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Plaintiff the Federal Trade Commission (“Plaintiff,” “Commission” or “FTC”) filed its Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”) 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, the Telemarketing and Consumer Fraud and Abuse Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and the Truth Lending Act (“TILA”), 15 U.S.C. § 1601-1666j. Plaintiff and Defendant Equitable Acceptance Corporation (“EAC”) stipulate to the entry of this Stipulated Order for Permanent Injunction and Monetary Relief (“Order”) to resolve all matters in dispute in this action between them.

Plaintiff and Defendant EAC have agreed to entry of a Stipulated Order For Permanent Injunction, Monetary Relief and Final Judgment (lodged concurrently with this Stipulation) to resolve all claims against Defendant EAC in this action. Plaintiff and Defendant EAC have consented to entry of this Stipulated Order for Permanent Injunction and Final Judgment without trial or adjudication of any issue of law or fact herein.

Plaintiff and Defendant EAC hereby stipulate to entry of a Stipulated Order For Permanent Injunction, Monetary Relief and Final Judgment with the following terms:

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FINDINGS

1. This Court has jurisdiction over this matter.
2. The Complaint charges that EAG participated in deceptive acts or practices in violation of the FTC Trade Regulation Rule entitled the Telemarketing Sales Rule ("TSR"), 16 C.F.R. § 312.61

- 1 1. performing customer service functions, including receiving or
- 2 responding to consumer complaints;
- 3 2. formulating or providing, or arranging for the formulation or
- 4 provision of, any advertising or marketing material, including any telephone sales
- 5 script, direct mail solicitation, or the design, text, or use of images of any Internet
- 6 website, email, or other electronic communication;
- 7 3. formulating or providing, or arranging for the formulation or
- 8 provision of, any marketing support material or service, including web or Internet
- 9 Protocol addresses or domain name registration for any Internet websites, affiliate
- 10 marketing services, or media placement 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 officer, director, manager, or principal
- 15 of any entity.

16 B. “Consumer Reporting Agency” or “CRA” shall mean any Person

17 which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly

18 engages in whole or in part in the practice of assembling or evaluating consumer

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1 e. obtain any waiver of an acceleration clause or balloon payment
2 contained in any promissory note or contract secured by any dwelling or other
3 collateral; or

4 f. negotiate, obtain, or arrange (i) a short sale of a dwelling or
5 other collateral, (ii) a deed-in-lieu of foreclosure, or (iii) any other disposition of a
6 mortgage, loan, Debt, or obligation other than a sale to a third party that is not the
7 secured or unsecured loan holder.

8 The foregoing shall include any manner of confirmed assistance, including auditing
9 or examining a person's application for a mortgage, loan, Debt, or obligation.

10 2. With respect to any loan, Debt, or obligation between a person and
11 one or more unsecured creditors or debtors, any product, service, plan, or
12 program represented, expressly or by implication, to:

- 13 a. repay one or more unsecured loans, Debts, or obligations; or
- 14 b. combine unsecured loans, Debts, or obligations into one or
15 more new loans, Debts, or obligations.

16 I.

17 BAN ON SECURED AND UNSECURED
18 DEBT RELIEF PRODUCTS AND SERVICES

19 IT IS ORDERED that EAC is permanently restrained and enjoined from
20 financing the purchase of, or Assisting Others in the advertising, marketing,
21 promoting, offering for sale, selling, financing the purchase of, any Secured or
22 Unsecured Debt Relief Product or Service.

23 II.

24 PROHIBITION AGAINST MISREPRESENTATIONS
25 RELATING TO FINANCIAL PRODUCTS AND SERVICES

26 IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees,
27 and attorneys, and all other Persons in concert or participation with any of
28 them, who receive actual notice of this Order, whether acting directly or indirectly,

1 in connection with the advertising, marketing, promoting, offering for sale, or
2 selling of any financial product or service, are permanently restrained and enjoined
3 from misrepresenting, or Assisting Others in misrepresenting, expressly or by
4 implication:

5 A. the terms or rates that are available for any loan or other extension of
6 credit, including:

7 1. closing costs or other fees;
8 2. the payment schedule, monthly payment amount(s), any balloon
9 payment, or other payment terms;
10 3. the interest rate(s), annual percentage rate(s), or finance charge(s), and
11 whether they are fixed or adjustable;

12 4. the loan amount, credit amount, draw amount, or outstanding balance;
13 the loan term, draw period, or maturity; or any other term of credit;

14 5. the amount of cash to be disbursed to the borrower out of the
15 proceeds, or the amount of cash to be disbursed on behalf of the borrower to any
16 third parties;

17 6. whether any specified minimum payment amount covers both interest
18 and principal, and whether the credit has or can result in negative amortization; or

19 7. that the credit does not have a prepayment penalty or whether
20 subsequent refinancing may trigger a prepayment penalty and/or other fees;

21 B. the ability to improve or otherwise affect a consumer's credit record,
22 credit history, credit rating, or ability to obtain credit, including that a consumer's
23 credit record, credit history, credit rating, or ability to obtain credit can be
24 improved by permanently removing current, accurate negative information from
25 the consumer's credit record or history;

26 C. that a consumer will receive legal representation; or

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IV.

REQUIRED DISCLOSURES

IT IS FURTHER ORDERED that EAC's officers, agents, employees, and attorneys, and all other Persons in a concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, offering, or extension of credit, are hereby permanently restrained and enjoined from:

A. When extending a fixed amount of credit that a consumer is to repay in one or more installment(s), failing to disclose in writing (electronic or hard-copy), clearly and conspicuously, and inform that the consumer may keep, before the consumer signs the credit agreement, the following information in a manner reflecting the terms of the legal obligation between the parties:

1. The identity of the creditor;
2. The amount financed;
3. The finance charge;
4. The annual percentage rate;
5. The payment schedule;
6. The total of payments; or

B. Violating any provision of the Truth in Lending Act, 15 U.S.C. §§ 1601-1666j, or Regulation Z, 12 C.F.R. Part 1026.

V.

PROHIBITION AGAINST COLLECTING ON CORPORATE DEBT RELIEF DEFENDANT ACCOUNTS AND CONSUMER NOTIFICATION

IT IS FURTHER ORDERED that EAC's officers, agents, employees, and attorneys, and all other Persons in a concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, are permanently enjoined from attempting to collect, collecting, or assigning any right to collect payment from any consumer on any Debt or extension of credit

1 related to the consumer's purchase from any Corporate Debt Relief Defendant of
2 any product or service (the "Customer Debt"). EAC shall not sell, assign, or
3 otherwise transfer any Customer Debt. For each Customer Debt that EAC has
4 reported to a Consumer Reporting Agency (CRA), EAC shall, within ten (10)
5 business days after entry of this Order, request that each CRA to which the Debt
6 has been reported delete the Debt from the consumer's credit reporting file.
7 Within ten (10) business days of such request, EAC shall mail a notice to each
8 affected consumer informing the consumer clearly and unambiguously of the
9 following:

- 10 (1) that EAC had extended credit to the consumer in connection with a
11 purchase of student-loan related services that the consumer had made,
12 and identifying the specific Corporate Debt Relief Defendant from
13 which the consumer had made the purchase;
- 14 (2) that, pursuant to an agreement with the Federal Trade Commission,
15 EAC will not collect or attempt to collect on any debt that the
16 consumer had incurred as a result of EAC's extension of credit to the
17 consumer;
- 18 (3) that EAC will not sell, assign or otherwise transfer any outstanding
19 debt that the consumer owes to EAC;
- 20 (4) that, to remain in any federal student loan payment assistance program
21 offered by the U.S. Department of Education, and to avoid losing the
22 benefits of continuous enrollment in such a program, the consumer is
23 required each year to re-certify, and update certain information to the
24 Department of Education, and that the consumer should contact the
25 Department of Education or the consumer's student loan servicer, and
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1 C. Plaintiffs' agreement to the suspension of the judgment is expressly
2 premised upon the truthfulness, accuracy and completeness of EAC's sworn
3 financial statements and related documents (collectively, "EAC Financial
4 Representations") submitted to the Commission. These documents include:

- 5 1. the Financial Statement of Corporate Defendant Equitable Acceptance
6 Corporation, signed by Daryl Sorensen on February 18, 2019, including
7 the attachments; and
- 8 2. all documents that are listed in a letter dated May 2, 2019 sent by FTC
9 counsel John Jacobs to EAC counsel James Chareq with the subject
10 line "Equitable Acceptance Co

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1 other reasonable notice, at such places and times as the representative may
2 designate, without the service of a subpoena.

3 IX.

4 CUSTOMER INFORMATION

5 IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees,
6 attorneys, and all other Persons or entities in active concert or participation with
7 any of them, who receive actual notice of this Order, are permanently restrained
8 and enjoined from directly or indirectly:

9 A. failing to provide sufficient customer information to enable Plaintiff
10 to efficiently administer consumer redress, if a representative of Plaintiff requests
11 in writing any information related to redress, EAC must provide it, in the form
12 prescribed by that Plaintiff, within 14 days;

13 B. disclosing, using, or benefitting from any information relating to any
14 customer of any Corporate Debt Relief Defendant that EAC obtained prior to entry
15 of this Order, including the name, address, telephone number, email address, social
16 security number, FSA ID, other identifying information, or any data that enables
17 access to a customer's account (including student loan account, credit card, bank
18 account, or other financial account); and

19 C. failing to destroy Corporate Debt Relief Defendant customer
20 information in all forms in EAC's possession, custody, or control within 30 days
21 after receipt of written direction to do so from a representative of Plaintiff.

22 Provided however, that customer information need not be disposed of, and
23 may be disclosed, to the extent required by a government agency or required by
24 law, regulation, or court order.

25 X.

26 ORDER ACKNOWLEDGMENTS

27 IT IS FURTHER ORDERED that EAC obtain acknowledgments of receipt
28 of this Order:

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1 provide a copy of each Order Acknowledgment obtained pursuant to this Order,
2 unless previously submitted to Plaintiff.

3 B. For 20 years after entry of the Order, EAC must submit a compliance
4 notice, sworn under penalty of perjury, within 14 days of any change in the
5 following:

6 1. EAC must report any change (a) any designated point of contact;
7 or (b) the structure of EAC or any entity that EAC has any ownership interest in or
8 controls directly or indirectly that may affect compliance obligations arising under
9 this Order, including: creation, merger, sale, or dissolution of the entity or any
10 subsidiary, parent, or affiliate that engages in any acts or practices subject to this
11 Order.

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XII.

RECORDKEEPING

IT IS FURTHER ORDERED that EAC must create certain records for 20 years after entry of the Order, and retain such records for 5 years.

Specifically, for any business that EAC is a majority owner or controls directly or indirectly, 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 a person's: name; addresses; telephone numbers; job title or position; dates of hire 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 Plaintiff; and

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

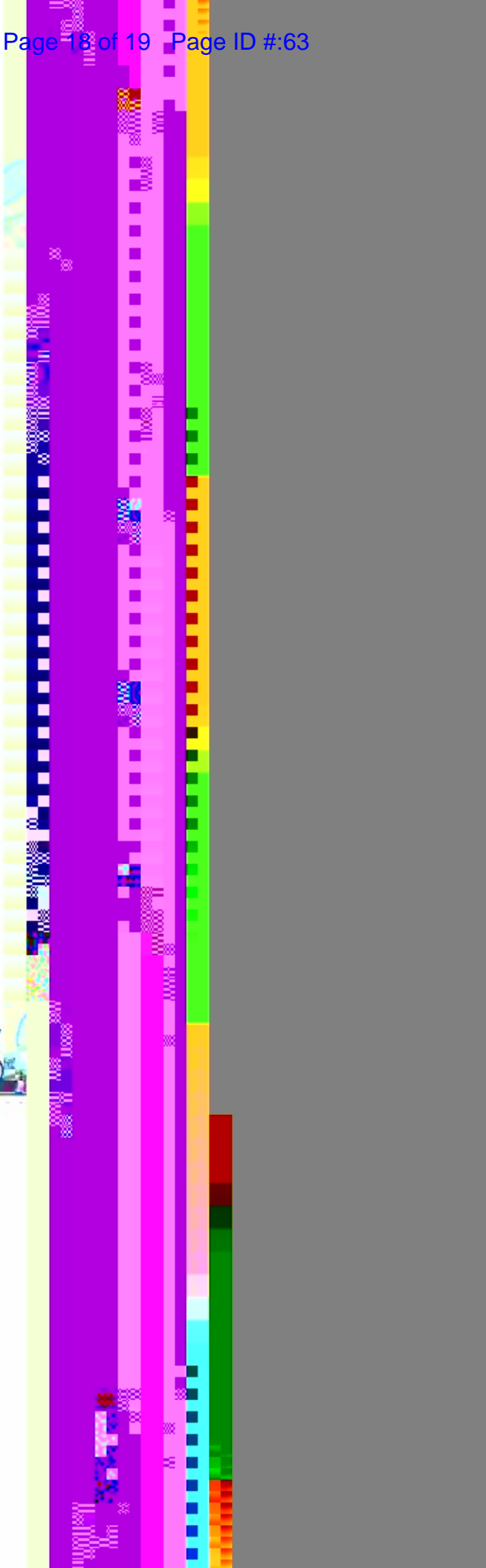
XIII.

COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring EAC's compliance with this Order, including the financial representations upon which part of the judgment was suspended and failure to transfer any assets as required by this Order:

A. Within 14 days of receipt of a written request from a representative of Plaintiff, EAC must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents for inspection and copying. Plaintiff is also authorized to obtain discovery, without further leave of court, using any of the procedures

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5/15/2019

July M

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