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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Federal Trade Commission,

Plaintiff,

v.

Sameer Lakhany, *et al.*,

Defendants.

Case No. SACV12-0337-CJC (JPRx)

**FINAL ORDER FOR PERMANENT
INJUNCTION AND SETTLEMENT
OF CLAIMS AS TO DEFENDANTS
SAMEER LAKHANY, THE CREDIT
SHOP, LLC, FIDELITY LEGAL
SERVICES LLC, TITANIUM
REALTY, INC., PRECISION LAW
CENTER, INC., AND PRECISION
LAW CENTER LLC**

Judge: Hon. Cormac J. Carney
Courtroom 9B

Plaintiff Federal Trade Commission (“FTC”), commenced this civil action against Defendants Sameer Lakhany, The Credit Shop, LLC, Fidelity Legal Services LLC, Titanium Realty, Inc., Precision Law Center, Inc., and Precision Law Center LLC, on March 5, 2012, pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the 2009 Omnibus Appropriations Act, Public Law 111-8, Section 626, 123 Stat. 524, 678 (Mar. 11, 2009) (“Omnibus Act”), as clarified by the Credit Card Accountability Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card Act”), and amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203,

1 Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) (“Dodd-Frank Act”), by filing
2 a Complaint for preliminary and permanent injunctive relief, rescission or
3 reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-
4 gotten monies, and other equitable relief for Defendants’ acts or practices in
5 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Mortgage
6 Assistance Relief Services Rule, 16 C.F.R. Part 322 (“MARS Rule”) (effective
7 December 29, 2010, except for Section 322.5, which became effective on January 31,
8 2011), recodified as Mortgage Assistance Relief Services (Regulation O), 12 C.F.R.
9 Part 1015 (“Regulation O”) (effective December 30, 2011), in connection with the
10 marketing and sale of Mortgage Assistance Relief Services (“MARS”).

11 On March 19, 2012, the Court entered a preliminary injunction against
12 Defendants Sameer Lakhany, The Credit Shop, LLC, Fidelity Legal Services LLC,
13 and Titanium Realty, Inc. (Dkt. # 51). On March 21, 2012, the Court entered a
14 preliminary injunction against Defendants Precision Law Center, Inc. and Precision
15 Law Center LLC (Dkt. #66). On March 22, 2012, the FTC filed a First Amended
16 Complaint, adding as defendants Brian Pacios, Assurity Law Group, Inc., and
17 National Legal Network, Inc. (Dkt. #72) (“Amended Complaint”). On April 24,
18 2012, the Court entered a preliminary injunction as to Defendants Brian Pacios and
19 National Legal Network, Inc. (Dkt. #110). On May 2, 2012, the Court entered an
20 order denying a preliminary injunction as to Assurity Law Group, Inc. (Dkt. #117).

21 On June 25, 2012, the Court entered an Order Regarding Joint Stipulation Re:
22 Receiver’s Motion to Hold Defendant Lakhany in Civil Contempt (Dkt. No. 135)
23 (“Stipulated Contempt Order”), which provided that Defendant Lakhany surrender
24 his 2007 BMW 650i and make certain other payments to repay a total of \$42,490.00
25 to the Receivership Estate. As a result of the Receiver’s sale of Defendant
26 Lakhany’s 2007 BMW 650i, \$21,490.00 remains to be paid to satisfy the Stipulated
27 Contempt Order. The Receiver has stated that he does not object to Subparagraph
28 VI.D of this Order, which provides that certain payments under this Order shall

1 constitute satisfaction of the remaining payments under the Stipulated Contempt
2 Order.

3 The FTC and Defendants Sameer (a/k/a “Sammy”) Lakhany, The Credit Shop,
4 LLC, Fidelity Legal Services LLC, Titanium Realty, Inc., Precision Law Center,
5 Inc., and Precision Law Center LLC, have now stipulated to entry of this Final Order
6 for Permanent Injunction and Settlement of Claims (“Order”). The Receiver has
7 indicated his concurrence in the provisions of this Final Order relating to the

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- D. the HOPE for Homeowners program, any program operated or created pursuant to the Helping Families Save Their Homes Act, and any other program sponsored or operated by the Federal Housing Administration; or
- E. any program sponsored or operated by the United States Department of Housing and Urban Development (“HUD”), the HOPE NOW Alliance, the Homeownership Preservation Foundation, or any other HUD-approved housing counseling agency.

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1 12. **“Person”** means a natural person, an organization or other legal entity,
2 including a corporation, partnership, sole proprietorship, limited liability
3 company, association, cooperative, or any other group or combination acting
4 as an entity.

5 13. **“Receivership Entity”** means the Corporate Defendants and Ambrose
6 Services LLC, Ellite Capital, Inc., Direct Source Marketing LLC, HHR Group
7 LLC, HVS Development, Inc., Impact Marketing Group LLC, MHS Group,
8 Inc., MyHomeSupport.org, and Visionary Marketing, Inc., as identified in the
9 Preliminary Report of Temporary Receiver (Dkt. #53).

10 14. **“Telemarketing”** means a plan, program, or campaign which is conducted to
11 induce the purchase of goods or services or a charitable contribution, by use of
12 one or more telephones and which involves more than one interstate telephone
13 call, whether inbound or outbound.

14 **ORDER**

15 **BAN ON MORTGAGE ASSISTANCE RELIEF PRODUCTS OR SERVICES**
16 **AND DEBT RELIEF PRODUCTS OR SERVICES**

- 17 **I. IT IS THEREFORE ORDERED** that Defendants, whether acting directly or
18 through any other person, are permanently restrained and enjoined from:
- 19 A. Advertising, marketing, promoting, offering for sale, or selling any
20 mortgage assistance relief product or service, or debt relief product or
21 service; and
 - 22 B. Assisting others engaged in advertising, marketing, promoting, offering
23 for sale, or selling any mortgage assistance relief product or service, or
24 debt relief product or service.

25 **PROHIBITED MISREPRESENTATIONS RELATING TO FINANCIAL**
26 **RELATED PRODUCTS OR SERVICES**

- 27 **II. IT IS FURTHER ORDERED** that Defendants and their officers, agents,
28 servants, employees, and attorneys, and those persons or entities in active

1 concert or participation with them who receive actual notice of this Order by
2 personal service, facsimile transmission, email, or otherwise, whether acting
3 directly or through any corporation, subsidiary, division, or other device, in
4 connection with the advertising, marketing, promotion, offering for sale, or
5 sale of any financial related product or service, are hereby permanently
6 restrained and enjoined from:

7 A. Misrepresenting or assisting others in misrepresenting, expressly or by
8 implication, any material fact, including but not limited to:

- 9 1. The terms or rates that are available for any loan or extension of
10 credit;
- 11 2. Any person's ability to improve or otherwise affect a consumer's
12 credit record, credit history, credit rating, or ability to obtain
13 credit;
- 14 3. That any person can improve any consumer's credit record, credit
15 history, or credit rating, even where such information is accurate
16 and not obsolete; and
- 17 4. That a consumer will receive legal representation;

18 B. Advertising or assisting others in advertising credit terms other than
19 those terms that actually are or will be arranged or offered by a creditor
20 or lender

21 **PROHIBITED MISREPRESENTATIONS RELATING TO ANY PRODUCTS**
22 **OR SERVICES**

23 **III. IT IS FURTHER ORDERED** that Defendants and their officers, agents,
24 servants, employees, and attorneys, and those persons or entities in active
25 concert or participation with them who receive actual notice of this Order by
26 personal service, facsimile transmission, email, or otherwise, whether acting
27 directly or through any corporation, subsidiary, division, or other device, in
28 connection with the advertising, marketing, promotion, offering for sale, or

sale of any product, service, plan, or program are hereby permanently

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1 shredding any papers, and by erasing or destroying any electronic
2 media, to ensure that the customer information cannot practicably be
3 read or reconstructed.

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

7 **MONETARY JUDGMENT**

8 **VI. IT IS FURTHER ORDERED** that:

9 A. Judgment is hereby entered against Defendants, jointly and severally, in
10 the amount of THREE MILLION DOLLARS (\$3,000,000.00). This
11 judgment shall be suspended as to Defendant Sameer Lakhany upon his
12 payment of \$21,490.00 to the FTC or its designated agent and the
13 satisfaction of his obligations under Subparagraphs E and F below,
14 except as provided in Section VII of this Order, entitled “Right to
15 Reopen.”

16 B. Bank of America shall, within ten (10) business days from receipt of a
17 copy of this Order, transfer to the Receiver or its designated agent all
18 funds, if any, held by or in the name of any Corporate Defendant,
19 including but not limited to account numbers xxxx2574, xxxx2575,
20 xxxx2576, xxxx2577 and xxxx2578, in the name of Precision Law
21 Center, LLC. Such funds, and any other funds of a Corporate
22 Defendant previously transferred to the Receiver, shall constitute partial
23 satisfaction of the judgment set forth in Subparagraph A.

24 C. Bank of America shall, within ten (10) business days from receipt of a
25 copy of this Order, transfer to the Receiver or its designated agent all
26 funds, if any, held by or in the name of any Receivership Entity,
27 including but not limited to account numbers xxxx2608 and xxxx2719
28 in the name of Ambrose Services LLC, xxxx1747 in the name of

1 Ambrose Services LLC dba HouseholdRelief, xxxx0663 in the name of
2 HHR Group dba Precision Law Center (erroneously listed as “HRR
3 Group dba Precision Law Center”), xxxx2647 in the name of HVS
4 Development Inc. dba Client File Svcs, xxxx2502 in the name of Impact
5 Marketing Group LLC, and xxxx2739 in the name of Visionary
6 Marketing Inc. Such funds, and any other funds of a Receivership
7 Entity previously transferred to the Receiver, shall constitute partial
8 satisfaction of the judgment set forth in Subparagraph A.

9 D. Defendant Sameer Lakhany’s payment of \$21,490.00 to the FTC or its
10 designated agent as set forth in Subparagraph A above shall constitute
11 satisfaction of his remaining payment obligation under the Order
12 Regarding Joint Stipulation Re: Receiver’s Motion to Hold Defendant
13 Lakhany in Civil Contempt (Dkt. No. 135).

14 E. Defendant Sameer Lakhany agrees, if his bankruptcy case remains
15 pending as of the date of the entry of this Order:

- 16 1. that the judgment ordered by Subsection A of this Section is not
17 dischargeable in bankruptcy;
- 18 2. to the concurrent filing by the Commission in his bankruptcy case
19 of:
 - 20 a. a Complaint to Determine Nondischargeability of Debt
21 Owed to the Federal Trade Commission in the form
22 attached as Attachment A;
 - 23 b. a Stipulated Judgment for Nondischargeability of Debt
24 owed to the Federal Trade Commission in the form
25 attached as Attachment B, which Defendant Sameer
26 Lakhany has executed concurrently with his execution of
27 this Final Order, determining that the judgment ordered by
28 Subsection A of this Section, including the conditions set

1 forth in the Section of this Final Order titled “Right to
2 Reopen as to Monetary Judgment,” are excepted from
3 discharge pursuant to Section 523(a)(2)(A) of the
4 Bankruptcy code, 11 U.S.C. j 523(a)(2)(A); and

5 3. that he will not object to the allowance of a general unsecured
6 claim in his bankruptcy case in favor of the FTC in the amount of
7 \$3,000,000.00.

8 F. Defendant Sameer Lakhany agrees, if his bankruptcy case is dismissed
9 as of the date of entry of this Final Order, and if no bankruptcy petition
10 has been refiled by or against him as of the date of this Order, that the
11 facts as alleged in the Amended Complaint filed in this action shall be
12 taken as true without further proof in any bankruptcy case or subsequent
13 civil litigation pursued by the FTC to enforce its rights to any payment
14 or money judgment pursuant to this Order, including but not limited to a
15 nondischargeability complaint in any bankruptcy case. Defendant
16 Sameer Lakhany further stipulates and agrees that the facts alleged in
17 the Amended Complaint establish all elements necessary to sustain an
18 action by the FTC pursuant to Section 523(a)(2)(A) of the Bankruptcy
19 Code, 11 U.S.C. § 523(a)(2)(A), and that this Order shall have collateral
20 estoppel effect for such purposes.

21 G. Any funds received by the FTC pursuant to this Order shall be deposited
22 into a fund administered by the FTC or its agent to be used for equitable
23 relief, including, but not limited to, consumer redress and any attendant
24 expenses for the administration of any redress fund. In the event that
25 direct redress to consumers is wholly or partially impracticable or funds
26 remain after redress is completed, the FTC may apply any remaining
27 funds for such other equitable relief (including consumer information
28 remedies) as it determines to be reasonably related to Defendants’

collecting and reporting on any delinquent amount arising out of their relationship with the government.

M. Pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), any consumer reporting agency may furnish a

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2 **ASSET FREEZE**

3 **VIII. IT IS FURTHER ORDERED** that, upon entry of this Order, and the transfer
4 of all assets as required by Section VI, the freeze of Defendant Sameer
5 Lakhany's assets and of the Corporate Defendants' assets shall be dissolved.
6 Nothing in this Order dissolves or otherwise affects the asset freeze applicable
7 to Defendants Brian Pacios and National Legal Network, Inc.

8 **CONTINUATION OF RECEIVERSHIP**

9 **IX. IT IS FURTHER ORDERED** that Thomas W. McNamara shall continue as a
10 permanent receiver over the Receivership Entities, pursuant to the authority
11 granted to the Receiver in the Preliminary Injunction Orders issued in this
12 matter on March 19, 2012 (Dkt. #51) and March 21, 2012 (Dkt. #66), with full
13 powers of a permanent receiver, including but not limited to those powers set
14 forth in such Preliminary Injunction Orders. Upon termination of the
15 receivership and final payment to the Receiver of all approved fees, costs, and
16 expenses, the Receiver shall turn over to the FTC or its designated agent all
17 remaining assets in the receivership estate.

18 **COOPERATION WITH FTC**

19 **X. IT IS FURTHER ORDERED** that Defendant Sameer Lakhany shall, in
20 connection with this action or any subsequent investigation or litigation related to or
21 associated with the transactions or the occurrences that are the subject of the
22 Amended Complaint:

- 23 A. cooperate in good faith with the FTC and appear at such places and
24 times as the FTC shall reasonably request, after written notice, for
25 interviews, conferences, pretrial discovery, review of documents, and
26 for such other matters as may be reasonably requested by the FTC. If
27 requested in writing by the FTC, Defendant Sameer Lakhany shall
28 appear and provide truthful testimony in any trial, deposition, or other

1 proceeding related to or associated with the transactions or the
2 occurrences that are the subject of the Amended Complaint, without the
3 service of a subpoena, *provided, however*, that Defendant Sameer
4 Lakhany shall be entitled to receive any witness fees and expenses
5 allowable pursuant to Federal Rule of Civil Procedure 45.

6 B. Within five days of entry of this order, Defendant Sameer Lakhany shall
7 provide counsel for the FTC with a written notice setting forth his
8 current residence address, mailing addresses, email address, fax number
9 (if any), and telephone numbers, where he may be contacted for the
10 purpose of receiving notices under this Section. Defendant Sameer
11 Lakhany shall provide written notice to counsel for the FTC within five
12 days of any change in this information. This Section shall apply in
13 addition to, and not in lieu of, the Compliance Reporting requirements
14 in Section XII below; *provided, however*, that this Subpart B shall cease
15 to apply upon entry of final orders regarding all of the defendants in this
16 action.

17 ORDER ACKNOWLEDGMENTS

18 **XI. IT IS FURTHER ORDERED** that Defendants provide, and obtain
19 acknowledgments of receipt of, this Order in the following manner:

20 A. Each Defendant, within seven (7) days of entry of this Order, must
21 submit to the FTC an acknowledgment of receipt of this Order sworn
22 under penalty of perjury.

23 B. For five (5) years after entry of this Order, Defendant Sameer Lakhany,
24 for any business that he, individually or collectively with any other
25 defendant in this action, is the majority owner or directly or indirectly
26 controls, must deliver a copy of this Order to: (1) all principals,
27 officers, directors, and managers; (2) all employees, agents, and
28 representatives who participate in conduct related to the marketing of

1 any financial related product or service; and (3) any business entity
2 resulting from any change in structure as set forth in the Section titled
3 Compliance Reporting. Delivery must occur within seven (7) days of
4 entry of this Order for current personnel. To all others, delivery must
5 occur before they assume their responsibilities.

6 C. From each individual or entity to which a Defendant delivered a copy of
7 this Order, that Defendant must obtain, within 30 days, a signed and
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2. Additionally, Defendant Sameer Lakhany must: (a) identify all telephone numbers and all email, Internet, physical, and postal addresses, including all residences

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1 B. For matters concerning this Order, the FTC is authorized to
2 communicate directly with each Defendant. Defendant must permit
3 representatives of the FTC to interview any employee or other person
4 affiliated with any Defendant who has agreed to such an interview. The
5 person interviewed may have counsel present.

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

14 **XV. IT IS FURTHER ORDERED** that this Court retains jurisdiction of this
15 matter for purposes of construction, modification, and enforcement of this
16 Order.
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18 **IT IS SO ORDERED** this 28th day of February, 2013

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21 UNITED STATES DISTRICT JUDGE
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