

1 ALDEN F. ABBOTT
2 General Counsel

3 JOHN D. JACOBS, CA Bar No. 134154
4 DELILAH VINZON, CA Bar No. 222681
5 MARICELA SEGURA, CA Bar No. 225999
6 Federal Trade Commission
7 10990 Wilshire Boulevard, Suite 400
8 Los Angeles, CA 90024
9 msegura@ftc.gov, jjacobs@ftc.gov,
dvinzon@ftc.gov
Tel: (310) 824-4300; Fax: (310) 824-4380

10 KEITH ELLISON
11 Attorney General State of Minnesota

12 ADRIENNE L. KAUFMAN, MN Bar No. 0397523
13 Office of the Minnesota Attorney General
14 445 Minnesota Street, Suite 1200
15 St. Paul, MN 55101-2134
16 adrienne.kaufman@ag.state.mn.us
Tel: (651) 757-1485; Fax: (651) 296-7438

17 UNITED STATES DISTRICT COURT
18 CENTRAL DISTRICT OF CALIFORNIA
19

20	FEDERAL TRADE COMMISSION,)	Case No. 2:19-cv-7849
21	and)	
22	STATE OF MINNESOTA, by its)	STIPULATION AS TO ENTRY OF
23	Attorney General, Keith Ellison,)	ORDER FOR PERMANENT
24	Plaintiffs,)	INJUNCTION, MONETARY RELIEF
25	v.)	AND FINAL JUDGMENT AS TO
26	MANHATTAN BEACH)	DEFENDANT EQUITABLE
27	VENTURE, LLC, a limited liability)	ACCEPTANCE CORPORATION
28	company, also d/b/a The Student)	
	Loan Relief Department;)	

1)
 2 CHRISTOPHER E. LYELL, an)
 individual;)
 3)
 4 BRADLEY K. HANSEN, an)
 individual; and)
 5)
 6 EQUITABLE ACCEPTANCE)
 CORPORATION, a corporation,)
 7)
 8 Defendants.)
 9)

10 Plaintiff, the Federal Trade Commission (“Commission or “FTC”), and
 11 Plaintiff, the Minnesota Attorney General (“MN AG”) (collectively, “Plaintiffs”),
 12 filed their Complaint for Permanent Injunction and Other Equitable Relief
 13 (“Complaint”), pursuant to Sections 13(b) and 19 of the Federal Trade
 14 Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, the Telemarketing and
 15 Consumer Fraud and Abuse Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108,
 16 the Truth in Lending Act (“TILA”), 15 U.S.C. § 1601-1666j, the Minnesota
 17 Uniform Deceptive Trade Practices Act (“MN DTPA”), Minn. Stat. §§ 325D.43–
 18 .48, the Minnesota Prevention of Consumer Fraud Act (“MN CFA”), Minn. Stat.
 19 §§ 325F.68–.694, the Debt Settlement Services Act (“MN DSSA”), Minn. Stat.
 20 §§ 332B.02–.14, and the Minnesota Regulated Loan Act (“MN RLA”), Minn. Stat.
 21 §§ 56.0001–.26 against Defendants Manhattan Beach Venture, LLC d/b/a the
 22 Student Loan Relief Department, Christopher E. Lyell, Bradley K. Hansen
 23 (collectively, “MBV Defendants”) and Equitable Acceptance Corporation
 24 (“EAC”).

25 Plaintiff and Defendant EAC have agreed to entry of a Stipulated Order For
 26 Permanent Injunction, Monetary Relief and Final Judgment (lodged concurrently
 27 with this Stipulation) to resolve all claims against Defendant EAC in this action.
 28

1 Plaintiffs and Defendant EAC have consented to entry of this Stipulated Order for
2 Permanent Injunction and Final Judgment without trial or adjudication of any issue
3 of law or fact herein.

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

7 **FINDINGS**

8 1. This Court has jurisdiction over this matter.

9 2. The Complaint charges that EAC participated in deceptive acts or
10 practices in violation of the FTC's Trade Regulation Rule entitled the
11 Telemarketing Sales Rule ("TSR"), 16 C.F.R. § 310, by providing substantial
12 assistance or support to MBV Defendants, whom EAC allegedly knew, or
13 consciously avoided knowing, were engaged in violations of the TSR, and charges
14 that these acts or practices are deceptive telemarketing acts or practices that violate
15 the TSR, 16 C.F.R. § 310.3(b).

16 3. The Complaint also charges that EAC, in the offering or extension of
17 credit to consumers for purchase of MBV Defendants' products or services,
18 misstated the terms of these loans in violation of the Truth in Lending Act
19 ("TILA"), 15 U.S.C. §§ 1631 and 1638, and its implementing Regulation Z, 12
20 C.F.R. §§ 1026.17 and 1026.18. The Complaint further alleges that EAC violated
21 the MN RLA by failing to make the disclosures required by Minnesota Statutes
22 section 56.14(1), which incorporates TILA disclosures into Minnesota state law.

23 4. EAC neither admits nor denies any of the allegations in the
24 Complaint, except as specifically stated in this Order. Only for purposes of this
25 action, EAC admits the facts necessary to establish jurisdiction.

26 5. EAC waives any claim that it may have under the Equal Access to
27 Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through
28 the date of this Order, and agrees to bear its own costs and attorney fees.

1 6. EAC and Plaintiffs waive all rights to appeal or otherwise challenge
2 or contest the validity of this Order.

3 **DEFINITIONS**

4 A. **“Assisting Others”** includes:

5 1. performing customer service functions, including receiving or
6 responding to consumer complaints;

7 2. formulating or providing, or arranging for the formulation or
8 provision of, any advertising or marketing material, including any telephone sales
9 script, direct mail solicitation, or the design, text, or use of images of any Internet
10 website, email, or other electronic communication;

11 3. formulating or providing, or arranging for the formulation or
12 provision of, any marketing support material or service, including web or Internet
13 Protocol addresses or domain name registration for any Internet websites, affiliate
14 marketing services, or media placement services;

15 4. providing names of, or assisting in the generation of, potential
16 customers;

17 5. performing marketing, billing, or payment services of any kind; or

18 6. acting or serving as an owner, officer, director, manager, or principal
19 of any entity.

20 B. **“Consumer Reporting Agency”** or **“CRA”** shall mean any Person
21 which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly
22 engages in whole or in part in the practice of assembling or evaluating consumer
23 credit information or other information on consumers for the purpose of furnishing
24 consumer reports to third parties, and which uses any means or facility of interstate
25 commerce for the purpose of preparing or furnishing consumer reports.

26 C. **“Dealer”** means any Person for whom EAC is providing credit
27 services to consumers for the purchase of that Person’s product or service.
28

1 D. **“Debt”** means any obligation or alleged obligation of a consumer to
2 pay money arising out of a transaction in which the money, property, or services
3 that are the subject of the transaction are primarily for personal, family, or
4 household purposes, whether or not such obligation has been reduced to judgment.

5 E. **“MBV”** means Defendant Manhattan Beach Venture, LLC d/b/a the
6 Student Loan Relief Department.

7 F. **“MBV Defendants”** means Defendants Manhattan Beach Venture,
8 LLC d/b/a the Student Loan Relief Department, Christopher E. Lyell, and Bradley
9 K. Hansen, individually, collectively, or in any combination.

10 G. **“Person”** means a natural person, organization, or other legal entity,
11 including a corporation, partnership, proprietorship, association, cooperative, or
12 any other group or combination acting as an entity.

13 H. **“Secured or Unsecured Debt Relief Product or Service”** means:

14 1. With respect to any mortgage, loan, Debt, or obligation between a
15 person and one or more secured or unsecured creditors or debt collectors, any
16 product, service, plan, or program represented, expressly or by implication, to:

17 a. stop, prevent, or postpone any mortgage or deed of foreclosure
18 sale for a person’s dwelling, any other sale of collateral, any repossession of a
19 person’s dwelling or other collateral, or otherwise save a person’s dwelling or
20 other collateral from foreclosure or repossession;

21 b. negotiate, obtain, or arrange a modification, or renegotiate,
22 settle, or in any way alter any terms of the mortgage, loan, Debt, or obligation,
23 including a reduction in the amount of interest, principal balance, monthly
24 payments, or fees owed by a person to a secured or unsecured creditor or debt
25 collector;

26 c. obtain any forbearance or modification in the timing of
27 payments from any secured or unsecured holder or servicer of any mortgage, loan,
28 Debt, or obligation;

1 d. negotiate, obtain, or arrange any extension of the period of time
2 within which a person may (i) cure his or her default on the mortgage, loan, Debt,
3 or obligation, (ii) reinstate his or her mortgage, loan, Debt, or obligation, (iii)
4 redeem a dwelling or other collateral, or (iv) exercise any right to reinstate the
5 mortgage, loan, Debt, or obligation or redeem a dwelling or other collateral;

6 e. obtain any waiver of an acceleration clause or balloon payment
7 contained in any promissory note or contract secured by any dwelling or other
8 collateral; or

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

13 The foregoing shall include any manner of claimed assistance, including auditing
14 or examining a person's application for the mortgage, loan, Debt, or obligation.

15 2. With respect to any loan, Debt, or obligation between a person and
16 one or more unsecured creditors or debt collectors, any product, service, plan, or
17 program represented, expressly or by implication, to:

18 a. repay one or more unsecured loans, Debts, or obligations; or

19 b. combine unsecured loans, Debts, or obligations into one or
20 more new loans, Debts, or obligations.

21 **I.**

22 **BAN ON SECURED AND UNSECURED**
23 **DEBT RELIEF PRODUCTS AND SERVICES**

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

1 **II.**

2 **PROHIBITION AGAINST MISREPRESENTATIONS**
3 **RELATING TO FINANCIAL PRODUCTS AND SERVICES**

4 IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees,
5 and attorneys, and all other Persons in active concert or participation with any of
6 them, who receive actual notice of this Order, whether acting directly or indirectly,
7 in connection with the advertising, marketing, promoting, offering for sale, or
8 selling of any financial product or service, are permanently restrained and enjoined
9 from misrepresenting, or Assisting Others in misrepresenting, expressly or by
10 implication:

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

- 13 1. closing costs or other fees;
- 14 2. the payment schedule, monthly payment amount(s), any balloon
15 payment, or other payment terms;
- 16 3. the interest rate(s), annual percentage rate(s), or finance charge(s), and
17 whether they are fixed or adjustable;
- 18 4. the loan amount, credit amount, draw amount, or outstanding balance;
19 the loan term, draw period, or maturity; or any other term of credit;
- 20 5. the amount of cash to be disbursed to the borrower out of the
21 proceeds, or the amount of cash to be disbursed on behalf of the borrower to any
22 third parties;
- 23 6. whether any specified minimum payment amount covers both interest
24 and principal, and whether the credit has or can result in negative amortization; or
25 7. that the credit does not have a prepayment penalty or whether
26 subsequent refinancing may trigger a prepayment penalty and/or other fees;

27 B. the ability to improve or otherwise affect a consumer's credit record,
28 credit history, credit rating, or ability to obtain credit, including that a consumer's

1 credit record, credit history, credit rating, or ability to obtain credit can be
2 improved by permanently removing current, accurate negative information from
3 the consumer's credit record or history;

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

5 D. any other fact material to consumers concerning any good or service,
6 such as: the total costs; any material restrictions, limitations, or conditions; or any
7 material aspect of its performance, efficacy, nature, or central characteristics.

8 **III.**

9 **PROHIBITION AGAINST MISREPRESENTATIONS RELATING TO ANY**
10 **PRODUCTS OR SERVICES**

11 IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees,
12 and attorneys, and all other Persons in active concert or participation with any of
13 them, who receive actual notice of this Order, whether acting directly or indirectly,
14 in connection with the advertising, marketing, promoting, offering for sale, or
15 selling of any product, service, plan, or program, are permanently restrained and
16 enjoined from misrepresenting, or Assisting Others in misrepresenting, expressly
17 or by implication:

18 A. any material aspect of the nature or terms of any refund, cancellation,
19 exchange, or repurchase policy, including the likelihood of a consumer obtaining a
20 full or partial refund, or the circumstances in which a full or partial refund will be
21 granted to the consumer;

22 B. that any Person is affiliated with, endorsed or approved by, or
23 otherwise connected to any other Person; government entity; public, non-profit, or
24 other noncommercial program; or any other program;

25 C. the nature, expertise, position, or job title of any Person who provides
26 any product, service, plan, or program; or
27
28

1 D. any other fact material to consumers concerning any good or service,
2 such as: the total costs; any material restrictions, limitations, or conditions; or any
3 material aspect of its performance, efficacy, nature, or central characteristics.

4 **IV.**

5 **REQUIRED DISCLOSURES**

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

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

- 16 1. The identity of the creditor;
- 17 2. The amount financed;
- 18 3. The finance charge;
- 19 4. The annual percentage rate;
- 20 5. The payment schedule;
- 21 6. The total of payments; or

22 B. Violating any provision of the Truth in Lending Act, 15 U.S.C. §§
23 1601-1666j, or Regulation Z, 12 C.F.R. Part 1026.

24 **V.**

25 **PROHIBITION AGAINST COLLECTING ON MBV ACCOUNTS**
26 **AND CONSUMER NOTIFICATION**

27 IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees,
28 and attorneys, and all other Persons in active concert or participation with any of

1 them, who receive actual notice of this Order, whether acting directly or indirectly,
2 are permanently enjoined from attempting to collect, collecting, or assigning any
3 right to collect payment from any consumer on any Debt or extension of credit
4 related to the consumer's purchase from MBV of any product or service (the
5 "MBV Debt"). EAC shall not sell, assign, or otherwise transfer any MBV Debt.
6 For each MBV Debt that EAC has reported to a Consumer Reporting Agency
7 (CRA), EAC shall, within ten (10) business days after entry of this Order, request
8 that each CRA to which the Debt has been reported delete the Debt from the
9 consumer's credit reporting file. Within ten (10) business days of such request,
10 EAC shall mail a notice to each affected consumer informing the consumer clearly
11 and unambiguously of the following:

- 12 (1) that EAC had extended credit to the consumer in connection with a
13 purchase of student-loan related services that the consumer had made
14 from Manhattan Beach Venture, LLC, also known as Student Loan
15 Relief Department;
- 16 (2) that, pursuant to an agreement with the Federal Trade Commission
17 and the State of Minnesota, EAC will not collect or attempt to collect
18 on any debt that the consumer had incurred as a result of EAC's
19 extension of credit to the consumer;
- 20 (3) that EAC will not sell, assign or otherwise transfer any outstanding
21 debt that the consumer owes to EAC;
- 22 (4) that, to remain in any federal student loan payment assistance program
23 offered by the U.S. Department of Education, and to avoid losing the
24 benefits of continuous enrollment in such a program, the consumer is
25 required each year to re-certify, and update certain information to the
26 Department of Education, and that the consumer should contact the
27 Department of Education or the consumer's student loan servicer, and
28

1 not EAC, for information as to how and when to submit the required
2 annual re-certification;

3 (5) that EAC will no longer report to any information about the
4 consumer's EAC account to any Consumer Reporting Agency, and
5 that for each Consumer Reporting Agency to which EAC has
6 previously reported information about the consumer's account with
7 EAC, EAC has requested that the CRA delete the account from the
8 consumer's credit report; and

9 (6) the name and contact information for each CRA to which EAC
10 submitted the request to delete the consumer's account from the
11 consumer's credit reporting file, and the date on which the request
12 was sent.

13 EAC shall for one year from the date of this Order, keep (a) all contact information
14 for each consumer as to whom EAC is required to send the required notice and (b)
15 the template for the notice that EAC sent to consumers. EAC shall provide the
16 contact information and template to Plaintiffs upon request.

17 **VI.**

18 **MONETARY JUDGMENT AND PARTIAL SUSPENSION**

19 A. IT IS FURTHER ORDERED that Judgment in the amount of Three
20 Million Eight Hundred One Thousand Two Hundred Forty-Four Dollars
21 (\$3,801,244) is entered in favor of Plaintiffs against Defendant Equitable
22 Acceptance Corporation as equitable monetary relief.

23 B. EAC is ordered to pay to Plaintiffs One Hundred Thirty-Six Thousand
24 Two Hundred Dollars (\$136,200), which, as EAC stipulates, its undersigned
25 counsel holds in escrow for no purpose other than payment to the Commission.
26 Such payment must be made within 7 days of entry of this Order by electronic fund
27 transfer in accordance with instructions previously provided by a representative of
28

1 the Commission. Upon such payment the remainder of the judgment is suspended,
2 subject to the Subsections below.

3 C. Plaintiffs' agreement to the suspension of the judgment is expressly
4 premised upon the truthfulness, accuracy and completeness of EAC's sworn
5 financial statements and related documents (collectively, "EAC Financial
6 Representations") submitted to the Commission and the MN AG. These
7 documents include:

- 8 1. the Financial Statement of Corporate Defendant Equitable Acceptance
9 Corporation, signed by Daryl Soeder, on February 18, 2019, including
10 the attachments; and
- 11 2. all documents that are listed in a letter dated May 2, 2019 sent by FTC
12 counsel John Jacobs to EAC counsel James Chareq with the subject
13 line "Equitable Acceptance Corp. / FTC Matter 1723041."

14 D. The suspension of the judgment will be lifted if, upon motion by
15 Plaintiffs, the Court finds that EAC failed to disclose any material asset, materially
16 misstated the value of any asset, or made any other material misstatement or
17 omission in the EAC Financial Representations identified above.

18 E. If the suspension of the judgment is lifted, the judgment becomes
19 immediately due in the amount specified in Subsection A. above (which the parties
20 stipulate only for purposes of this Section represents the consumer injury alleged in
21 the Complaint), less any payment previously made pursuant to this Section, plus
22 interest computed from the date of entry of this Order.

23 **VII.**

24 **ADDITIONAL MONETARY PROVISIONS**

25 IT IS FURTHER ORDERED that:

26 A. EAC relinquishes dominion and all legal and equitable right, title, and
27 interest in all assets transferred pursuant to this Order and may not seek the return
28 of any assets.

1 B. The facts alleged in the Complaint will be taken as true, without
2 further proof, in any subsequent civil litigation by or on behalf of Plaintiffs,
3 including in a proceeding to enforce its rights to any payment or monetary
4 judgment pursuant to this Order, such as a nondischargeability complaint in any
5 bankruptcy case.

6 C. The facts alleged in the Complaint establish all elements necessary to
7 sustain an action by Plaintiffs pursuant to Section 523(a)(2)(A) of the Bankruptcy
8 Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect
9 for such purposes.

10 D. EAC acknowledges that its Taxpayer Identification Number, which
11 EAC previously submitted to Plaintiffs, may be used for collecting and reporting
12 on any delinquent amount arising out of this Order, in accordance with 31 U.S.C.
13 §7701.

14 E. All money paid to Plaintiffs pursuant to this Order may be deposited
15 into a fund administered by the Plaintiff Federal Trade Commission, Plaintiff
16 Minnesota Attorney General's Office, or either one's designee to be used for
17 equitable relief, including consumer redress and any attendant expenses for the
18 administration of any redress fund. If Plaintiffs decide that direct redress to
19 consumers is wholly or partially impracticable or money remains after redress is
20 completed, all remaining funds are to be divided equally between the Commission
21 and MN AG, with half to be deposited to the U.S. Treasury as disgorgement and
22 half to be provided to the MN AG to be used in accordance with applicable
23 Minnesota law. EAC has no right to challenge any actions Plaintiffs or their
24 representatives may take pursuant to this Subsection.

25 **VIII.**

26 **CUSTOMER INFORMATION**

27 IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees,
28 attorneys, and all other Persons or entities in active concert or participation with

1 any of them, who receive actual notice of this Order, are permanently restrained
2 and enjoined from directly or indirectly:

3 A. failing to provide sufficient customer information to enable Plaintiffs
4 to efficiently administer consumer redress. If a representative of either Plaintiff
5 requests in writing any information related to redress, EAC must provide it, in the
6 form prescribed by that Plaintiff, within 14 days;

7 B. disclosing, using, or benefitting from any information relating to any
8 MBV customer that EAC obtained prior to entry of this Order, including the name,
9 address, telephone number, email address, social security number, FSA ID, other
10 identifying information, or any data that enables access to a customer's account
11 (including a student loan account, credit card, bank account, or other financial
12 account); and

13 C. failing to destroy MBV customer information in all forms in EAC's
14 possession, custody, or control within 30 days after receipt of written direction to
15 do so from a representative of Plaintiffs.

16 *Provided*, however, that customer information need not be disposed of, and
17 may be disclosed, to the extent requested by a government agency or required by
18 law, regulation, or court order.

19 **IX.**

20 **ORDER ACKNOWLEDGMENTS**

21 IT IS FURTHER ORDERED that EAC obtain acknowledgments of receipt
22 of this Order:

23 A. EAC within 7 days of entry of this Order, must submit to Plaintiffs an
24 acknowledgment of receipt of this Order sworn under penalty of perjury.

25 B. For five 5 years after entry of this Order, EAC for any business that it
26 is the majority owner or controls directly or indirectly must deliver a copy of this
27 Order to: (1) all principals, officers, directors, and LLC managers and members;
28 (2) all employees, agents, and representatives who participate in conduct related to

1 the subject matter of the Order; (3) all Dealers with whom EAC is engaged in a
2 business relationship; and (4) any business entity resulting from any change in
3 structure as set forth in the Section titled Compliance Reporting. Delivery must
4 occur within 7 days of entry of this Order for current personnel. For all others,
5 delivery must occur before they assume their responsibilities.

6 C. From each Person to which EAC delivered a copy of this Order, EAC
7 must obtain, within 30 days, a signed and dated acknowledgment of receipt of this
8 Order.

9 **X.**

10 **COMPLIANCE REPORTING**

11 IT IS FURTHER ORDERED that EAC make timely submissions to
12 Plaintiffs:

13 A. One year after entry of this Order, EAC must submit a compliance
14 report, sworn under penalty of perjury:

15 1. EAC must: (a) identify the primary physical, postal, and email address
16 and telephone number, as designated points of contact, which representatives of
17 Plaintiffs may use to communicate with EAC; (b) identify all of EAC's businesses
18 by all of their names, telephone numbers, and physical, postal, email, and Internet
19 addresses; (c) describe the activities of each business, including the goods and
20 services offered, the means of advertising, marketing, and sales, and the
21 involvement of any other defendant in this proceeding; (d) describe in detail
22 whether and how EAC is in compliance with each Section of this Order; and (e)
23 provide a copy of each Order Acknowledgment obtained pursuant to this Order,
24 unless previously submitted to Plaintiffs.

25 B. For 20 years after entry of this Order, EAC must submit a compliance
26 notice, sworn under penalty of perjury, within 14 days of any change in the
27 following:
28

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

7 C. EAC must submit to the Plaintiffs notice of the filing of any
8 bankruptcy petition, insolvency proceeding, or similar proceeding by or against
9 EAC within 14 days of its filing.

10 D. Any submission to Plaintiffs required by this Order to be sworn under
11 penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746,
12 such as by concluding: “I declare under penalty of perjury under the laws of the
13 United States of America that the foregoing is true and correct. Executed on:
14 _____” and supplying the date, signatory’s full name, title (if applicable), and
15 signature.

16 E. Unless otherwise directed by a Commission representative in writing,
17 all submissions to the Federal Trade Commission pursuant to this Order must be
18 emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal
19 Service) to: Associate Director for Enforcement, Bureau of Consumer Protection,
20 Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC
21 20580. The subject line must begin: FTC v. Manhattan Beach Venture, Inc.
22 Unless otherwise directed by a MN AG representative in writing, all submissions
23 to the MN AG pursuant to this Order must be emailed to
24 lindsey.lee@ag.state.mn.us and mailed to Lindsey Lee, Assistant Attorney
25 General, Office of the Minnesota Attorney General, 445 Minnesota Street, Suite
26 1200, St. Paul, Minnesota 55101.

1 **XI.**

2 **RECORDKEEPING**

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

5 Specifically, for any business that EAC is a majority owner or controls directly or
6 indirectly, must create and retain the following records:

7 A. accounting records showing the revenues from all goods or services
8 sold;

9 B. personnel records showing, for each person providing services,
10 whether as an employee or otherwise, that person's: name; addresses; telephone
11 numbers; job title or position; dates of service; and (if applicable) the reason for
12 termination;

13 C. records of all consumer complaints and refund requests, whether
14 received directly or indirectly, such as through a third party, and any response;

15 D. all records necessary to demonstrate full compliance with each
16 provision of this Order, including all submissions to the Plaintiffs; and

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

18 **XII.**

19 **COMPLIANCE MONITORING**

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

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

1 prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic
2 depositions), 31, 33, 34, 36, 45, and 69.

3 B. For matters concerning this Order, Plaintiffs are authorized to
4 communicate directly with EAC. EAC must permit representatives of Plaintiffs to
5 interview any employee or other person affiliated with EAC who has agreed to
6 such an interview. The person interviewed may have counsel present.

7 C. Plaintiffs may use all other lawful means, including posing, through
8 its representatives as consumers, suppliers, or other individuals or entities, to EAC
9 or any individual or entity affiliated with EAC, without the necessity of
10 identification or prior notice. Nothing in this Order limits the Commission's
11 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act,
12 15 U.S.C. §§ 49, 57b-1, or the MN AG's lawful use of compulsory process
13 pursuant to Minnesota law.

14 **XIII.**


15 **RETENTION OF JURISDICTION**

16 IT IS FURTHER ORDERED that this Court retains jurisdiction of this
17 matter for purposes of construction, modification, and enforcement of this Order.

18
19 SO STIPULATED:

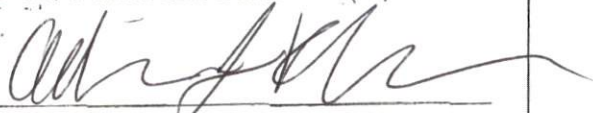
20
21 **FOR PLAINTIFF FEDERAL TRADE COMMISSION**

22
23 Dated: Sept. 10, 2019

24 
25 John Jacobs
26 Delilah Vinzon
27 Maricela Segura
28 FEDERAL TRADE COMMISSION


FOR PLAINTIFF STATE OF MINNESOTA

Dated: 9/10/2019


Adrienne L. Kaufman
OFFICE OF THE MINNESOTA
ATTORNEY GENERAL

FOR DEFENDANT EQUITABLE ACCEPTANCE CORPORATION

Dated: 5/15/2019


Lucy Morris
James Chareq
Hudson Cook, LLP
1909 K Street NW | 4th Floor
Washington, DC 20006
Attorneys for Defendant EAC

Dated: 5/14/2019


Jeffrey D. Henn
Chief Executive Officer and President
Defendant Equitable Acceptance
Corporation

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JS-6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 8:19-cv-1728JVS(JDEx)

_____)
FEDERAL TRADE COMMISSION,)

Plaintiff,)

v.)

STUDENT ADVOCATES TEAM,)
LLC, a limited liability company;)

PROGRESS ADVOCATES)
GROUP, LLC, a limited liability)
company, also dba Student)
Advocates;)

STUDENT ADVOCATES GROUP,)
LLC, a limited liability company;)

ASSURANCE SOLUTION)
SERVICES, LLC, a limited liability)
company;)

BRADLEY JASON HUNT, an)
individual;)

SEAN QUINCY LUCERO, an)
individual; and)
_____)

STIPULATED ORDER FOR
PERMANENT INJUNCTION,
MONETARY RELIEF
AND FINAL JUDGMENT AS TO
EQUITABLE ACCEPTANCE
CORPORATION

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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 in 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.

THEREFORE, IT IS ORDERED as follows:

FINDINGS

1. This Court has jurisdiction over this matter.
2. The Complaint charges that EAC participated in deceptive acts or practices in violation of the FTC’s Trade Regulation Rule entitled the Telemarketing Sales Rule (“TSR”), 16 C.F.R. § 310, by providing substantial assistance or support to Defendants Progress Advocates Group, LLC dba Student Advocates; Student Advocates Team, LLC; Student Advocates Group, LLC; and Assurance Solutions Services, LLC (collectively, “Corporate Debt Relief Defendants”) and individual defendants, Bradley Jason Hunt and Sean Quincy Lucero, whom EAC allegedly knew, or consciously avoided knowing, were engaged in violations of the TSR, and charges that these acts or practices are

1 deceptive telemarketing acts or practices that violate the TSR, 16 C.F.R. §
2 310.3(b).

3 3. The Complaint also charges that EAC, in the offering or extension of
4 credit to consumers for purchase of Corporate Debt Relief Defendants' products or
5 services, misstated the terms of these loans in violation of the Truth in Lending Act
6 ("TILA"), 15 U.S.C. §§ 1631 and 1638, and its implementing Regulation Z, 12
7 C.F.R. §§ 1026.17 and 1026.18.

8 4. EAC neither admits nor denies any of the allegations in the
9 Complaint, except as specifically stated in this Order. Only for purposes of this
10 action, EAC admits the facts necessary to establish jurisdiction.

11 5. EAC waives any claim that it may have under the Equal Access to
12 Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through
13 the date of this Order, and agrees to bear its own costs and attorney fees.

14 6. EAC and Plaintiff waive all rights to appeal or otherwise challenge or
15 contest the validity of this Order.

16 **DEFINITIONS**

17 A. **"Assisting Others"** includes:

18 1. performing customer service functions, including receiving or
19 responding to consumer complaints;

20 2. formulating or providing, or arranging for the formulation or
21 provision of, any advertising or marketing material, including any telephone sales
22 script, direct mail solicitation, or the design, text, or use of images of any Internet
23 website, email, or other electronic communication;

24 3. formulating or providing, or arranging for the formulation or
25 provision of, any marketing support material or service, including web or Internet
26 Protocol addresses or domain name registration for any Internet websites, affiliate
27 marketing services, or media placement services;

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1 4. providing names of, or assisting in the generation of, potential
2 customers;

3 5. performing marketing, billing, or payment services of any kind; or

4 6. acting or serving as an owner, officer, director, manager, or principal
5 of any entity.

6 B. **“Consumer Reporting Agency”** or **“CRA”** shall mean any Person
7 which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly
8 engages in whole or in part in the practice of assembling or evaluating consumer
9 credit information or other information on consumers for the purpose of furnishing
10 consumer reports to third parties, and which uses any means or facility of interstate
11 commerce for the purpose of preparing or furnishing consumer reports.

12 C. **“Corporate Debt Relief Defendants”** means Progress Advocates
13 Group, LLC dba Student Advocates; Student Advocates Team, LLC; Student
14 Advocates Group, LLC; and Assurance Solutions Services, LLC, individually,
15 collectively or in any combination.

16 D. **“Dealer”** means any Person for whom EAC is providing credit
17 services to consumers for the purchase of that Person’s product or service.

18 E. **“Debt”** means any obligation or alleged obligation of a consumer to
19 pay money arising out of a transaction in which the money, property, or services
20 that are the subject of the transaction are primarily for personal, family, or
21 household purposes, whether or not such obligation has been reduced to judgment.

22 F. **“Person”** means a natural person, organization, or other legal entity,
23 including a corporation, partnership, proprietorship, association, cooperative, or
24 any other group or combination acting as an entity.

25 G. **“Secured or Unsecured Debt Relief Product or Service”** means:

26 1. With respect to any mortgage, loan, Debt, or obligation between a
27 person and one or more secured or unsecured creditors or debt collectors, any
28 product, service, plan, or program represented, expressly or by implication, to:

1 a. stop, prevent, or postpone any mortgage or deed of foreclosure
2 sale for a person's dwelling, any other sale of collateral, any repossession of a
3 person's dwelling or other collateral, or otherwise save a person's dwelling or
4 other collateral from foreclosure or repossession;

5 b. negotiate, obtain, or arrange a modification, or renegotiate,
6 settle, or in any way alter any terms of the mortgage, loan, Debt, or obligation,
7 including a reduction in the amount of interest, principal balance, monthly
8 payments, or fees owed by a person to a secured or unsecured creditor or debt
9 collector;

10 c. obtain any forbearance or modification in the timing of
11 payments from any secured or unsecured holder or servicer of any mortgage, loan,
12 Debt, or obligation;

13 d. negotiate, obtain, or arrange any extension of the period of time
14 within which a person may (i) cure his or her default on the mortgage, loan, Debt,
15 or obligation, (ii) reinstate his or her mortgage, loan, Debt, or obligation, (iii)
16 redeem a dwelling or other collateral, or (iv) exercise any right to reinstate the
17 mortgage, loan, Debt, or obligation or redeem a dwelling or other collateral;

18 e. obtain any waiver of an acceleration clause or balloon payment
19 contained in any promissory note or contract secured by any dwelling or other
20 collateral; or

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

25 The foregoing shall include any manner of claimed assistance, including auditing
26 or examining a person's application for the mortgage, loan, Debt, or obligation.

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1 3. the interest rate(s), annual percentage rate(s), or finance charge(s), and
2 whether they are fixed or adjustable;

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

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

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

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

12 B. the ability to improve or otherwise affect a consumer's credit record,
13 credit history, credit rating, or ability to obtain credit, including that a consumer's
14 credit record, credit history, credit rating, or ability to obtain credit can be
15 improved by permanently removing current, accurate negative information from
16 the consumer's credit record or history;

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

18 D. any other fact material to consumers concerning any good or service,
19 such as: the total costs; any material restrictions, limitations, or conditions; or any
20 material aspect of its performance, efficacy, nature, or central characteristics.

21 **III.**

22 **PROHIBITION AGAINST MISREPRESENTATIONS RELATING TO ANY**
23 **PRODUCTS OR SERVICES**

24 IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees,
25 and attorneys, and all other Persons in active concert or participation with any of
26 them, who receive actual notice of this Order, whether acting directly or indirectly,
27 in connection with the advertising, marketing, promoting, offering for sale, or
28 selling of any product, service, plan, or program, are permanently restrained and

1 enjoined from misrepresenting, or Assisting Others in misrepresenting, expressly
2 or by implication:

3 A. any material aspect of the nature or terms of any refund, cancellation,
4 exchange, or repurchase policy, including the likelihood of a consumer obtaining a
5 full or partial refund, or the circumstances in which a full or partial refund will be
6 granted to the consumer;

7 B. that any Person is affiliated with, endorsed or approved by, or
8 otherwise connected to any other Person; government entity; public, non-profit, or
9 other noncommercial program; or any other program;

10 C. the nature, expertise, position, or job title of any Person who provides
11 any product, service, plan, or program; or

12 D. any other fact material to consumers concerning any good or service,
13 such as: the total costs; any material restrictions, limitations, or conditions; or any
14 material aspect of its performance, efficacy, nature, or central characteristics.

15 **IV.**

16 **REQUIRED DISCLOSURES**

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

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

27 1. The identity of the creditor;

28 2. The amount financed;

- 1 3. The finance charge;
- 2 4. The annual percentage rate;
- 3 5. The payment schedule;
- 4 6. The total of payments; or

5 B. Violating any provision of the Truth in Lending Act, 15 U.S.C. §§
6 1601-1666j, or Regulation Z, 12 C.F.R. Part 1026.

7 **V.**

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

10 IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees,
11 and attorneys, and all other Persons in active concert or participation with any of
12 them, who receive actual notice of this Order, whether acting directly or indirectly,
13 are permanently enjoined from attempting to collect, collecting, or assigning any
14 right to collect payment from any consumer on any Debt or extension of credit
15 related to the consumer's purchase from any Corporate Debt Relief Defendant of
16 any product or service (the "Customer Debt"). EAC shall not sell, assign, or
17 otherwise transfer any Customer Debt. For each Customer Debt that EAC has
18 reported to a Consumer Reporting Agency (CRA), EAC shall, within ten (10)
19 business days after entry of this Order, request that each CRA to which the Debt
20 has been reported delete the Debt from the consumer's credit reporting file.

21 Within ten (10) business days of such request, EAC shall mail a notice to each
22 affected consumer informing the consumer clearly and unambiguously of the
23 following:

- 24 (1) that EAC had extended credit to the consumer in connection with a
25 purchase of student-loan related services that the consumer had made,
26 and identifying the specific Corporate Debt Relief Defendant from
27 which the consumer had made the purchase;

- 1 (2) that, pursuant to an agreement with the Federal Trade Commission,
2 EAC will not collect or attempt to collect on any debt that the
3 consumer had incurred as a result of EAC's extension of credit to the
4 consumer;
- 5 (3) that EAC will not sell, assign or otherwise transfer any outstanding
6 debt that the consumer owes to EAC;
- 7 (4) that, to remain in any federal student loan payment assistance program
8 offered by the U.S. Department of Education, and to avoid losing the
9 benefits of continuous enrollment in such a program, the consumer is
10 required each year to re-certify, and update certain information to the
11 Department of Education, and that the consumer should contact the
12 Department of Education or the consumer's student loan servicer, and
13 not EAC, for information as to how and when to submit the required
14 annual re-certification;
- 15 (5) that EAC will no longer report to any information about the
16 consumer's EAC account to any Consumer Reporting Agency, and
17 that for each Consumer Reporting Agency to which EAC has
18 previously reported information about the consumer's account with
19 EAC, EAC has requested that the CRA delete the account from the
20 consumer's credit report; and
- 21 (6) the name and contact information for each CRA to which EAC
22 submitted the request to delete the consumer's account from the
23 consumer's credit reporting file, and the date on which the request
24 was sent.

25 EAC shall for one year from the date of this Order, keep (a) all contact information
26 for each consumer as to whom EAC is required to send the required notice and (b)
27 the template for the notice that EAC sent to consumers. EAC shall provide the
28 contact information and template to Plaintiff upon request.

1 **VI.**

2 **MONETARY JUDGMENT AND PARTIAL SUSPENSION**

3 IT IS FURTHER ORDERED that Judgment in the amount of Twenty-Four
4 Million One Hundred One Thousand Eight Hundred Fifty-Four Dollars
5 (\$24,101,854) is entered in favor of Plaintiff against Defendant Equitable
6 Acceptance Corporation as equitable monetary relief.

7 B. EAC is ordered to pay to Plaintiff Eight Hundred Sixty-Three
8 Thousand Eight Hundred Dollars (\$863,800), which, as EAC stipulates, its
9 undersigned counsel holds in escrow for no purpose other than payment to the
10 Commission. Such payment must be made within 7 days of entry of this Order by
11 electronic fund transfer in accordance with instructions previously provided by a
12 representative of the Commission. Upon such payment the remainder of the
13 judgment is suspended, subject to the Subsections below.

14 C. Plaintiffs' agreement to the suspension of the judgment is expressly
15 premised upon the truthfulness, accuracy and completeness of EAC's sworn
16 financial statements and related documents (collectively, "EAC Financial
17 Representations") submitted to the Commission. These documents include:

- 18 1. the Financial Statement of Corporate Defendant Equitable Acceptance
19 Corporation, signed by Daryl Soeder, on February 18, 2019, including
20 the attachments; and
21 2. all documents that are listed in a letter dated May 2, 2019 sent by FTC
22 counsel John Jacobs to EAC counsel James Chareq with the subject
23 line "Equitable Acceptance Corp. / FTC Matter 1723036."

24 D. The suspension of the judgment will be lifted if, upon motion by
25 Plaintiff, the Court finds that EAC failed to disclose any material asset, materially
26 misstated the value of any asset, or made any other material misstatement or
27 omission in the EAC Financial Representations identified above.

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1 E. If the suspension of the judgment is lifted, the judgment becomes
2 immediately due in the amount specified in Subsection A. above (which the parties
3 stipulate only for purposes of this Section represents the consumer injury alleged in
4 the Complaint), less any payment previously made pursuant to this Section, plus
5 interest computed from the date of entry of this Order.

6 **VII.**

7 **ADDITIONAL MONETARY PROVISIONS**

8 IT IS FURTHER ORDERED that:

9 A. EAC relinquishes dominion and all legal and equitable right, title, and
10 interest in all assets transferred pursuant to this Order and may not seek the return
11 of any assets.

12 B. The facts alleged in the Complaint will be taken as true, without
13 further proof, in any subsequent civil litigation by or on behalf of Plaintiff,
14 including in a proceeding to enforce its rights to any payment or monetary
15 judgment pursuant to this Order, such as a nondischargeability complaint in any
16 bankruptcy case.

17 C. The facts alleged in the Complaint establish all elements necessary to
18 sustain an action by Plaintiff pursuant to Section 523(a)(2)(A) of the Bankruptcy
19 Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect
20 for such purposes.

21 D. EAC acknowledges that its Taxpayer Identification Number, which
22 EAC previously submitted to Plaintiff, may be used for collecting and reporting on
23 any delinquent amount arising out of this Order, in accordance with 31 U.S.C.
24 §7701.

25 E. All money paid to Plaintiff pursuant to this Order may be deposited
26 into a fund administered by the Plaintiff Federal Trade Commission or its designee
27 to be used for equitable relief, including consumer redress and any attendant
28 expenses for the administration of any redress fund. If Plaintiff decides that direct

1 redress to consumers is wholly or partially impracticable or money remains after
2 redress is completed, all remaining funds will be deposited to the U.S. Treasury as
3 disgorgement. EAC has no right to challenge any actions Plaintiff or its
4 representatives may take pursuant to this Subsection.

5 **VIII.**
6 **COOPERATION**

7 IT IS FURTHER ORDERED that EAC must fully cooperate with
8 representatives of Plaintiff in this case and any investigation related to or
9 associated with the transactions or occurrences that are the subject of the
10 Complaint. EAC must provide truthful and complete information, evidence and
11 testimony. EAC must cause its officers, employees, representatives, or agents to
12 appear for interviews, discovery, hearings, trials, and any other proceeding that a
13 representative of Plaintiff may reasonably request upon 5 days written notice, or
14 other reasonable notice, at such places and times as the representative may
15 designate, without the service of a subpoena.

16 **IX.**
17 **CUSTOMER INFORMATION**

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

22 A. failing to provide sufficient customer information to enable Plaintiff
23 to efficiently administer consumer redress. If a representative of Plaintiff requests
24 in writing any information related to redress, EAC must provide it, in the form
25 prescribed by that Plaintiff, within 14 days;

26 B. disclosing, using, or benefitting from any information relating to any
27 customer of any Corporate Debt Relief Defendant that EAC obtained prior to entry
28 of this Order, including the name, address, telephone number, email address, social

1 security number, FSA ID, other identifying information, or any data that enables
2 access to a customer's account (including a student loan account, credit card, bank
3 account, or other financial account); and

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

7 *Provided*, however, that customer information need not be disposed of, and
8 may be disclosed, to the extent requested by a government agency or required by
9 law, regulation, or court order.

10 **X.**

11 **ORDER ACKNOWLEDGMENTS**

12 IT IS FURTHER ORDERED that EAC obtain acknowledgments of receipt
13 of this Order:

14 A. EAC within 7 days of entry of this Order, must submit to Plaintiff an
15 acknowledgment of receipt of this Order sworn under penalty of perjury.

16 B. For five 5 years after entry of this Order, EAC for any business that it
17 is the majority owner or controls directly or indirectly must deliver a copy of this
18 Order to: (1) all principals, officers, directors, and LLC managers and members;
19 (2) all employees, agents, and representatives who participate in conduct related to
20 the subject matter of the Order; (3) all Dealers with whom EAC is engaged in a
21 business relationship; and (4) any business entity resulting from any change in
22 structure as set forth in the Section titled Compliance Reporting. Delivery must
23 occur within 7 days of entry of this Order for current personnel. For all others,
24 delivery must occur before they assume their responsibilities.

25 C. From each Person to which EAC delivered a copy of this Order, EAC
26 must obtain, within 30 days, a signed and dated acknowledgment of receipt of this
27 Order.

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1 **XI.**

2 **COMPLIANCE REPORTING**

3 IT IS FURTHER ORDERED that EAC make timely submissions to
4 Plaintiff:

5 A. One year after entry of this Order, EAC must submit a compliance
6 report, sworn under penalty of perjury:

7 1. EAC must: (a) identify the primary physical, postal, and email address
8 and telephone number, as designated points of contact, which representatives of
9 Plaintiff may use to communicate with EAC; (b) identify all of EAC's businesses
10 by all of their names, telephone numbers, and physical, postal, email, and Internet
11 addresses; (c) describe the activities of each business, including the goods and
12 services offered, the means of advertising, marketing, and sales, and the
13 involvement of any other defendant in this proceeding; (d) describe in detail
14 whether and how EAC is in compliance with each Section of this Order; and (e)
15 provide a copy of each Order Acknowledgment obtained pursuant to this Order,
16 unless previously submitted to Plaintiff.

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

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

26 C. EAC must submit to the Plaintiff notice of the filing of any
27 bankruptcy petition, insolvency proceeding, or similar proceeding by or against
28 EAC within 14 days of its filing.

1 D. Any submission to Plaintiff required by this Order to be sworn under
2 penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746,
3 such as by concluding: “I declare under penalty of perjury under the laws of the
4 United States of America that the foregoing is true and correct. Executed on:
5 _____” and supplying the date, signatory’s full name, title (if applicable), and
6 signature.

7 E. Unless otherwise directed by a Commission representative in writing,
8 all submissions to the Federal Trade Commission pursuant to this Order must be
9 emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal
10 Service) to: Associate Director for Enforcement, Bureau of Consumer Protection,
11 Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC
12 20580. The subject line must begin: FTC v. Progress Advocates Group, LLC.

13 **XII.**

14 **RECORDKEEPING**

15 IT IS FURTHER ORDERED that EAC must create certain records for 20
16 years after entry of the Order, and retain each such records for 5 years.
17 Specifically, for any business that EAC is a majority owner or controls directly or
18 indirectly, must create and retain the following records:

19 A. accounting records showing the revenues from all goods or services
20 sold;

21 B. personnel records showing, for each person providing services,
22 whether as an employee or otherwise, that person’s: name; addresses; telephone
23 numbers; job title or position; dates of service; and (if applicable) the reason for
24 termination;

25 C. records of all consumer complaints and refund requests, whether
26 received directly or indirectly, such as through a third party, and any response;

27 D. all records necessary to demonstrate full compliance with each
28 provision of this Order, including all submissions to the Plaintiff; and

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

2 **XIII.**

3 **COMPLIANCE MONITORING**

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

8 A. Within 14 days of receipt of a written request from a representative of
9 Plaintiff, EAC must: submit additional compliance reports or other requested
10 information, which must be sworn under penalty of perjury; appear for depositions;
11 and produce documents for inspection and copying. Plaintiff is also authorized to
12 obtain discovery, without further leave of court, using any of the procedures
13 prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic
14 depositions), 31, 33, 34, 36, 45, and 69.

15 B. For matters concerning this Order, Plaintiff is authorized to
16 communicate directly with EAC. EAC must permit representatives of Plaintiff to
17 interview any employee or other person affiliated with EAC who has agreed to
18 such an interview. The person interviewed may have counsel present.

19 C. Plaintiff may use all other lawful means, including posing, through its
20 representatives as consumers, suppliers, or other individuals or entities, to EAC or
21 any individual or entity affiliated with EAC, without the necessity of identification
22 or prior notice. Nothing in this Order limits the Commission's lawful use of
23 compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§
24 49, 57b-1.

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XIV.

RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order

SO ORDERED, this 12th day of September, 2019.



United States District Judge