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8
9 **UNITED STATES DISTRICT COURT**
CENTRAL DISTRICT OF CALIFORNIA

10 Consumer Financial Protection Bureau,

11 Plaintiff,

12 v.

13 Commercial Credit Consultants (d.b.a. Accurise);
14 IMC Capital L.L.C. (a.k.a. Imperial Meridian
Capital L.L.C., Imperial Capital, and IMCA
15 Capital L.L.C); Prime Credit, L.L.C. (a.k.a. Prime
Marketing, L.L.C.; d.b.a. Prime Credit
16 Consultants); Blake Johnson; and Eric Schlegel,

17 Defendants.

Case No. 2:17-cv-4720

**COMPLAINT FOR
PERMANENT
INJUNCTION AND
OTHER RELIEF**

1 **INTRODUCTION**

2 1. Plaintiff, the Consumer Financial Protection Bureau (“Bureau”),
3 brings this action against Commercial Credit Consultants (d.b.a. Accurise); IMC
4 Capital L.L.C. (a.k.a. Imperial Meridian Capital L.L.C., Imperial Capital, and
5 IMCA Capital L.L.C); Prime Credit, L.L.C. (a.k.a. Prime Marketing, L.L.C.; d.b.a.
6 Prime Credit Consultants); Blake Johnson; and Eric Schlegel (collectively,
7 “Defendants”) under Sections 1031(a), 1036(a), and 1054(a) of the Consumer
8 Financial Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531(a), 5536(a), and
9 5564(a), and the Telemarketing and Consumer Fraud and Abuse Prevention Act
10 (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and its implementing regulation,
11 the Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, to obtain permanent
12 injunctive relief, civil money penalties, and other appropriate relief in connection
13 with Defendants’ offer and sale of credit repair services to consumers.

14 **JURISDICTION AND VENUE**

15 2. This Court has subject-matter jurisdiction over this action because it is
16 “brought under Federal consumer financial law,” 12 U.S.C. § 5565(a)(1), presents
17 a federal question, 28 U.S.C. § 1331, and is brought by an agency of the United
18 States, 28 U.S.C. § 1345.

19 3. Venue is proper in this District under 28 U.S.C. § 1391(b)(1) because
20 all Defendants reside in this District, under 28 U.S.C. § 1391(b)(2), because a

1 substantial part of the events or omissions giving rise to the claims herein occurred
2 in this District, and under 12 U.S.C. § 5564(f), because Defendants are located in
3 and do business in this District.

4 **PLAINTIFF**

5 4. The Bureau is an independent agency of the United States. 12 U.S.C.
6 § 5491. The Bureau is charged with enforcing Federal consumer financial laws. 12
7 U.S.C. §§ 5563, 5564. The Bureau has independent litigating authority, 12 U.S.C.
8 § 5564(a)-(b), including the authority to enforce the TSR as it applies to persons
9 subject to the CFPB, 15 U.S.C. § 6105(d).

10 **DEFENDANTS**

11 **Corporate Defendants**

12 5. Commercial Credit Consultants (d.b.a. Accurise) (“CCC”) is a
13 Wyoming corporation with a principal place of business in Los Angeles,
14 California.

15 6. From August 1, 2009, until the summer of 2012, CCC offered or
16 provided credit repair services to consumers.

17 7. IMC Capital L.L.C. (a.k.a. Imperial Meridian Capital L.L.C., Imperial
18 Capital, and IMCA Capital L.L.C) (“IMC”) is a California corporation with a
19 principal place of business in Los Angeles, California.

1 8. IMC offered or provided credit repair services to consumers from
2 approximately January 2012 until the summer of 2012.

3 9. Prime Credit, L.L.C. (a.k.a. Prime Marketing, L.L.C.; d.b.a. Prime
4 Credit Consultants) (“Prime”) is a California corporation with a principal place of
5 business in Los Angeles, California.

6 10. From approximately July 2012 until September 30, 2014, Prime
7 offered or provided credit repair services to consumers.

8 11. In March 2013, Prime entered into an agreement with Park View Law,
9 Inc. (a.k.a Park View Legal, a.k.a. Prime Law Experts, Inc.) (“PVL”), a California
10 corporation that offered or provided credit repair services to consumers.

11 12. Pursuant to the agreement between PVL and Prime, Prime handled
12 marketing and performed credit repair services for consumers who entered into
13 agreements with PVL.

14 13. This agreement enabled Prime to offer credit repair services using
15 PVL’s name.

16 14. CCC and Prime’s assets were sold to a third party on October 1, 2014.

17 15. CCC, IMC, and Prime each offered or provided credit repair, which is
18 a consumer financial product or service covered by the CFPA, 12 U.S.C.
19 § 5481(15)(A)(viii),(ix), and therefore are covered persons within the meaning of
20 the CFPA, *id.* § 5481(6).

1 16. CCC, IMC, and Prime were each a seller, as defined by the TSR, 16
2 C.F.R. § 310.2(dd), because, in connection with a telemarketing transaction, they
3 provided, offered to provide, or arranged for others to provide goods or services to
4 customers in exchange for consideration.

5 17. CCC, IMC, and Prime were each a telemarketer, as defined by the
6 TSR, 16 C.F.R. § 310.2(ff), because, in connection with telemarketing, they
7 initiated or received telephone calls to or from customers.

8 18. Between August 1, 2009 and September 30, 2014, Corporate
9 Defendants charged approximately 71,000 consumers at least \$31,000,000 in fees.

10 19. Corporate Defendants returned a portion of these fees to consumers
11 through either refunds or chargebacks, including at least \$850,000 between
12 January 2012 and September 2014.

13 **Individual Defendants**

14 20. Blake Johnson (“Johnson”) is a resident of Los Angeles, California.

15 21. Johnson formed CCC in 2009, and was its majority owner.

16 22. Johnson is the founder and chairman of IMC, and owns a majority
17 interest in IMC.

18 23. Johnson formed Prime in July 2012, and was its majority owner.

19 24. Johnson engaged in the acts and practices of CCC, IMC, and Prime
20 set forth in this Complaint.

1 25. Because of his status as a director, officer, or employee charged with
2 managerial responsibility for CCC, IMC, and Prime, and because of his status as
3 the controlling shareholder of CCC, IMC, and Prime who materially participated in
4 the conduct of those entities' affairs, Johnson was a "related person" deemed to be
5 a "covered person" under the CFPA with respect to each of those entities. 12
6 U.S.C. § 5481(25)(B), (C)(i), (ii).

7 26. Eric Schlegel ("Schlegel") is a resident of Laguna Niguel, California.

8 27. Schlegel was the president of CCC and also a minority shareholder in
9 CCC.

10 28. Schlegel was the president of Prime and is a minority shareholder in
11 Prime.

12 29. Schlegel engaged in the acts and practices of CCC and Prime set forth
13 in this Complaint.

14 30. Because of his status as director, officer, or employee charged with
15 managerial responsibility for CCC and Prime, and because of his status as a
16 shareholder of CCC and Prime who materially participated in the conduct of those
17 entities' affairs, Schlegel is a "related person" deemed to be a "covered person"
18 under the CFPA with respect to each of those entities. 12 U.S.C. §§ 5481(25)(B),
19 (C)(i), (ii).

20

1 31. Johnson and Schlegel were each “sellers” within the meaning of the
2 TSR because, in connection with a telemarketing transaction, they each provided,
3 offered to provide, or arranged for others to provide services to customers in
4 exchange for consideration. 16 C.F.R. § 310.2(dd).

5 **DEFENDANTS CHARGED UNLAWFUL ADVANCE FEES**

6 32. Defendants marketed credit repair services to consumers nationwide
7 through telemarketing.

8 33. Corporate Defendants’ customers included individuals who were
9 seeking to obtain a mortgage, loan, refinancing or other extension of credit when
10 they first communicated with Defendants.

11 34. Corporate Defendants requested and received payment for credit
12 repair services represented to remove derogatory information from, or to improve,
13 consumers’ credit histories, credit records, or credit ratings.

14 35. Corporate Defendants typically charged consumers three types of fees
15 in the first six months of service: (1) an initial consultation fee; (2) a one-time set-
16 up fee; and (3) monthly fees.

17 36. During sales calls with consumers, Corporate Defendants represented
18 that a consultation regarding the consumer’s credit report was the first step in the
19 credit repair process.

20

1 37. Corporate Defendants charged an initial fee that was typically \$59.95
2 for the consultation and for a copy of the consumer's credit report.

3 38. During the consultation, an analyst purportedly reviewed and
4 discussed the credit report with the consumer and identified how Corporate
5 Defendants could help the consumer increase his or her credit score.

6 39. If the consumer agreed to receive services beyond the consultation,
7 Corporate Defendants charged the consumer a one-time set-up fee that was
8 typically hundreds of dollars.

9 40. Consumers sometimes paid the set-up fee in in multiple payments
10 over the first two months of service.

11 41. Beginning in the third month of service, Corporate Defendants
12 charged monthly fees, which were typically \$89.99 per month.

13 42. During the service period, Corporate Defendants mailed dispute
14 letters to the credit reporting agencies, challenging much of the negative
15 information in the consumers' reports, even if that information was accurate and
16 not obsolete.

17 43. Corporate Defendants continued to charge monthly fees until
18 consumers affirmatively cancelled their contracts.

19 44. Corporate Defendants typically did not obtain credit reports or credit
20 scores while customers received services or after consumers completed services to

1 determine whether negative items had been removed from consumers' credit
2 reports or whether consumers' credit scores had increased.

3 45. Johnson and Schlegel developed the fee structure and contracts that
4 CCC and Prime used, and had final decision-making authority over the fees those
5 entities charged.

6 46. Johnson also developed the fee structure and contracts that IMC used,
7 and had final decision-making authority over the fees that it charged.

8 **DEFENDANTS MISREPRESENTED THE EFFICACY OF THEIR**
9 **SERVICES**

10 47. Defendants have misrepresented the efficacy of their services,
11 including their ability to remove negative items and to increase consumers' credit
12 scores.

13 **Removal of Negative Items**

14 48. Defendants misrepresented their ability to remove negative items from
15 consumers' credit reports by failing to make clear the limited circumstances in
16 which they could do so.

17 49. Pursuant to the FCRA, a consumer reporting agency typically may not
18 report negative items that are more than seven years old, or bankruptcies that are
19 more than ten years old. 15 U.S.C. § 1681c.

20

1 50. A consumer reporting agency may continue reporting a disputed item
2 unless after an investigation the disputed item is found to be inaccurate,
3 incomplete, or cannot be verified. 15 U.S.C. § 1681i(a)(5)(A).

4 51. Following a reinvestigation, consumer reporting agencies only have to
5 remove inaccurate, incomplete, or unverifiable information from consumers' credit
6 reports. 15 U.S.C. § 1681i(a)(1)(A),(5)(A).

7 52. In numerous instances, Defendants' marketing created the net
8 impression that their credit repair services would or likely would result in the
9 removal of material negative entries on consumers' credit reports, regardless of
10 whether the negative entries were inaccurate or obsolete.

11 53. Defendants did not make clear in sales calls or in online marketing
12 that consumer reporting agencies only have to remove negative items from
13 consumers' credit reports in limited circumstances.

14 54. Defendants lacked a reasonable basis for representing that they could
15 remove negative items when they did not have information indicating that such
16 items were inaccurate or obsolete.

17 55. Because Defendants typically did not track whether negative items
18 were removed from consumers' credit reports, they lacked a reasonable basis for
19 representing without qualification that their services would or likely would result
20 in the removal of negative items.

1 **Ability to Improve Consumers' Credit Scores**

2 56. Defendants misrepresented, explicitly and implicitly, their ability to
3 increase consumers' credit scores.

4 57. In numerous instances, Corporate Defendants represented during sales
5 calls that Defendants' credit repair services substantially raised their customers'
6 credit scores, often stating that their customers' scores increased by an average of
7 100 or more points.

8 58. Defendants lacked a reasonable basis for representing that their credit
9 repair services substantially raised their customers' credit scores.

10 59. Corporate Defendants typically did not obtain or review consumers'
11 credit scores to determine whether their credit scores increased after using
12 Defendants' credit repair services.

13 60. Because Defendants did not actually measure the average credit score
14 increase obtained by consumers who used their services, Corporate Defendants
15 lacked a reasonable basis for their statement that they increased credit scores by an
16 average of 100 or more points.

17 61. Corporate Defendants' representations that their services increased
18 credit scores by an average of over 100 or more points were also false.

19 62. CCC and Prime's websites have also included alleged testimonials or
20 descriptions of individual results. Such testimonials or descriptions state that the

1 consumer's scores increased significantly or that certain negative items were
2 removed as a result of Defendants' services.

3 63. Those testimonials implied that the results were typical of what
4 consumers would generally achieve when using Defendants' services.

5 64. CCC and Prime lacked a reasonable basis for representing that those
6 testimonials reflected what consumers would generally achieve when using
7 Defendants' services.

8 **DEFENDANTS MISREPRESENTED AND FAILED TO CLEARLY AND**
9 **CONSPICUOUSLY DISCLOSE THE TERMS OF THEIR "GUARANTEE"**

10 65. Defendants represented that they offered a money-back guarantee.

11 66. Corporate Defendants' marketing created the impression that if a
12 consumer was not satisfied with their credit repair services, then the consumer
13 could obtain a refund.

14 67. But Corporate Defendants' sales contracts typically limited the
15 guarantee to the removal of a minimum of one disputed item within 180 days of
16 the execution of the sales contract.

17 68. Defendants construed the guarantee as meaning that so long as
18 Defendants' credit repair services resulted in the removal of a single disputed item
19 within six months, consumers could not obtain a refund, even if their credit scores
20 did not improve.

1 provided the person with documentation in the form of a consumer report from a
2 consumer reporting agency demonstrating that the promised results have been
3 achieved, such report having been issued more than six months after the results
4 were achieved.

5 77. Because Defendants were each telemarketers, sellers, or both,
6 Defendants violated the TSR by requesting and collecting fees for credit repair
7 services before providing consumers with documentation in the form of a
8 consumer report from a consumer reporting agency demonstrating that the
9 promised results have been achieved, such report having been issued more than six
10 months after the results were achieved. 16 C.F.R. § 310.4(a)(2).

11 **COUNT II**

12 **Misrepresentations about Material Aspects of the Efficacy of Their Services in**

13 **Violation of the TSR**

14 **(All Defendants)**

15 78. The allegations in paragraphs 1-74 are incorporated by reference.

16 79. It is a deceptive act or practice under the TSR for a seller or
17 telemarketer to misrepresent any material aspect of the efficacy of their services.
18 16 C.F.R. § 310.3(a)(2)(iii).

19 80. In numerous instances, in connection with the offering or provision of
20 credit repair services, Defendants represented, directly or indirectly, expressly or

1 by implication, that their actions will or likely will result in the removal of material
2 negative entries on consumers' credit reports regardless of whether the negative
3 entries were inaccurate or obsolete.

4 81. In numerous instances, in connection with the offering or provision of
5 credit repair services, Defendants represented, directly or indirectly, expressly or
6 by implication that their actions will or likely will result in a substantial increase to
7 consumers' credit scores.

8 82. These representations have been material and likely to mislead
9 consumers acting reasonably under the circumstances.

10 83. Because Defendants lacked a reasonable basis for these
11 representations, the representations were deceptive.

12 84. Defendants' representations were false.

13 85. Because Defendants were each telemarketers, sellers, or both,
14 Defendants' material misrepresentations about the efficacy of their services
15 violated the TSR. 16 C.F.R. § 310.3(a)(2)(iii).

16 **COUNT III**

17 **Failure to Disclose Limitations on Guarantee in Violation of the TSR**

18 **(All Defendants)**

19 86. The allegations in paragraphs 1-74 are incorporated by reference.
20

1 87. It is a deceptive act or practice under the TSR for a seller or
2 telemarketer to fail to clearly and conspicuously disclose material terms and
3 conditions in an advertised refund policy before a consumer consents to pay. 16
4 C.F.R. § 310.3(a)(1)(iii).

5 88. Defendants represented that their services came with a money-back
6 guarantee.

7 89. Defendants failed to clearly and conspicuously disclose the limitations
8 that their contracts place on this guarantee before consumers consented to pay.

9 90. Defendants misrepresented, directly or indirectly, expressly or by
10 implication, the terms of this guarantee.

11 91. Because Defendants were each telemarketers, sellers, or both,
12 Defendants' failure to clearly and conspicuously disclose the material terms and
13 conditions of their refund policy before a consumer consented to pay for goods or
14 services violated the TSR. 16 C.F.R. § 310.3(a)(1)(iii).

15 **COUNT IV**

16 **Misrepresentations Regarding the Cost of Services in Violation of the TSR**

17 **(All Defendants)**

18 92. The allegations in paragraphs 1-74 are incorporated by reference.

19 93. It is a deceptive act or practice under the TSR for a seller or
20 telemarketer to misrepresent, directly or by implication, the total cost to purchase

1 the goods and services that are the subject of the sales offer. 16 C.F.R.
2 § 310.3(a)(2)(i).

3 94. Defendants have misrepresented the total cost of their credit repair
4 services.

5 95. These representations have been material and likely to mislead
6 consumers acting reasonably under the circumstances.

7 96. Because Defendants were each telemarketers, sellers, or both,
8 Defendants' misrepresentations about the total cost of the credit repair services
9 violate the TSR. 16 C.F.R. § 310.3(a)(2)(i).

10 **COUNT V**

11 **Deceptive Acts or Practices in Violation of the CFPA**

12 **(All Defendants)**

13 97. The allegations in paragraphs 1-74 are incorporated by reference.

14 98. In numerous instances, in connection with the offering or provision of
15 credit repair services, Defendants represented, directly or indirectly, expressly or
16 by implication, that their actions will or likely will result in the removal of material
17 negative entries on consumers' credit reports regardless of whether the negative
18 entries were inaccurate or obsolete.

19 99. In numerous instances, in connection with the offering or provision of
20 credit repair services, Defendants represented, directly or indirectly, expressly or

1 by implication that their actions will or likely will result in a substantial increase to
2 consumers' credit scores.

3 100. These representations have been material and likely to mislead
4 consumers acting reasonably under the circumstances.

5 101. Because Defendants lacked a reasonable basis for these
6 representations, the representations were deceptive.

7 102. Defendants' representations regarding their ability to remove negative
8 entries on consumers' credit reports and improve consumers' credit scores were
9 false.

10 103. In numerous instances, in connection with the offering or provision of
11 credit repair services, Defendants, directly or indirectly, expressly or by
12 implication, made material misrepresentations regarding the terms of their
13 guarantee.

14 104. Defendants' marketing has created the net impression that consumers
15 could obtain a full refund if they were not satisfied with Defendants' services.

16 105. However, Defendants' guarantee policy was limited to the removal of
17 one "disputed" item within 180 days, and only applied if consumers agreed to pay
18 for six months of services.

19 106. In numerous instances, in connection with the offering or provision of
20 credit repair services, Defendants, directly or indirectly, expressly or by

1 implication, made material misrepresentations regarding the costs of their credit
2 repair services.

3 107. These representations regarding the efficacy of Defendants' services,
4 the terms of their guarantee, and the cost of their services have been material and
5 likely to mislead consumers acting reasonably under the circumstances.

6 108. Therefore, Defendants' representations as described herein have
7 constituted deceptive acts or practices in violation of Sections 1031 and 1036 of
8 the CFPA, 12 U.S.C. §§ 5531, 5536.

9 **COUNT VI**

10 **Substantial Assistance in Violation of the CFPA**

11 **(Johnson and Schlegel)**

12 109. The allegations in paragraphs 1-74 are incorporated by reference.

13 110. CCC, IMC, and Prime are covered persons that committed deceptive
14 acts and practices in violation of the CFPA, 12 U.S.C. § 5536(a)(1).

15 111. Johnson knowingly or recklessly provided substantial assistance to
16 CCC, IMC, and Prime in their violations of the CFPA.

17 112. Therefore, Johnson provided substantial assistance to CCC, IMC, and
18 Prime, in violation of the CFPA, 12 U.S.C. § 5536(a)(3).

19 113. Schlegel knowingly or recklessly provided substantial assistance to
20 CCC, IMC, and Prime in their violations of the CFPA.

1 114. Therefore, Schlegel provided substantial assistance to CCC, IMC, and
2 Prime, in violation of the CFPA, 12 U.S.C. § 5536(a)(3).

3 **THIS COURT'S POWER TO GRANT RELIEF**

4 115. The CFPA empowers this Court to grant any appropriate legal or
5 equitable relief including, without limitation, a permanent or temporary injunction,
6 rescission or reformation of contracts, the refund of monies paid, restitution,
7 disgorgement or compensation for unjust enrichment, and monetary relief,
8 including but not limited to civil money penalties, to prevent and remedy any
9 violation of any provision of law enforced by the Bureau. 12 U.S.C. §§ 5538(a);
10 5565(a), (c).

11 **PRAYER FOR RELIEF**

12 The Bureau requests that the Court, as permitted by 12 U.S.C. § 5565:

13 a. Permanently enjoin Defendants from committing further violations of
14 the CFPA and the TSR and other provisions of Federal consumer financial law as
15 defined by 12 U.S.C. § 5481(14);

16 b. Grant additional injunctive relief as the Court may deem to be just and
17 proper;

18 c. Award damages and other monetary relief against Defendants as the
19 Court finds necessary to redress injury to consumers resulting from Defendants'
20 violations of the CFPA and the TSR, including but not limited to rescission or

1 reformation of contracts, the refund of monies paid, restitution, disgorgement or
2 compensation for unjust enrichment;

3 d. Award Plaintiff civil money penalties; and

4 e. Award Plaintiff the costs of bringing this action, as well as such other
5 and additional relief as the Court may determine to be just and proper.

6
7 Dated: June 27, 2017

8 Respectfully submitted,

9 Anthony Alexis
10 Enforcement Director

11 Deborah Morris
12 Deputy Enforcement Director

13 Craig Cowie
14 Assistant Litigation Deputy

15 /s/ Sarah Preis

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

10 Consumer Financial Protection Bureau,

11 Plaintiff,

12 v.

13 Park View Law, Inc. (f.k.a. Prime Law Experts,
14 Inc.), and Arthur Barens,

15 Defendants.

Case No. 2:17-cv-4721

**COMPLAINT FOR
PERMANENT
INJUNCTION AND
OTHER RELIEF**

1 **INTRODUCTION**

2 1. Plaintiff, the Consumer Financial Protection Bureau (“Bureau”),
3 brings this action against Park View Law, Inc. (a.k.a. Park View Legal, a.k.a.
4 Prime Law Experts, Inc.) and Arthur Barends under Sections 1031(a), 1036(a), and
5 1054(a) of the Consumer Financial Protection Act of 2010 (“CFPA”), 12 U.S.C.
6 §§ 5531(a), 5536(a), and 5564(a), and the Telemarketing and Consumer Fraud and
7 Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and its
8 implementing regulation, the Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part
9 310, to obtain permanent injunctive relief, civil money penalties, and other
10 appropriate relief in connection with Defendants’ offer and sale of credit repair
11 services to consumers.

12 **JURISDICTION AND VENUE**

13 2. This Court has subject-matter jurisdiction over this action because it is
14 “brought under Federal consumer financial law,” 12 U.S.C. § 5565(a)(1), presents
15 a federal question, 28 U.S.C. § 1331, and is brought by an agency of the United
16 States, 28 U.S.C. § 1345.

17 3. Venue is proper in this District under 28 U.S.C. § 1391(b)(2), because
18 a substantial part of the events or omissions giving rise to the claims herein
19 occurred in this District, and under 12 U.S.C. § 5564(f), because Defendants did
20 business in this District.

PARTIES

1
2 4. The Bureau is an independent agency of the United States. 12 U.S.C.
3 § 5491. The Bureau is charged with enforcing Federal consumer financial laws.
4 12 U.S.C. §§ 5563, 5564. The Bureau has independent litigating authority, 12
5 U.S.C. § 5564(a)-(b), including the authority to enforce the TSR as it applies to
6 persons subject to the CFPA, 15 U.S.C. § 6105(d).

7 5. Defendant Park View Law, Inc. (f.k.a. Prime Law Experts, Inc.)
8 (“PVL”) was a registered California corporation with a place of business in Los
9 Angeles, California.

10 6. PVL offered or provided credit repair, which is a consumer financial
11 product or service covered by the CFPA, 12 U.S.C. § 5481(15)(A)(viii),(ix), and
12 therefore is a covered person within the meaning of the CFPA, *id.* § 5481(6).

13 7. PVL is a seller, as defined by the TSR, 16 C.F.R. § 310.2(dd),
14 because, in connection with a telemarketing transaction, it arranged for others to
15 provide goods or services to customers in exchange for consideration.

16 8. Defendant Arthur Barens (“Barens”) is a California resident.

17 9. Barens incorporated Prime Law Experts in December 2012, and
18 amended the name to Park View Law in 2013. Barens registered PVL as a credit
19 repair company with the state of California, and served as PVL’s sole owner,
20 officer, and employee.

1 10. From at least March 2013 until as late as June 29, 2015, Barens—as
2 the sole owner and employee of PVL—engaged in the acts and practices of PVL
3 set forth in this Complaint.

4 11. Because of his status as a director, officer, or employee charged with
5 managerial responsibility for PVL, and because of his status as the controlling
6 shareholder of PVL who materially participated in its affairs, Barens was a “related
7 person” deemed to be a “covered person” under the CFPA with respect to PVL. 12
8 U.S.C. §§ 5481(25)(B), (C)(i), (ii).

9 12. Barens was a “seller” within the meaning of the TSR because, in
10 connection with a telemarketing transaction, he arranged for others to provide
11 services to customers in exchange for consideration. 16 C.F.R. § 310.2(dd).

12 **DEFENDANTS PROVIDED CREDIT REPAIR SERVICES THROUGH**
13 **PARTNERSHIPS WITH PRIME AND PMH**

14 13. Defendants provided credit repair services to consumers through
15 partnerships with two other companies: Prime Credit, L.L.C. (a.k.a. Prime
16 Marketing, L.L.C.; d.b.a. Prime Credit Consultants) (“Prime”) and Prime
17 Marketing Holdings, L.L.C. (“PMH”).

18 14. In March 2013, Defendants entered into an agreement with Prime,
19 which enabled Prime to offer, sell, and provide credit repair services using PVL’s
20 name.

1 15. Defendants authorized Prime to provide credit repair services to
2 consumers under PVL's name and to execute contracts with consumers on PVL's
3 behalf.

4 16. Defendants also authorized Prime to market credit repair services to
5 consumers under PVL's name.

6 17. Barens, who served as PVL's sole owner and employee, was aware of
7 the contents of the telemarketing scripts that Prime's telemarketers used in sales
8 calls with consumers.

9 18. As the sole owner and employee of PVL, Barens was responsible for
10 Prime's telemarketing, including representations contained in those scripts while
11 marketing credit repair services to consumers under PVL's name.

12 19. Barens was aware of and authorized the types of fees that customers
13 were charged for credit repair services and the timing of those fees.

14 20. At times, Barens responded to consumer complaints about the credit
15 repair services PVL and Prime offered.

16 21. Defendants continued working with Prime until Prime sold its assets
17 to PMH on September 30, 2014.

18 22. From October 1, 2014 until as late as June 29, 2015, Defendants
19 worked with PMH to offer and provide credit repair services pursuant to an
20 agreement that operated similarly to PVL's agreement with Prime.

1 23. Pursuant to that agreement, Defendants authorized PMH to market
2 and provide credit repair services under PVL's name, authorized PMH to execute
3 contracts with consumers on PVL's behalf, and responded to certain consumer
4 complaints about their agreements with PVL.

5 24. Barens was aware of the contents of the telemarketing scripts that
6 PMH's telemarketers used in sales calls with consumers.

7 25. Defendants were responsible for representations contained in scripts
8 that PMH's telemarketers used while marketing credit repair services to consumers
9 under PVL's name.

10 26. Defendants caused harm to consumers who paid fees for credit repair
11 services offered under PVL's name.

12 **DEFENDANTS PARTICIPATED IN THE CHARGING OF UNLAWFUL**

13 **ADVANCE FEES**

14 27. Through partnerships with Prime and PMH, Defendants participated
15 in the charging of unlawful advance fees.

16 28. Defendants authorized Prime and PMH to market credit repair
17 services under PVL's name to consumers nationwide through telemarketing.

18 29. Consumers who contracted with PVL through Prime and PMH
19 included individuals who were seeking to obtain a mortgage, loan, refinancing or
20 other extension of credit.

1 30. Defendants authorized Prime and PMH to request and receive
2 payments for credit repair services under PVL's name.

3 31. Consumers were typically charged three types of fees in the first six
4 months of service: (1) an initial consultation fee; (2) a one-time set-up fee; and (3)
5 monthly fees.

6 32. During sales calls with these consumers, telemarketers represented
7 that a consultation regarding the consumer's credit report was the first step in the
8 credit repair process.

9 33. Consumers paid an initial fee that was typically \$59.95 for the
10 consultation and for a copy of their credit report.

11 34. If the consumer agreed to receive services beyond the consultation,
12 the consumer's contract with PVL required that the consumer pay a set-up fee that
13 was typically hundreds of dollars.

14 35. Beginning in the third month of service, consumers were charged
15 monthly fees, which were typically \$89.99 per month.

16 36. During the service period, Prime or PMH mailed dispute letters to the
17 credit reporting agencies, challenging much of the negative information in the
18 consumers' reports, even if that information was accurate and not obsolete.

19 37. Consumers continued to receive charges for monthly fees until they
20 affirmatively cancelled their contracts.

1 38. Defendants, Prime, and PMH typically did not obtain credit reports or
2 credit scores while customers received services or after consumers completed
3 services to determine whether negative items had been removed from consumers'
4 credit reports or whether consumers' credit scores had increased.

5 39. Barens, PVL's sole owner and employee, was aware of and authorized
6 Prime's and PMH's practices concerning the fees charged in PVL's name.

7 **DEFENDANTS PARTICIPATED IN MAKING MISREPRESENTATIONS**

8 **REGARDING THE EFFICACY OF CREDIT REPAIR SERVICES**

9 40. Defendants participated in the making of misrepresentations to
10 consumers regarding the efficacy of the credit repair services offered and provided
11 in PVL's name.

12 **Removal of Negative Items**

13 41. With Defendants' participation and authorization, Prime and PMH
14 misrepresented their ability to remove negative items from consumers' credit
15 reports on PVL's behalf by failing to make clear the limited circumstances in
16 which they could do so.

17 42. Pursuant to the Fair Credit Reporting Act, a consumer reporting
18 agency typically may not report negative items that are more than seven years old,
19 or bankruptcies that are more than ten years old. 15 U.S.C. § 1681c.

20

1 43. A consumer reporting agency may continue reporting a disputed item
2 unless after an investigation the disputed item is found to be inaccurate,
3 incomplete, or cannot be verified. 15 U.S.C. § 1681i(a)(5)(A).

4 44. Following a reinvestigation, consumer reporting agencies only have to
5 remove inaccurate, incomplete, or unverifiable information from consumers' credit
6 reports. 15 U.S.C. § 1681i(a)(1)(A), (5)(A).

7 45. In numerous instances, Prime's and PMH's marketing created the net
8 impression that credit repair services provided in PVL's name would or likely
9 would result in the removal of material negative entries on consumers' credit
10 reports, regardless of whether the negative entries were inaccurate or obsolete.

11 46. Barens was aware of the representations made by Prime's and PMH's
12 telemarketers to consumers when offering credit repair services under PVL's
13 name.

14 47. Defendants were responsible for the representations made by Prime
15 and PMH when offering credit repair services to consumers under PVL's name.

16 48. Defendants, Prime, and PMH lacked a reasonable basis for
17 representing that their credit repair services could remove negative items when
18 they did not have information indicating that such items were inaccurate or
19 obsolete.

20

1 49. Because Defendants, Prime, and PMH typically did not track whether
2 negative items were removed from consumers' credit reports, they lacked a
3 reasonable basis for representing without qualification that their services would or
4 likely would result in the removal of negative items.

5 **Ability to Improve Consumers' Credit Scores**

6 50. With Defendants' participation and authorization, Prime and PMH
7 misrepresented, explicitly and implicitly, PVL's and their ability to increase
8 consumers' credit scores.

9 51. Defendants authorized Prime and PMH to use telemarketers to market
10 credit repair services under PVL's name.

11 52. In numerous instances, those telemarketers represented during sales
12 calls that credit repair services offered in PVL's name substantially raised
13 customers' credit scores, often stating that their customers' scores increased by an
14 average of 100 or more points.

15 53. Barens was aware of the representations made by Prime's and PMH's
16 telemarketers to consumers when offering credit repair services under PVL's
17 name.

18 54. Defendants were responsible for representations made by Prime and
19 PMH when offering credit repair services to consumers under PVL's name.
20

1 55. Defendants, Prime, and PMH lacked a reasonable basis for
2 representing that their credit repair services substantially raised its customers'
3 credit scores.

4 56. Defendants, Prime, and PMH typically did not obtain or review
5 consumers' credit scores to determine whether their credit scores increased after
6 using credit repair services.

7 57. Because Defendants, Prime, and PMH did not actually measure the
8 average credit score increase obtained by consumers who used their services, they
9 lacked a reasonable basis for stating that their services increased credit scores by
10 an average of 100 or more points.

11 58. The representations that Defendants, Prime, and PMH's services
12 increased credit scores by an average of over 100 or more points were also false.

13 **DEFENDANTS PARTICIPATED IN MISREPRESENTATIONS**
14 **REGARDING THE TERMS OF THE "GUARANTEE" IN ITS CONTRACT**

15 59. Defendants also participated in the making of misrepresentations
16 regarding the terms of a money-back guarantee for the credit repair services they
17 offered in partnership with Prime and PMH.

18 60. Defendants authorized marketing that created the impression that if a
19 consumer was not satisfied with PVL's credit repair services, the consumer could
20 obtain a refund.

1 61. But PVL's sales contracts typically limited the guarantee to the
2 removal of a minimum of one disputed item within 180 days of the execution of
3 the sales contract.

4 62. Defendants, Prime, and PMH construed the guarantee as meaning that
5 so long as their credit repair services resulted in the removal of a single disputed
6 item within six months, consumers could not obtain a refund, even if their credit
7 scores did not improve.

8 63. Defendants, Prime, and PMH also typically required customers to pay
9 for a full six months of services to be eligible for the guarantee.

10 64. The limitations of PVL's refund policy were not clearly and
11 conspicuously disclosed during sales calls and in PVL's online marketing.

12 65. Barens was aware of complaints from customers who considered the
13 marketing of its guarantee to be deceptive.

14 **DEFENDANTS PARTICIPATED IN MISREPRESENTATIONS**

15 **REGARDING THE COST OF CREDIT REPAIR SERVICES**

16 66. In addition to an initial consultation fee and a one-time set-up fee,
17 PVL's contract required customers enrolled in credit repair services to pay monthly
18 fees.

1 having been issued more than six months after the results were achieved. 16
2 C.F.R. § 310.4(a)(2).

3 **COUNT II**

4 **Misrepresentations about Material Aspects of the Efficacy of Services in**

5 **Violation of the TSR**

6 **(PVL and Barens)**

7 72. The allegations in paragraphs 1-68 are incorporated by reference.

8 73. It is a deceptive act or practice under the TSR for sellers to
9 misrepresent any material aspect of the efficacy of their services. 16 C.F.R.
10 § 310.3(a)(2)(iii).

11 74. In numerous instances, in connection with the offering or provision of
12 credit repair services, Defendants represented, directly or indirectly, expressly or
13 by implication, that credit repair services offered under the PVL name would or
14 likely would result in the removal of material negative entries on consumers' credit
15 reports regardless of whether the negative entries were inaccurate or obsolete.

16 75. In numerous instances, in connection with the offering or provision of
17 credit repair services, Defendants represented, directly or indirectly, expressly or
18 by implication that credit repair services offered under the PVL name would or
19 likely would result in a substantial increase to consumers' credit scores.

20

1 84. Defendants misrepresented, directly or indirectly, expressly or by
2 implication, the terms of this guarantee.

3 85. Because Defendants were each sellers, their failure to clearly and
4 conspicuously disclose the material terms and conditions of PVL's refund policy
5 before a consumer consented to pay for goods or services violated the TSR. 16
6 C.F.R. § 310.3(a)(1)(iii).

7 **COUNT IV**

8 **Misrepresentations Regarding the Cost of Services in Violation of the TSR**

9 **(PVL and Barens)**

10 86. The allegations in paragraphs 1-68 are incorporated by reference.

11 87. It is a deceptive act or practice under the TSR for a seller to
12 misrepresent, directly or by implication, the total cost to purchase the goods and
13 services that are the subject of the sales offer. 16 C.F.R. § 310.3(a)(2)(i).

14 88. Defendants have misrepresented the total cost of credit repair services
15 offered under the PVL name.

16 89. These representations have been material and likely to mislead
17 consumers acting reasonably under the circumstances.

18 90. Because Defendants were each sellers, their misrepresentations about
19 the total cost of the credit repair services violate the TSR. 16 C.F.R.
20 § 310.3(a)(2)(i).

1 **COUNT V**

2 **Deceptive Acts or Practices in Violation of the CFPA**

3 **(PVL and Barens)**

4 91. The allegations in paragraphs 1-68 are incorporated by reference.

5 92. In numerous instances, in connection with the offering or provision of
6 credit repair services, Defendants represented, directly or indirectly, expressly or
7 by implication, that credit repair services offered under the PVL name will or
8 likely will result in the removal of material negative entries on consumers' credit
9 reports regardless of whether the negative entries were inaccurate or obsolete.

10 93. In numerous instances, in connection with the offering or provision of
11 credit repair services, Defendants represented, directly or indirectly, expressly or
12 by implication that credit repair services offered under the PVL name will or likely
13 will result in a substantial increase to consumers' credit scores.

14 94. These representations have been material and likely to mislead
15 consumers acting reasonably under the circumstances.

16 95. Because Defendants lacked a reasonable basis for these
17 representations, the representations were deceptive.

18 96. Defendants' representations regarding the ability of credit repair
19 services offered under the PVL name to remove negative entries on consumers'
20 credit reports and improve consumers' credit scores were false.

1 97. In numerous instances, in connection with the offering or provision of
2 credit repair services, Defendants, directly or indirectly, expressly or by
3 implication, made material misrepresentations regarding the terms of PVL's
4 guarantee.

5 98. Defendants' marketing has created the net impression that consumers
6 could obtain a full refund if they were not satisfied with the credit repair services
7 offered under the PVL name.

8 99. However, Defendants' guarantee policy was limited to the removal of
9 one "disputed" item with 180 days, and only applied if consumers agreed to pay
10 for six months of services.

11 100. In numerous instances, in connection with the offering or provision of
12 credit repair services, Defendants, directly or indirectly, expressly or by
13 implication, made material misrepresentations regarding the costs of credit repair
14 services offered under the PVL name.

15 101. These representations regarding the efficacy of credit repair services
16 offered under the PVL name, the terms of PVL's guarantee, and the cost of credit
17 repair services offered under the PVL name have been material and likely to
18 mislead consumers acting reasonably under the circumstances.

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COUNT VII

Substantial Assistance in Violation of the CFPA

(Barens)

107. The allegations in paragraphs 1-68 are incorporated by reference.

108. Prime and PMH are covered persons that committed deceptive acts and practices in violation of the CFPA, 12 U.S.C. § 5536(a)(1).

109. Barens knowingly and recklessly provided substantial assistance to Prime and PMH.

110. Therefore, Barens provided substantial assistance to Prime and PMH in violation of the CFPA, 12 U.S.C. § 5536(a)(3).

THIS COURT'S POWER TO GRANT RELIEF

111. The CFPA empowers this Court to grant any appropriate legal or equitable relief including, without limitation, a permanent or temporary injunction, rescission or reformation of contracts, the refund of monies paid, restitution, disgorgement or compensation for unjust enrichment, and monetary relief, including but not limited to civil money penalties, to prevent and remedy any violation of any provision of law enforced by the Bureau. 12 U.S.C. §§ 5538(a); 5565(a), (c).

PRAYER FOR RELIEF

The Bureau requests that the Court, as permitted by 12 U.S.C. § 5565:

1 a. Permanently enjoin Defendants from committing further violations of
2 the CFPA and the TSR and other provisions of Federal consumer financial law as
3 defined by 12 U.S.C. § 5481(14);

4 b. Grant additional injunctive relief as the Court may deem to be just and
5 proper;

6 c. Award damages and other monetary relief against Defendants as the
7 Court finds necessary to redress injury to consumers resulting from Defendants'
8 violations of the CFPA and the TSR, including but not limited to rescission or
9 reformation of contracts, the refund of monies paid, restitution, disgorgement or
10 compensation for unjust enrichment;

11 d. Award Plaintiff civil money penalties; and

12 e. Award Plaintiff the costs of bringing this action, as well as such other
13 and additional relief as the Court may determine to be just and proper.

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1 Dated: June 27, 2017

2 Respectfully submitted,

3 Anthony Alexis
4 Enforcement Director

5 Deborah Morris
6 Deputy Enforcement Director

7 Craig Cowie
8 Assistant Litigation Deputy

9 /s/ Sarah Preis

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