



Ropers Majeski Kohn & Bentley  
A Professional Corporation  
Redwood City

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Defendants generally deny each and every allegation of Plaintiff’s Complaint, except those allegations expressly admitted below. Defendants further deny that Plaintiff is entitled to relief of any sort as against Defendants.

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admit that AFBC has done business at 311 Professional Center Drive, Suite 200, Rohnert Park,

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1           28.     Answering paragraph 28 of the Complaint, Defendants state that any recorded  
2 conversation speaks for itself. Defendants deny the remaining allegations in paragraph 28.

3           29.     Answering paragraph 29 of the Complaint, Defendants state that the language in  
4 34 C.F.R. § 682.215(a)(3) speaks for itself. Defendants further state that the definition of family  
5 size contained on the federal IDR application is the definition incorporated into Corporate  
6 Defendants' scripts. Defendants further state that paragraph 29 states legal conclusions to which  
7 no answer is required. To the extent that any answer is required, Defendants deny such legal  
8 conclusions.

9           30.     Answering paragraph 30 of the Complaint, Defendants admit that the family size  
10 listed by a consumer will impact his or her eligibility in an IDR program. Defendants deny  
11 making misrepresentations to consumers or otherwise about family-size requirements.  
12 Defendants further state that paragraph 30 states legal conclusions and argument to which no  
13 answer is required. To the extent that any answer is required, Defendants deny such legal  
14 conclusions and argument.

15           31.     Answering paragraph 31 of the Complaint, Defendants deny making false or  
16 unsubstantiated representations about being able to procure a permanent reduction in consumers'  
17 monthly payments. Defendants admit that monthly IDR program payments are based on a  
18 borrowers' income and that the program requires annual recertification, and state that the terms of  
19 the ED's federal student loan repayment programs speak for themselves. Defendants further state  
20 that paragraph 31 states legal conclusions and argument to which no answer is required. To the  
21 extent that any answer is required, Defendants deny such legal conclusions and argument.  
22 Defendants lack knowledge or information sufficient to form a belief as to the truth of the  
23 allegations that "in many cases consumers' incomes will rise over the years-long repayment  
24 period, and as consumer' incomes rise so will their monthly payments," and on that basis deny  
25 them.

26           32.     Answering paragraph 32 of the Complaint, Defendants admit that once consumers  
27 decide to apply to a federal loan repayment program, and supply the necessary information,  
28 Defendants email the consumer links to contracts to be signed electronically, and further that after

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1 late 2015 he submitted an application to the Better Business Bureau serving Northern California  
2 (“BBB”) seeking accreditation for Ameritech. Defendant Frere further admits that in or about  
3 June 2016 the BBB sent a letter to Frere concerning Ameritech, which letter speaks for itself, and  
4 which was just one of dozens of communications Defendants have had with the BBB. Frere  
5 lacks knowledge or information sufficient to form a belief as to the truth of the allegations that the  
6 BBB “continue[d] to express concerns about Ameritech’s business practices in 2016,” and on that  
7 basis deny them. Defendants AFBC, Ameritech, and FEBC lack knowledge or information  
8 sufficient to form a belief as to the truth of the allegations in paragraph 43, and on that basis deny  
9 them.

10 44. Answering paragraph 44 of the Complaint, Defendants Frere admits that he is the  
11 owner and a “high-ranking corporate officer” of the Corporate Defendants who participates in  
12 their daily activities. Defendants deny the remaining allegations of paragraph 44.

13 45. Answering paragraph 45 of the Complaint, Defendants state that the FTC Act, 15  
14 U.S.C. § 45(a) speaks for itself.

15 46. Answering paragraph 46 of the Complaint, Defendants state that Section 5(a) of  
16 the FTC Act speaks for itself.

17 **Count I**

18 47. Answering paragraph 47 of the Complaint, and each of its subparts, Defendants  
19 deny the allegations therein. Paragraph 47 states legal conclusions and argument to which no  
20 answer is required. To the extent that any answer is required, Defendants deny such legal  
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**Count III**

58. Answering paragraph 58 of the Complaint and each of its subparts, Defendants deny the allegations therein. Paragraph 58 states legal conclusions and argument to which no answer is required. To the extent that any answer is required, Defendants deny such legal conclusions and argument.

59. Answering paragraph 59 of the Complaint, Defendants deny violating any provision of the TSR at any time, including but not limited to Section 310.3(a)(2)(x), 16 C.F.R. § 310.3(a)(2)(x). Paragraph 59 states legal conclusions and argument to which no answer is required. To the extent that any answer is required, Defendants deny such legal conclusions and argument.

60. Answering paragraph 60 of the Complaint, Defendants deny the allegations therein. Paragraph 60 states legal conclusions and argument to which no answer is required. To the extent that any answer is required, Defendants deny such legal conclusions and argument.

61. Answering paragraph 61 of the Complaint, Defendants state that the FTC Act, 15 U.S.C. § 53(b) speaks for itself. Paragraph 61 states legal conclusions and argument to which no answer is required. To the extent that any answer is required, Defendants deny such legal conclusions and argument.

62. Answering paragraph 62 of the Complaint, Defendants state that Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), speaks for itself. Paragraph 62 states legal conclusions and argument to which no answer is required. To the extent that any answer is required, Defendants deny such legal conclusions and argument.

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1 finances, health and well-being. In late 2015, Frere formed two separate companies — Ameritech  
2 and FEBC — to provide the services that AFBC had been providing to its customers.

3 65. Beginning in early 2016, Ameritech has provided consumers with student loan  
4 document preparation services, and FEBC has offered monthly membership services offering  
5 consumers tools, products, and services to assist with their finances, health, and well-being.

6 66. Until this lawsuit, the Companies were accredited by the Oakland BBB and held  
7 ratings of A (FEBC and AFBC) and B+ (Ameritech).

8 67. When consumers visit Ameritech’s website, they are greeted with a popup window  
9 and cannot proceed without acknowledging a set of prominent disclosures, including that “We are  
10 not a government agency, the Department of Education, or your loan servicer;” and “We do not  
11 make loan payments on your behalf and loans remain in your name;” and that borrowers can “Do  
12 it yourself without a fee – all programs are freely available for enrollment through the Department  
13 of Education.” AFBC’s website contains similar disclosures.

14 68. When consumers call Ameritech, and formerly AFBC, the sales personnel  
15 (“Account Specialists”) are required to strictly follow scripts that have been reviewed and  
16 approved by outside regulatory counsel. The Account Specialists are provided detailed guideline  
17 checklists, a list of “Bad” statements which they are prohibited from saying, and a “Dos and  
18 Don’ts” policy for when complex situations arise. The Account Specialist’s conformity with  
19 these standards is monitored by the Compliance Department, as described further below.

20 69. Ameritech’s scripts require the Account Specialists to disclose that Ameritech is  
21 not affiliated with the ED; that the consumer may apply for a loan repayment or forgiveness  
22 program on their own for free; that Ameritech is not a loan servicer, will not pay the borrower’s  
23 loans, charges for its document preparation services, and places the customer’s funds in a third  
24 party escrow account to be released only after the company has successfully performed its work.  
25 The Account Specialist is also required to read — verbatim — a definition of “family size” to the  
26 callers that is found in the application for enrollment in the IBR/IDR programs. The Account  
27 Specialist asks whether the caller has federal student loans; whether the loans are current or in  
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1 default; the amount outstanding; the caller's approximate annual income; their self-reported  
2 family size; and other background information.

3 70. During the call, representatives are required to expressly disclose to consumers  
4 that FEBC's monthly membership services are separate from the document preparation services,  
5 and that FEBC charges separately, each month, for its services. This separation is reinforced by  
6 the fact that there are separate contracts for the services to be provided by Ameritech Financial  
7 and FEBC, and by separate payment authorization forms.

8 71. After the consumer's information has been collected, the Ameritech representative  
9 turns the call over to the verification department. Every call is recorded, and Ameritech's  
10 Compliance Department monitors enrollment calls and subsequent calls with consumers. Every  
11 Account Specialist is monitored weekly, and their compensation is tied to their compliance with  
12 company policy.

13 72. During enrollment calls, Account Specialists provide consumers with the written  
14 contracts they will need to complete in order to apply for federal student loan relief programs.  
15 Ameritech's Document Preparation and Service Agreement ("Ameritech Agreement") includes  
16 key disclosures that require consumers to acknowledge, among other things, that they "HAVE  
17 NOT BEEN ADVISED BY AMERITECH FINANCIAL, . . . TO FOREGO A STUDENT  
18 LOAN PAYMENT."

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1           85.     As a separate and affirmative defense to the Complaint, Defendants are informed  
2 and believe and therefore allege that they are not liable for any violation of the TSR in connection  
3 with accepting advance fees for their document preparation services as alleged in the Complaint  
4 because at all times they complied with applicable law.

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e. The customer may withdraw from the debt relief service at any time without penalty, and must receive all funds in the account, other than funds earned by the debt relief service in compliance with § 310.4(a)(5)(i)(A) through (C), within seven (7) business days of the customer's request.

TSR, 16 C.F.R. § 310.4(5)(ii).

90. Defendants allege that they understood and believed that the funds collected for the document preparation services complied with the TSR because:

a. Ameritech arranged for each customer who signed up and prepaid for

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94. As a separate and affirmative defense to the Complaint, Defendants allege that at all times material to this Answer and Affirmative Defenses they have disclosed to consumers information regarding the services that they are performing including that: Defendants are not affiliated with the ED or the loan servicers; payments to Defendants are not forwarded to loan servicers; borrowers are required to continue paying their loans to the loan servicers; FEBC's monthly membership program is offered in addition to the document preparation services; and the customers can terminate their relationship with Defendants.

**FOURTH AFFIRMATIVE DEFENSE**

**(Good Faith)**

95. Defendants reallege and incorporate by reference the allegations of paragraphs 1-94 of this Answer and Affirmative Defenses as though fully set forth herein.

96. As a separate and affirmative defense to the Complaint, Defendants allege that at all times, the acts and statements Defendants have made were fair and reasonable, and performed in good faith based on all relevant facts known to Defendants. Defendants acted with a good faith belief that they had good cause and/or legitimate business reasons to act as they did and did not directly or indirectly perform any acts that would constitute a violation of consumers' rights. As a consequence, Plaintiff is not entitled to the relief it seeks.

97. Among other things, Defendants have taken steps to educate themselves and their staff about the ED's student loan repayment and forgiveness pro(f)3 (e)4 (r)-dy <</MCInes 2 (ve e)49c3



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1 Specifically, Plaintiff refused to respond to a letter sent by corporate Defendants on December 30,  
2 2016 to the Chairwoman of Plaintiff, Edith Ramirez, in which the Corporate Defendants sought  
3 guidance from the FTC regarding their standard business practices, and provided samples of their  
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