is unlikely to be able to operate lawfully in businesses involving the sale of debt or sensitive consumer account information.

13. As alleged in the Complaint, Defendants have operated as a common enterprise under the control of Defendant Joel Tucker. Because Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged in the Complaint.

DEFINITIONS

The following definitions apply to the injunctive provisions below.

- A. **"Corporate Defendants"** means SQ Capital, LLC, JT Holdings, Inc., and HPD LLC, and their successors, and assigns.
- B. **"Defendants"** means Joel Tucker and all of the Corporate Defendants, individually, collectively, or in any combination.
- C. **"Person"** means a natural person, an organization or other legal entity, including a corporation, partnership, sole proprietorship, association, cooperative, or any other group or combination acting as an entity.
- D. **³ Consumer (RUPDWLRQ)** means any of the following about an individual consumer: (a) information about any debt, including any obligation or alleged obligation to pay money arising out of a transaction, whether or not such obligation has been reduced to judgment; (b) a Social Security number or Tax Identification Number; (c) financial institution account number; (d) credit or debit card information; or (e) any information by which a

consumer's financial account can be accessed, or by which a consumer might be charged for goods or services.

ORDER

I. BAN ON DISCLOSURE OF CONSUMER INFORMATION

IT IS FURTHER ORDERED that

A. Corporate Defendants, whether acting directly or through an intermediary, are permanently restrained and enjoined from selling, buying, marketing, transferring, or disclosing Consumer Information; and

B. Defendant Joel Tucker, whether acting directly or through an intermediary, is permanently restrained and enjoined from selling, buying, marketing, transferring, or disclosing Consumer Information (other than information about Defendant Tucker and his family) to any Person, unless the transfer or disclosure is necessary to (i) process payment for any product or service sold directly by Defendant Tucker or his employer to that consumer with the consumer's express, informed consent for that sale and method of payment; (ii) process payment for a transaction between Defendant Tucker or his employer and an employee, contractor, or supplier with the employer's, contractor's, or supplier's express informed consent; or (iii) comply with a law, regulation, court order, or request of a government agency.

II. PROHIBITION AGAINST MISREPRESENTATIONS

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, employees l

- B. that a consumer has authorized or otherwise consented to the purchase of a product or service; and
- C. any other fact material to consumers concerning any good or service, such as: the total costs; any material restrictions, limitations, or conditions; or any material aspect of its performance, efficacy, nature, or central characteristics.

III. MONETARY JUDGMENT

IT IS FURTHER ORDERED that a judgment in the amount of Four Million One Hundred Sixty-One Thousand Eight Hundred Twenty-Seven Dollars (\$4,161,827) is entered in favor of the Commission against Defendants, jointly and severally, as equitable monetary relief. All money paid to the Commission pursuant to this Order may be deposited into the U.S. Treasury as disgorgement.

by means to ensure that the customer information cannot practicably be read or reconstructed.

Provided, however, this Order does not require disposal or disclosure of information that is subject to an outstanding request by a government agency, or to the extent that disposal is contrary to a law, regulation, or court order.

V. ORDER ACKNOWLEDGMENTS

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

- A. Each Defendant, within 7 days of receipt of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For 5 years after entry of this Order, Defendant Joel Tucker, for any business in which he is the majority owner or controls directly or indirectly, 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 sales of goods or services; (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 acknowledgment of receipt of this Order.

VI. COMPLIANCE REPORTING

IT IS FURTHER OR

2. Additionally, Defendant Tucker must report any change in: (a) name, including aliases or fictitious name, or residence address; or (b) title or role in any business activity, including any business for which such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest, and identify the name, physical address, and any Internet address of the business or entity.

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

D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I

C. The Commission may use all other lawful means, including posing, through its representatives as consumers, suppliers, or other individuals or entities, to Defendants or any individual or entity affiliated with Defendants, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory