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

11 **Federal Trade Commission,**

12 Plaintiff,

13 v.

14 **National Foreclosure Relief, Inc., et al.**
15 a corporation;

16 Defendants.

Case No. SACV-09-117-DOC(MLGx)

**STIPULATED FINAL ORDER FOR
PERMANENT INJUNCTION AND
SETTLEMENT OF CLAIMS AS TO
DEFENDANT CHELE STONE, a/k/a
CHELE MEDINA**

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18 Plaintiff Federal Trade Commission (“FTC”) commenced this civil action on
19 February 2, 2009, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), to
20 obtain preliminary and permanent injunctive and other equitable relief for
21 Defendants’ violations of Section 5 of the FTC Act, 15 U.S.C. § 45, in connection
22 with the marketing and sale of mortgage loan modification and foreclosure relief
23 services. The FTC and Defendant Chele Stone, aka Chele Medina (“Defendant”),
24 have stipulated to the entry of this Final Order for Permanent Injunction and
25 Settlement of Claims (“Order”).

26 Having reviewed Plaintiff’s and Defendant’s Stipulation to Entry of Final
27 Order as to Defendant Chele Stone, a/k/a Chele Medina, and good cause appearing
28 therefor, the Court hereby orders as follows:

FINDINGS

By stipulation of the parties and being advised of the premises, the Court finds:

1. This is an action by the FTC instituted under Sections 5 and 13(b) of the FTC Act, 15 U.S.C. §§ 45 and 53(b). The Complaint seeks both permanent injunctive relief and consumer redress for Defendant’s alleged deceptive acts or practices in connection with the marketing and sale of mortgage loan modification and foreclosure relief services.

2. The FTC has the authority under Section 13(b) of the FTC Act to seek the relief it has requested, and the Complaint states a claim upon which relief can be granted against Defendant.

3. This Court has jurisdiction over the subject matter of this case and has jurisdiction over Defendant. Venue in the Central District of California is proper.

4. The activities of Defendant, as alleged in the Complaint, are in or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

5. The parties stipulate and agree to entry of this Order, without trial or final adjudication of any issue of fact or law, to settle and resolve all matters in dispute arising from the conduct alleged in the Complaint to the date of entry of this Order. This settlement does not settle and resolve any matters not alleged in the Complaint. Defendant does not admit any of the allegations set forth in the Complaint, other than the jurisdictional facts, merely by stipulating and agreeing to the entry of this Order.

6. Defendant waives all rights to seek judicial review or otherwise challenge or contest the validity of this Order. Defendant also waives any claim that she may have held under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this Order. Each settling party shall bear its own costs and attorneys fees.

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1 and one or more unsecured creditors, servicers, or debt collectors, including but not
2 limited to, a reduction in the balance, interest rate, or fees owed by a consumer to an
3 unsecured creditor, servicer, or debt collector.

4 4. “Defendant” means Defendant Chele Stone, aka Chele Medina.

5 5. “Document” is synonymous in meaning and equal in scope to the usage
6 of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings,
7 graphs, charts, photographs, audio and video recordings, electronic email, computer
8 records, and other data compilations from which information can be obtained and
9 translated, if necessary, through detection devices into reasonably usable form. A
10 draft or non-identical copy is a separate “document” within the meaning of the term.

11 6. “Financial related good or service” means any good, service, plan, or
12 program that is represented, expressly or by implication, to (A) provide any
13 consumer, arrange for any consumer to receive, or assist any consumer in receiving,
14 credit, debit, or stored value cards; (B) improve, or arrange to improve, any
15 consumer’s credit record, credit history, or credit rating; (C) provide advice or
16 assistance to any consumer with regard to any activity or service the purpose of
17 which is to improve a consumer’s credit record, credit history, or credit rating; (D)
18 provide any consumer, arrange for any consumer to receive, or assist any consumer in
19 receiving, a loan or other extension of credit; (E) provide any consumer, arrange for
20 any consumer to receive, or assist any consumer in receiving, debt relief goods or
21 services; (F) provide any consumer, arrange for any consumer to receive, or assist
22 any consumer in receiving any service represented, expressly or by implication, to
23 renegotiate, settle, or in any way alter the terms of payment or other terms of the debt
24 between a consumer and one or more secured creditors, servicers, or debt collectors.

25 7. “Federal homeowner relief or financial stability program” means any
26 program (including its sponsoring agencies, telephone numbers, and Internet
27 websites) operated or endorsed by the United States government to provide relief to
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1 consumer's residence from foreclosure; (J)

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III.
PROHIBITED REPRESENTATIONS RELATING TO ANY GOODS OR

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IV.

PROHIBITION ON ENFORCEMENT OF CONTRACTS

IT IS FURTHER ORDERED that Defendant and her agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, **are hereby permanently enjoined** from demanding payment on or enforcing or threatening to enforce any contract or agreement with any consumer, in conjunction with the sale of any mortgage loan modification or foreclosure relief service, entered into by Defendant National Foreclosure Relief, Inc., prior to the effective date of this Order.

V.

PROHIBITION ON SALE OF CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Defendant and her agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, are permanently restrained and enjoined from:

1 Disposal shall be by means that protect against unauthorized access to the customer
2 information, such as by burning, pulverizing, or shredding any papers, and by erasing
3 or destroying any electronic media, to ensure that the customer information cannot
4 practicably be read or reconstructed.

5 Provided, however, that customer information need not be disposed of, and
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1 made by any Defendant in this action, plus interest from the date of entry of this
2 Order as allowed by law; provided, however, that in all other respects this Order shall
3 remain in full force and effect unless otherwise ordered by the Court; and, provided
4 further, that proceedings instituted under this provision would be in addition to, and
5 not in lieu of, any other civil or criminal remedies as may be provided by law,
6 including any other proceedings that the Commission may initiate to enforce this
7 Order. For purposes of this Section, Defendant Stone waives any right to contest any
8 of the allegations in the Complaint.

9 B. Defendant agrees that the facts as alleged in the Complaint filed in this
10 action shall be taken as true without further proof in any bankruptcy case or
11 subsequent civil litigation pursued by the Commission to enforce her rights to any
12 payment or money judgment pursuant to this Order, including but not limited to a
13 nondischargeability complaint in any bankruptcy case. Defendant further stipulates
14 and agrees that the facts alleged in the Complaint establish all elements necessary to
15 sustain an action pursuant to, and that this Order shall have collateral estoppel effect
16 for purposes of, Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S. C. §
17 523(a)(2)(A).

18 VIII.

19 COMPLIANCE MONITORING

20 **IT IS FURTHER ORDERED** that, for the purpose of monitoring and
21 investigating compliance with any provision of this Order:

22 A. Within ten (10) days of receipt of written notice from a representative of
23 the Commission, Defendant shall submit additional written reports, which are true
24 and accurate and sworn to under penalty of perjury; produce documents for
25 inspection and copying; appear for deposition; and/or provide entry during normal
26 business hours to any business location in Defendant's possession or direct or indirect
27 control to inspect the business operation;

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1 B. In addition, the Commission is authorized to use all other lawful means,
2 including but not limited to the following:

- 3 1. Obtaining discovery from any person, without further leave of court,
4 using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45,
5 and 69; and
6 2. Posing as consumers and suppliers to Defendant, its employees, or any
7 other entity managed or controlled in whole or in part by Defendant,
8 without the necessity of identification or prior notice; and

9 C. Defendant shall permit representatives of the Commission to interview
10 any employer, consultant, independent contractor, representative, agent, or employee
11 who has agreed to such an interview, relating in any way to any conduct subject to
12 this Order. The person interviewed may have counsel present.

13 Provided, however, that nothing in this Order shall limit the Commission's
14 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15
15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony,
16 or information relevant to unfair or deceptive acts or practices in or affecting
17 commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

18 **IX.**

19 **COMPLIANCE REPORTING BY DEFENDANT**

20 **IT IS FURTHER ORDERED** that, in order that compliance with the
21 provisions of this Order may be monitored:

22 A. Defendant shall, for a period of five (5) years after the date of entry of
23 this Order, notify the Commission of the following:

- 24 1. Any changes in Defendant's residence, mailing addresses, and
25 telephone numbers, within ten (10) days of the date of such change;
26 2. Any changes in Defendant's employment status (including
27 self-employment), and any change in Defendant's ownership in any business entity,
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X.

RECORD KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of this Order, Defendant

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1 reports submitted to the FTC pursuant to Paragraph IX, above (entitled “Compliance
2 Reporting By Defendant”).

3 **XI.**

4 **DISTRIBUTION OF ORDER BY DEFENDANT**

5 **IT IS FURTHER ORDERED** that, for a period of five (5) years from the date
6 of entry of this Order, Defendant shall deliver copies of this Order as directed below:

7 A. Defendant as Control Person: For any business that Defendant controls,
8 directly or indirectly, or in which Defendant has a majority ownership interest,
9 Defendant must deliver a copy of this Order to (1) all principals, officers, directors,
10 and managers of that business; (2) all employees, agents, and representatives of that
11 business who engage in conduct related to the subject matter of the Order; and (3)
12 any business entity resulting from any change in structure set forth in Paragraph
13 IX.B, above (titled “Compliance Reporting by Defendant”). Delivery to any new
14 personnel shall occur prior to them assumi

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XV.

RETENTION OF JURISDICTION

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

IT IS SO ORDERED.

DATED: April 20, 2010

DAVID O. CARTER
United States District Judge

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