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FEDERAL TRADE COMMISSION

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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

FEDERAL TRADE COMMISSION

Plaintiff,

v.

Case No. 23-cv-00001

**COMPLAINT FOR
PERMANENT
MONETARY**

BCO CONSULTING SERVICES, a California corporation, and d/b/a Loan Services LLC;

SLA CONSULTING SERVICES INC., a California corporation, f/k/a Student Loan Advocates

GIANNI QUILANG, individually and as an officer of BCO CONSULTING SERVICES, INC., and SLA CONSULTING SERVICES INC.;

BRANDON CLORES, individually and as an officer of BCO CONSULTING SERVICES, INC.;

KISHAN BHAKTA, individually and as an officer of BCO CONSULTING SERVICES, INC., and

ALLAN RADAM, individually and as an officer of SLA CONSULTING SERVICES, INC.,

Defendants.

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common enterprise described in Paragraph 15. Defendant resides in this District and, in connection with the matters alleged herein, transacts

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1 payments for ten years while employed at qualifying government or nonprofit
2 organizations. ED also administers other loan forgiveness programs for qualifying
3 borrowers, including those who can establish a permanent and total disability;
4 borrowers whose school closed while they were enrolled; and borrowers whose
5 school violated certain state or federal laws, among others.

6 19. Consumers can apply for these and other programs through ED or
7 their student loan servicers at no cost. These programs do not require the assistance
8 of a thirdparty company or payment of application fees.

9 20. In addition to federal loan repayment and forgiveness programs, the
10 original coronavirus relief bill, the Coronavirus Aid, Relief, and Economic
11 Security Act (“CARES Act”), signed into law on March 27, 2020, temporarily
12 paused payments and involuntary collections on federally held student loans
13 through September 30, 2020. President Trump extended the pause to September
14 31, 2020, and President Biden has extended the pause into 2023. During the pause,
15 payments are not due, collection activities (like wage garnishment and reduction of
16 tax refunds) have been prohibited, and interest does not accrue on loans balance

17 21. Months during the pause count toward the 120 payments required by
18 PSLF (if the borrower works for a qualifying employer during the suspension plan)
19 and also toward payments required to receive forgiveness under IDR plans.

20 22. In 2022, in addition to the above ongoing programs and COVID
21 payment pause, President Biden and ED created a one-time debt relief program for
22 borrowers of federal student loans.

23 23. Several individuals and organizations filed legal challenges to the
24 onetime debt relief program. As of this filing, the program is subject to injunctions
25 blocking its implementation.

26 24. The student loan repayment pause is extended until ED is permitted to
27 implement the program or until the litigation is resolved. If the program has not

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and

d) Defendants will assume responsibility for the servicing of consumers'student loans.

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

31. Defendants frequently tell consumers that the repayment program will include a schedule of three ~~to~~ **to** six monthly payments of between \$200 and \$300, sometimes followed by lower ~~en~~ **en** monthly payments for a period of months or years. All of these payments are to be made to Defendants.

32. Defendants ~~in~~ **in** many instances tell consumers that their loans will be forgiven either directly upon payment of the initial installments, or ~~after~~ **after** several months or years of making payments. ~~Often, the quoted repayment program is substantially shorter than the ten- to twenty-year programs offered by the federal government—sometimes only a few months.~~ **Often, the quoted repayment program is substantially shorter than the ten- to twenty-year programs offered by the federal government—sometimes only a few months.**

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1 themselves and do not make payments to consumers' student loans on their behalf.
2 Many consumers have reported that Defendants did not apply any of their
3 payments to their student loans and that their balances did not decrease after
4 making payments to Defendants.

5 37. Because borrowers of federal student loans have not been required to
6 make payments on their student loans since March 2020, federal student loan
7 servicers are not expecting to receive monthly payments and are not likely to receive any payments in 2020. (e)

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1 43. Defendants have used the statements listed in Paragraph 29 to cause
2 consumers to provide Defendants with their bank account numbers, debit card
3 numbers, and credit card numbers.

4 Defendants' Collection of Illegal Advance Fees

5 44. Once in possession of consumers' private and sensitive financial
6 information, Defendants typically collect or attempt to collect approximately three
7 to-six "initial" monthly payments of between approximately \$200 to \$300,
8 sometimes followed by monthly payments in a lower amount

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

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

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

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

26 Ongoing Conduct

27 49. Based on the facts and violations of law alleged in this Complaint, the

1 FTC has reason to believe that Defendants are violating or are violating laws
2 enforced by the Commission.

3 VIOLATIONS OF THE FTC ACT

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

6 51. Misrepresentations or deceptive omissions of material facts constitute
7 deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

8 Count I
9 Deceptive Representations

10 52. In numerous instances, Defendants have violated Section 5(a) of the FTC Act by
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THE TELEMARKETING SALES RULE

55. In 1994, Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the

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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 (he)3.4pai fromndi(Tr)4 (l)1 (l-
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1 Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR
2 constitutes an unfair or deceptive act or practice in or affecting commerce, in
3 violation of Section 5(a) of the FTC Act, 15U.C. § 45(a).

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1 be applied to their loan balances;

2 c) Defendants are affiliated with or contracted by the federal
3 government or, specifically, FD; and

4 d) Defendants will assume responsibility for the servicing of
5 consumers' student loans.

6 63. Therefore, Defendants' acts or practices as set forth in Paragraph 62
7 violate the TSR, 16 C.F.R. § 310(a)(2)(x).

8 THE GRAMM -LEACH- BLILEY ACT

9 64. Section 521 of the GLB Act, 15 U.S.C. § 6821, became effective on
10 November 12, 1999, and remains in full force and effect. Section 521(a)(2) of the
11 GLB Act, 15 U.S.C. § 6821(a), prohibits any person from "obtain[ing] or
12 attempt[ing] to obtain . . . customer information of a financial institution relating to
13 another personMi>1.1 (he)4 (r)-5.3 (A)lrslrsl inp(2)(xw (G97 0 Td [(st)1.1 (t)1Tw3B

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1 FDCPA an unfair or deceptive act or practice in violation of the FTC Act. 15
2 U.S.C. § 1692(a). Section 814(a) of the FDCPA further provides that all of the
3 functions and powers of the FTC under the FTC Act are available to the FTC to
4 enforce compliance by any person with the FDCPA, including the power to
5 enforce provisions of the FDCPA in the same manner as if the violation had been a
6 violation of an FTC trade regulation rule.

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1 of a financial institution by representing to customers of financial institutions,
2 directly or indirectly, expressly or by implication, that consumers who pay for
3 Defendants' program will be enrolled in a loan repayment program and have their
4 loan balances forgiven in whole or in part; most or all of their payments will be
5 applied to their loan balances; Defendants are affiliated with or contracted by the
6 federal government or, specifically, ED; and Defendants will assume responsibility
7 for the servicing of consumers' student loans.

8 72. Defendants' representations set forth in Paragraph 71 are false,
9 fictitious, or fraudulent within the meaning of Section 521 of the GLB Act.

10 73. Therefore, Defendants' acts and practices set forth in Paragraphs
11 72 above violate Section 521 of the GLB Act, 15 U.S.C. § 6821.

12 CONSUMER INJURY

13 74. Consumers are suffering, have suffered, and will continue to suffer
14 substantial injury as a result of Defendants' violations of the ~~FTC~~ the TSR,
15 and the GLB Act. Absent injunctive relief by this Court, Defendants are likely to
16 continue to injure consumers and harm the public interest.

17 PRAYER FOR RELIEF

18 Wherefore, Plaintiff requests that the Court:

19 A. Enter a permanent injunction to prevent future violations of ~~FTC~~
20 Act, the TSR, and the GLB Act

21 B. Grant preliminary injunctive and ancillary relief as may be necessary
22 to avert the lik (he)3.9 (frho(i)1 (od)0.5l)1 (cs)1.1 (u0.5 (um)0.1 (e5.3 (appo(a)4.1i)(u(0.1

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1 notification, or other relief necessary to redress injury to consumers; and
2 D. Award any additional relief as the Court determines to be just and
3 proper.

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6 Dated: April 24, 2023

Respectfully submitted,

7 /s/ Katherine M. Aizpuru
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