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12	Los Angeles, CA 90024 Fax: 310-824-4380						
13	Attorneys for Plaintiff Federal Trade Commission						
14	1 ederal frade Commission						
15	UNITED STATES DISTRICT COURT						
16	CENTRAL DISTRICT OF CALIFORNIA						
17							
18	Federal Trade Commission,	Case No. SACV12-0337-CJC (JPRx)					
19	Plaintiff,	FINAL ORDER FOR PERMANENT INJUNCTION AND SETTLEMENT					
20	v.	OF CLAIMS AS TO DEFENDANTS BRIAN PACIOS AND NATIONAL					
21		LEGAL NETWORK, INC.					
22	Sameer Lakhany, et al.,	Judge: Hon. Cormac J. Carney Courtroom 9B					
23	Defendants.	Courtiooni 7B					
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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, Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) ("Dodd-Frank Act"), by filing a Complaint for preliminary and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of illgotten monies, and other equitable relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Mortgage Assistance Relief Services Rule, 16 C.F.R. Part 322 ("MARS Rule") (effective December 29, 2010, except for Section 322.5, which became effective on January 31, 2011), recodified as Mortgage Assistance Relief Services (Regulation O), 12 C.F.R. Part 1015 ("Regulation O") (effective December 30, 2011), in connection with the marketing and sale of Mortgage Assistance Relief Services ("MARS"). On March 19, 2012, the Court entered a preliminary injunction against Defendants Sameer Lakhany, The Credit Shop, LLC, Fidelity Legal Services LLC, and Titanium Realty, Inc. (Dkt. #51). On March 21, 2012, the Court entered a preliminary injunction against Defendants Precision Law Center, Inc. and Precision Law Center LLC (Dkt. #66). On March 22, 2012, the FTC filed a First Amended Complaint, adding as defendants Brian Pacios, Assurity Law Group, Inc., and National Legal Network, Inc. (Dkt. #72). On April 24, 2012, the Court entered a preliminary injunction as to Defendants Brian Pacios and National Legal Network,

Inc. (Dkt.injunctionThe

Inc. (Dkt. #110). On May 2, 2012, the Court entered an order denying a preliminary injunction as to Assurity Law Group, Inc. (Dkt. #117).

The FTC and Defendants Brian Pacios and National Legal Network, Inc. ("NLN") have now stipulated to entry of this Final Order for Permanent Injunction and Settlement of Claims ("Order"). This Court, having considered the First Amended Complaint ("Complaint"), exhibits, memoranda, declarations, and other submissions of the parties, and now being advised in the premises, hereby enters this Order:

FINDINGS

- 1. This is an action by the FTC instituted under Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 626 of the Omnibus Act as clarified by Section 511 of the Credit Card Act and amended by Section 1097 of the Dodd-Frank Act. The Complaint seeks both permanent injunctive relief and equitable monetary relief for Settling Defendants' alleged deceptive acts or practices as alleged therein.
- 2. The FTC has the authority under Sections 13(b) and 19 of the FTC Act to seek the relief it has requested, and the Complaint states a claim upon which relief can be granted against Settling Defendants.
- 3. This Court has jurisdiction over the subject matter of this case and has jurisdiction over Settling Defendants. Venue in the Central District of California is proper.
- 4. The activities of Settling Defendants, as placed 000 Broap-1.6738 re008 d54083f8 Pi4Fsuu

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- drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which the information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.
- 8. "Federal homeowner relief or financial stability program" means any program (including its sponsoring agencies, telephone numbers, and Internet websites) operated or endorsed by the United States government to provide relief to homeowners or stabilize the economy, including, but not limited to:
 - A. the Making Home Affordable Program;
 - B. the Financial Stability Plan;

- C. the Troubled Asset Relief Program and any other program sponsored or operated by the United States Department of the Treasury;
- 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.
- 9. **"Financial related product or service"** means any product, service, plan, or program represented, expressly or by implication, to:
 - A. provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, credit, debit, or stored value cards;
 - B. improve, or arrange to improve, any consumer's credit record, credit history, or credit rating;

- C. provide advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer's credit record, credit history, or credit rating;
- D. provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, a loan or other extension of credit;
- E. provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving any service represented, expressly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of any debt or obligation (other than a debt or obligation secured by a mortgage on a consumer's dwelling) between a consumer and one or more secured creditors, servicers, or debt collectors.
- 10. "Material" means likely to affect a person's choice of, or conduct regarding, goods or services.
- 11. "Mortgage assistance relief product or service" means any product, service, plan, or program, offered or provided to the consumer in exchange for consideration, that is represented, expressly or by implication, to assist or attempt to assist the consumer with any of the following:
 - A. stopping, preventing, or postponing any mortgage or deed of trust foreclosure sale for the consumer's dwelling, any repossession of the consumer's dwelling, or otherwise saving the consumer's dwelling from foreclosure or repossession;
 - B. negotiating, obtaining, or arranging a modification of any term of a dwelling loan, including a reduction in the amount of interest, principal balance, monthly payments, or fees;
 - C. obtaining any forbearance or modification in the timing of payments from any dwelling loan holder or servicer on any dwelling loan;

- D. negotiating, obtaining, or arranging any extension of the period of time within which the consumer may (i) cure his or her default on a dwelling loan, (ii) reinstate his or her dwelling loan, (iii) redeem a dwelling, or (iv) exercise any right to reinstate a dwelling loan or redeem a dwelling;
- E. obtaining any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling; or
- F. negotiating, obtaining, or arranging (i) a short sale of a dwelling, (ii) a deed-in-lieu of foreclosure, (iii) or any other disposition of a dwelling loan other than a sale to a third party that is not the dwelling loan holder.

The foregoing shall include any manner of claimed assistance, including, but not limited to, auditing or examining a consumer's mortgage or home loan application.

- 12. **"Person"** means a natural person, an organization or other legal entity, including a corporation, partnership, sole proprietorship, limited liability company, association, cooperative, or any other group or combination acting as an entity.
- 13. "Telemarketing" means a plan, program, or campaign which is conducted to induce the purchase of goods or services or a charitable contribution, by use of one or more telephones and which involves more than one interstate telephone call, whether inbound or outbound.

ORDER

BAN ON MORTGAGE ASSISTANCE RELIEF PRODUCTS OR SERVICES AND DEBT RELIEF PRODUCTS OR SERVICES

I. IT IS THEREFORE ORDERED that Settling Defendants, whether acting directly or through any other person, are permanently restrained and enjoined from:

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- A. Advertising, marketing, promoting, offering for sale, or selling any mortgage assistance relief product or service, or debt relief product or service; and
- B. Assisting others engaged in advertising, marketing, promoting, offering for sale, or selling any mortgage assistance relief product or service, or debt relief product or service.

PROHIBITED MISREPRESENTATIONS RELATING TO FINANCIAL RELATED PRODUCTS OR SERVICES

II. IT IS FURTHER ORDERED that Settling Defendants and their officers, agents, servants, employees, and those persons or entities in active concert or participation with them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection

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

PROHIBITED MISREPRESENTATIONS RELATING TO ANY PRODUCTS OR SERVICES

- III. IT IS FURTHER ORDERED that Settling Defendants and their officers, agents, servants, employees, and those persons or entities in active concert or participation with them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale, or sale of any product, service, plan, or program are hereby permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including but not limited to:
 - A. Any material aspect of the performance, efficacy, nature, or characteristics of the product, service, plan, or program.
 - B. That any person is affiliated with, endorsed or approved by, or otherwise connected to any other person, government entity, any federal homeowner relief or financial stability program, public, non-profit, or other non-commercial program, or any other program;
 - C. That the United States government or any Federal homeowner relief or financial stability program has researched, monitored, or vetted, and subsequently approved as legitimate, any product or service; or
 - D. Any material restriction, limitation, or condition on purchasing, receiving, or using the product, service, plan, or program;
 - E. The total cost to purchase, receive, or use, or the quantity of the product, service, plan, or program; or

F. Any material aspect of the nature or terms of any refund, cancellation, exchange, or repurchase policy, including, but not limited to, the likelihood of a consumer obtaining a full or partial refund, or the circumstances in which a full or partial refund will be granted to the consumer.

SUBSTANTIATION FOR BENEFIT, PERFORMANCE, AND EFFICACY CLAIMS

- A. Judgment is hereby entered against Settling Defendants, jointly and severally, in the amount of \$1.75 million. This amount shall become immediately due and payable by Settling Defendants upon entry of this Order, and interest computed at the rate prescribe under 28 U.S.C. § 1961, as amended, shall immediately begin to accrue on the unpaid balance.
- B. The following banks shall make the following transfers:
 - US Bank shall transfer to the FTC or its designated agent all funds, if any, held by or in the name of Settling Defendants Brian Pacios or NLN, including, but not limited to account number xxxx9497.
 - 2. JP Morgan Chase shall transfer to the FTC or its designated agent all funds, if any, held by or in the name of Settling Defendants Brian Pacios or NLN, including, but not limited to account numbers xxxx4854 and xxxx9828.
 - 3. Comerica Incorporated shall transfer to the FTC or its designated agent all funds, if any, held by or in the name of Settling Defendants Brian Pacios or NLN, including, but not limited to account number xxxx7593.

Such funds shall constitute partial satisfaction of the judgment set forth in Subparagraph A.

- C. Within five days of the date of entry of this Order, as partial satisfaction of the judgment set forth in Subparagraph A, defendant Brian Pacios shall take the following actions to turn over to the FTC or its designated agent the following assets:
 - Brian Pacios shall initiate, and complete within thirty days, liquidation of his Apple Blossom Arbitrage LLC investment and immediately transfer the proceeds to the FTC;

- 2. Brian Pacios shall initiate specific steps, as set forth below, to sell the properties located at 3704 Smoking Gun Ct., Las Vegas, NV 89129, and at 9117 Starling Wing Pl., Law Vegas, NV 89143, and his Ferrari 430 (the "Properties"), and immediately transfer the proceeds from each to the FTC;
 - a. Brian Pacios shall sell the Properties upon terms and conditions acceptable to the FTC. Brian Pacios shall promptly comply with all steps necessary to effectuate the sales, including, but not limited to, signing listing contracts for the real properties with independent real estate agents, appropriately listing for sale the Ferrari 430, keeping the Properties in good repair, keeping the Properties in conditions suitable for showing to prospective purchasers; signing contracts for the sale of the Properties; signing all documents necessary or appropriate for the transfer of the Properties to new buyers; and any reasonable requests from the FTC related to those sales;
 - Brian Pacios shall notify undersigned FTC counsel of the amount of any offer to purchase any of the Properties immediately upon receiving each such offer. Acceptance of any such offer shall be in the sole discretion of FTC counsel;
 - c. If, after six (6) months from the date of entry of this Order, any of the Properties have not been sold, Brian Pacios shall immediately retain an auction company, and direct such auction company to sell each property at a public auction, provided that Brian Pacios shall first obtain from undersigned FTC counsel written approval of the auction

- any bankruptcy case. Settling Defendants further stipulate and agree that the facts alleged in the Complaint establish all elements necessary to sustain an action by the FTC pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and that this Order shall have collateral estoppel effect for such purposes.
- I. In accordance with 31 U.S.C. § 7701, Settling Defendants are hereby required, unless they already have done so, to furnish to the FTC all of their taxpayer identifying numbers, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of their relationship with the government.
- J. 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 consumer report concerning Defendant Brian Pacios, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

DISSOLUTION OF ASSET FREEZE

VII. IT IS FURTHER ORDERED that the freeze of the Assets of Settling
Defendants shall remain in effect until the assets have been transferred in
accordance with Subsections VI.B and VI.C.1, and Defendant Pacios has
initiated specific steps in accordance with Subsection VI.C.2, provided
however, that the Asset freeze may be lifted to the extent necessary to comply
with the transfer and turnover requirements of Section VI. A financial
institution shall be entitled to rely upon a letter from the counsel for the
Commission stating that the freeze of the Assets of Settling Defendants has
been lifted.

COOPERATION WITH FTC

VIII. IT IS FURTHER ORDERED that Defendant Brian Pacios shall, in connection with this action or any subsequent investigation or litigation related to or

associated with the transactions or the occurrences that are the subject of the Complaint:

- A. cooperate in good faith with the FTC and appear at such places and times as the FTC shall reasonably request, after written notice, for interviews, conferences, pretrial discovery, review of documents, and for such other matters as may be reasonably requested by the FTC. If requested in writing by the FTC, Defendant Brian Pacios shall appear and provide truthful testimony in any trial, deposition, or other proceeding related to or associated with the transactions or the occurrences that are the subject of the Complaint, without the service of a subpoena, *provided*, *however*, that Defendant Brian Pacios shall be entitled to receive any witness fees and expenses allowable pursuant to Federal Rule of Civil Procedure 45.
- B. Within five days of entry of this order, Defendant Brian Pacios shall provide counsel for the FTC with a written notice setting forth his current residence address, mailing a

- A. Each Defendant, within seven (7) days of entry of this Order, must submit to the FTC an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For five (5) years after entry of this Order, Defendant Brian Pacios, for any business that he, individually or collectively with any other defendant in this action, is the majority owner or directly or indirectly controls, must deliver a copy of this Order to: (1) all principals, officers, directors, and managers; (2) all employees, agents, and representatives who participate in conduct related to the marketing of any financial related product or service; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within seven (7) days of entry of this Order for current personnel. To all others, delivery must occur before they assume their responsibilities.
- C. From each individual or entity to which a Defendant delivered a copy of this Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

COMPLIANCE REPORTING

- **X. IT IS FURTHER ORDERED** that Settling Defendants make timely submissions to the FTC:
 - A. One year after entry of this Order, each Defendant must submit a compliance report, sworn under penalty of perjury.
 - 1. Each Defendant must: (a) designate at least one telephone number and an email, physical, and postal address as points of contact, which representatives of the FTC may use to communicate with Defendant; (b) identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the

activities of each business, including the products and services offered, the means of advertising, marketing, and sales, and the involvement of any other defendant in this action (which Defendant Brian Pacios must describe if he knows or should know due to his own involvement); (d) describe in detail whether and how that Defendant is in compliance with each Section of this Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the FTC;

- 2. Additionally, Defendant Brian Pacios must: (a) identify all telephone numbers and all email, Internet, physical, and postal addresses, including all residences; (b) identify all titles and roles in all business activities, including any business for which Defendant Brian Pacios performs services whether as an employee or otherwise and any entity of which he has direct or indirect control; and (c) describe in detail his involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.
- B. For 20 years following entry of this Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:
 - 1. Each Defendant must report any phonoger in 2 Each Defendant must be a second of a Each De

- 2. Additionally, Defendant Brian Pacios must report any change in:

 (a) name, including aliases or fictitious name, or residence
 address; or (b) title or role in any business activity, including any
 business for which Defendant Brian Pacios performs services
 whether as an employee or otherwise and any entity of which he
 has direct or indirect control, and identify its name, physical
 address, and Internet address, if any.
- C. Each Defendant must submit to the FTC notice of the filing of any bankruptcy petition, insolvency proceeding, or any similar proceeding by or against such Defendant within 14 days of its filing.
- D. Any submission to the FTC required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: "I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on:_____" and supplying the date, signatory's full name, title (if applicable), and signature.
- E. Unless otherwise directed by a FTC representative in writing, all submissions to the FTC pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade FTC, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: *FTC v. Sameer Lakhany et al.*, Case No. SACV12-0337-CJC(JPRx) (C.D. Cal.) [FTC File No. X120014].

RECORDKEEPING

- XI. IT IS FURTHER ORDERED that Settling Defendants must create certain records for 20 years after entry of the Order, and retain each such record for five (5) years. Specifically, Defendant NLN, in connection with the advertising, marketing, promotion, offering for sale, or sale of any product, service, plan, or program, and Defendant Brian Pacios, in connection with any business in which he, individually or collectively with any other defendant in this action, is the majority owner or directly or indirectly controls, must maintain the following records:
 - A. Accounting records showing the revenues from all goods or services sold, all costs incurred in generating those revenues, and the resulting net profit or loss;
 - B. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name, addresses, and telephone numbers; job title or position; dates of service; and, if applicable, the reason for termination;
 - C. Complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
 - D. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the FTC; and
 - E. A copy of each advertisement or other marketing material related to the marketing or telemarketing of any good or service, or the acquisition or sale of marketing leads for any good or service.

COMPLIANCE MONITORING

XII. IT IS FURTHER ORDERED that, for the purpose of monitoring Settling Defendants' compliance with this Order, including the financial representations upon which the judgment was suspended and any failure to transfer any assets as required by this Order:

- A. Within 14 days of receipt of a written request from a representative of the FTC, each Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents, for inspection and copying. The FTC is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.
- B. For matters concerning this Order, the FTC is authorized to communicate directly with each Defendant. Defendant must permit representatives of the FTC to interview any employee or other person affiliated with any Defendant who has agreed to such an interview. The person interviewed may have counsel present.
- C. The FTC may use all other lawful means, including posing, through its representatives, as consumers, suppliers, or other individuals or entities, to Settling Defendants or any individual or entity affiliated with Settling Defendants, without the necessity of identification or prior notice.

 Nothing in this Order limits the FTC's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

RETENTION OF JURISDICTION

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

IT IS SO ORDERED this 28TH day of February, 2013

UNITED STATES DISTRICT JUDGE