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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

Case No. 23-cv-00123-JSM

FEDERAL TRADE COMMISSION

Plaintiff

COMPLAINT FOR

PERMANENT INJUNCTION

MONETARY RELIEF AND

OTHER RELIEF

v.

SL FINANCE LLC, a California limited liability company;

MICHAEL CASTILLO, as an officer of SL FINANCE LLC; and

CHRIS [REDACTED] and as an officer of SL FINANCE LLC;

Defendants.



1 hundreds of dollars in illegal upont payments.

2 4. But Defendants' promises are false. Defendants do not seek or deliver  
3 loan forgiveness, rsk f (ne)3.ps2 (-l)1.1 (e)3.nt6 ( )JTJ 0.001 Tc -0.001 Tw 1 575 0 Tdp

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1 enforces the GLB Act, 15 U.S.C. §§ 6827, which prohibits any person from  
2 obtaining or attempting to obtain customer information of a financial institution

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1                   DEFENDANTS' STUDENT LOAN DEBT RELIEF SCAM

2                   21. Defendants own and operate a student loan debt relief scam that preys  
3 on consumers burdened with student loan debt by making false promises of loan  
4 forgiveness. Since at least May 14, 2019,

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1 be applied to their loan balances;

2 c) Defendants are contracted by, or otherwise affiliated with;

3 d) Defendants will assume responsibility for the servicing of  
4 consumers' student loans;

5 e) Defendants' program is part of the CARES Act or some other  
6 COVID-19 relief program created by the federal government.

7 26. First, Defendants have represented to numerous consumers that if  
8 consumers sign up for Defendants' debt relief program, Defendants will  
9 them in a loan repayment program and secure forgiveness of their student loans.

10 27. Defendants frequently tell consumers that the repayment program will  
11 include a schedule of three to six monthly payments of approximately \$200,  
12 sometimes followed by monthly payments of approximately \$39 for a period of  
13 months or years. All of these payments are to be made to Defendants.

14 28. Defendants in many instances tell consumers that their loans will be  
15 forgiven either directly upon payment of the initial installments of approximately  
16 \$200, or after several months or years of making payments of approximately \$39.  
17 Often, the quoted repayment program is substantially shorter than the ten-  
18 twenty-year programs offered by the federal government, and sometimes only a few  
19 months.

20 29. These representations are false. In many instances, Defendants do not  
21 even apply for—much less obtain legitimate federal repayment plans, such as  
22 income-driven repayment plans, or student loan forgiveness on behalf of the  
23 consumers who pay for Defendants' services.

24 30. Numerous consumers have reported that Defendants did not apply for  
25 income-driven repayment programs, public service loan forgiveness, or other  
26 forms of loan forgiveness and repayment plans on their behalf, even though they  
27 provided information about their income and employment and made payments



1 Defendants.

2 31. Second, Defendants of tell consumers that payments will be  
3 applied to reduce their loan balance. Tc 0 Tw -32.11 -1.717 Td [( )-12 -1.717 T31.717 Td 0.0

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1 numbers and credit card numbers.

## 2 Defendants' Collection of Illegal Advance Fees

3 46. Once in possession of consumers' private and sensitive financial  
4 information, Defendants typically collect approximately five "initial" monthly  
5 payments of approximately \$200, sometimes followed by monthly payments of  
6 approximately \$39.

7 47. Defendants have collected or attempted to collect hundreds of dollars  
8 for their "services" per consumer. Defendants mislead consumers into believing  
9 the majority of these payments are going towards paying off their student loan debt  
10 or otherwise securing loan forgiveness.

11 48. In fact, Defendants are in numerous instances simply taking the  
12 money without delivering promised services. Many consumers have reported that  
13 Defendants have not sought or obtained repayment plans or student loan  
14 forgiveness for consumers who pay for Defendants' services. Thus, in many  
15 instances, Defendants continued to receive fees from consumers despite never  
16 renegotiating, settling, reducing, or otherwise altering the terms of the consumers'  
17 debt.

18 49. During the federal COVID-19 student loan repayment pause,  
19 consumers have not been required to make payments on their federal loans at all.  
20 Consumers have paid more to Defendants during the pause than they would have  
21 been required to pay toward their student loan balances.

22 50. When consumers have contacted Defendants to cancel their  
23 enrollment in Defendants' program, Defendants threaten consumers with default or  
24 other adverse consequences.

25 51. In many instances, Defendants have refused or ignored requests by  
26 consumers for refunds.

27 52. Not only have Defendants refused or ignore refund requests, but m



1 VIOLATIONS OF THE FTC ACT

2 59. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or  
3 deceptive acts or practices in or affecting commerce.”

4 60. Misrepresentations or deceptive omissions of material fact constitute  
5 deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

6 Count I

7 Deceptive Representations

8 61. In numerous instances in connection with the advertising, marketing,  
9 promotion, offering for sale, or sale of student loan debt relief services, Defendants  
10 represent directly or indirectly, expressly or by implication, that

- 11 a) Consumers who pay for Defendants’ program will be enrolled  
12 in a loan repayment program and  
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1 THE TELEMARKETING SALES RULE

2 64. In 1994, Congress directed the FTC to prescribe rules prohibiting  
3 abusive and deceptive telemarketing acts or practices pursuant to the  
4 Telemarketing Act, 15 U.S.C. §§ 6101-108. The FTC adopted the original TSR  
5 in 1995, extensively amended it in 2003, and amended certain sections thereafter.

6 65. Defendants are “seller[s]” or “telemarketer[s]” engaged in  
7 “telemarketing” as defined by the TSR, 16 C.F.R. § 310.2(dd), (ff), and (gg).  
8 “seller” means any person who, in connection with a telemarketing transaction,  
9 provides, offers to provide, or arranges for others to provide goods or services to a  
10 customer in exchange for consideration. 16 C.F.R. § 310.2(dd). A “telemarketer”  
11 means any person who, in connection with telemarketing, initiates or receives  
12 telephone calls to or from a customer or donor. 16 C.F.R. § 310.2(ff).  
13 “Telemarketing” means a plan, program, or campaign which is conducted to  
14 induce the purchase of goods or services or a charitable contribution, by use of one  
15 or more telephones and which involves more than one interstate telephone call. 16  
16 C.F.R. § 310.2(gg).

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1 otherwise altered the terms of at least one debt pursuant to a  
2 settlement agreement, debt management plan, or other such valid  
3 contractual agreement executed by the customer; and

4 b) The customer has made at least one payment pursuant to that  
5 settlement agreement, debt management plan, or other valid  
6 contractual agreement between the customer and creditor; and

7 c) To the extent that debts enrolled in a service are renegotiated,  
8 settled, reduced, or otherwise altered individually, the fee or  
9 consideration either:

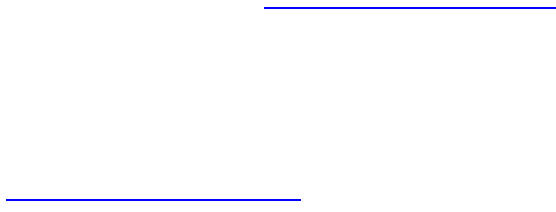
10 (1) Bears the same proportional relationship to the total fee for  
11 renegotiating, settling, reducing, or altering the terms of the  
12 entire debt balance as the individual debt amount bears to the  
13 entire debt amount. The individual debt amount and entire debt  
14 amount are those owed at the time the debt was enrolled in the  
15 service; or

16 (2) Is a percentage of the amount saved as a result of the  
17 renegotiation, settlement, reduction, or alteration. The  
18 percentage charged cannot change from one individual debt to  
19 another. The amount saved is the difference between the  
20 amount owed at the time the debt was enrolled in the service  
21 and the amount actually paid to satisfy the debt. 16 C.F.R. §  
22 310.4(a)(5)(i).

23 68. The TSR prohibits sellers and telemarketers from misrepresenting  
24 directly or by implication any material aspect of any debt relief service, including,  
25 but not limited to, the amount of money or the percentage of the debt amount that a  
26 customer may save by using the service. 16 C.F.R. § 310.3(a)(2)(x).

27 69. The TSR also establishes “do not call” registry (the “National Do

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a) Defendants have renegotiated, settled, reduced, or waived

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1 violate the TSR, 16 C.F.R. § 310.4(a)(2)(x).

2 Count IV

3 Violating the National Do Not Call Registry

4 79. In numerous instances, Defendants have, in connection with the  
5 telemarketing of student loan debt relief services, engaged, or caused a  
6 telemarketer to engage, in initiating an outbound telephone call to a person's  
7 telephone number on the National Do Not Call Registry in violation of the TSR, 16  
8 C.F.R. § 310.4(b)(1)(iii)(B).

9 Count V

10 Failing to Pay National Registry Fees

11 80. In numerous instances, Defendants have, in connection with the  
12 telemarketing of student loan debt relief services, initiated, or caused others to  
13 initiate, an outbound telephone call to a telephone number within a given area code  
14 when Defendants had not, either directly or through another person, paid the  
15 required annual fee for access to telephone numbers within that area code that are  
16 included in the National Do Not Call Registry, in violation of the TSR, 16 C.F.R. §  
17 310.8.

18 THE COVID -19 CONSUMER PROTECTION ACT

19 81. The COVID-19 Consumer Protection Act makes it unlawful under  
20 Section 5 of the FTC Act for any person, partnership, or corporation to engage in a  
21 deceptive act or practice in or affecting commerce associated with the treatment,  
22 cure, prevention, mitigation, or diagnosis of COVID-19 or a government benefit  
23 related to COVID-19. COVID-19 Consumer Protection Act § 1401(b)(2). The Act  
24 provides that such a violation shall be treated as a violation of a rule defining an  
25 unfair or deceptive act or practice prescribed under Section 18(a)(1)(A) of the FTC  
26 Act, 15 U.S.C. § 57a(a)(1)(A). COVID-19 Consumer Protection Act § 1401(c)(1).

27 VIOLATIONS OF THE COVID- 19 CONSUMER PROTECTION ACT

Count VI

1                                   **Misrepresentations Associated with**  
2                                   **a Government Benefit Related to COVID-19**

3           82.    In numerous instances in connection with the advertising, marketing,  
4 promotion, offering for sale, or sale of student loan debt relief services, Defendants  
5 have falsely represented to consumers that their debt relief services are part of the  
6 CARES Act or some other COVID-19 relief program created by the federal  
7 government.

8           83.    In fact, the services that Defendants offer are not part of the CARES  
9 Act or any COVID-19 relief program created by the federal government.

10          84.    Therefore, Defendants’ representations set forth in Paragraph 82 are  
11 false and misleading, and therefore constitute a deceptive act or practice associated  
12 with a government benefit related to COVID-19.

13                                   **THE GRAMM-LEACH-BLILEY ACT**

14          85.    Section 521 of the GLB Act, 15 U.S.C. § 6821, became effective on  
15 November 12, 1999, and remains in full force and effect. Section 521(a)(2) of the  
16 GLB Act, 15 U.S.C. § 6821(a)(2), prohibits any person from “obtain[ing] or  
17 attempt[ing] to obtain . . . customer information of a financial institution relating to  
18 another person . . . by making a false, fictitious, or fraudulent statement or  
19 representation to a customer of a financial institution.”

20          86.    The GLB Act defines “customer” to mean “with respect to a financial  
21 institution, any person (or authorized representative of a person) to whom the  
22 financial institution provides a product or service, including that of acting as a  
23 fiduciary.” 15 U.S.C. § 6827(1). The GLB Act defines “customer information of a  
24 financial institution” as “any information maintained by or for a financial  
25 institution which is derived from the relationship between the financial institution  
26 and a customer of a financial institution and is identified with the customer.” 15  
27 U.S.C. § 6827(2).





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A. Enter a permanent injunction to prevent future violations of the FTC Act,

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