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

FEDERAL TRADE COMMISSION,
Plaintiff,
v.
RINCON MANAGEMENT
SERVICES, LLC, et al.,
Defendants.

Case No. EDCV11-01623 VAP (SPx)

**{Proposed} FINAL ORDER FOR
PERMANENT INJUNCTION AND
MONETARY JUDGMENT
AGAINST DEFENDANTS JASON
R. BEGLEY AND WAYNE W.
LUNSFORD**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”) filed its
Complaint for Permanent Injunction and Other Equitable Relief [Dkt. 1],
subsequently amended as First Amended Complaint for Permanent Injunction and
Other Equitable Relief [Dkt. 162] (collectively, “Complaint”), for a permanent
injunction and other equitable relief 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, and Section 814 of the Fair Debt Collection Practices Act (“FDCPA”), 15

1 U.S.C. § 1692l [Dkt. 162]. The Commission and Defendants Jason R. Begley and
2 Wayne W. Lunsford (“Settling Defendants”) having agreed in the “Stipulation To
3 Enter Final Order for Permanent Injunction and Monetary Judgment Against
4 Defendants Jason R. Begley and Wayne W. Lunsford,” hereby request that the
5 Court enter this Final Order for Permanent Injunction and Monetary Judgment
6 Against Defendants Jason R. Begley and Wayne W. Lunsford (“Order”) to resolve
7 all matters in dispute between the FTC and Settling Defendants:

8 **FINDINGS**

9 By stipulation of the Commission and Settling Defendants, the Court finds:

10 1. The Court has jurisdiction over this matter.

11 2. The Complaint charges that Defendants participated in deceptive acts
12 or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a) and
13 Sections 805(b), 806(6), 807, 809(a) of the FDCPA, 15 U.S.C. §§ 1692c(b),
14 1692d(6), 1692e, 1692g(a), in the collection of consumer debt.

15 3. Settling Defendants neither admit nor deny any of the allegations in
16 the Complaint, except as specifically stated in this Order. Only for purposes of this
17 action, Settling Defendants admit the facts necessary to establish jurisdiction.

18 4. Settling Defendants waive any claim that they may have under the
19 Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this
20 action through the date of this Order, and agree to bear their own costs and
21 attorney fees.

22 5. Settling Defendants stipulate that the assets identified in Section III
23 titled Monetary Judgment and Partial Suspension as to Settling Defendants is
24 derived from payments made by consumers and attributable to the acts and
25 practices alleged in the Complaint. Therefore, said property is subject to a
26 constructive trust for consumers; Settling Defendants hold only legal title and not
27 an equitable interest in said assets.

1 7. “*Financial-related product or service*” means any product, service,
2 plan, or program represented, expressly or by implication, to: (a) provide to any
3 consumer, arrange for any consumer to receive, or assist any consumer in
4 receiving, an extension of consumer credit; (b) provide to any consumer, arrange
5 for any consumer to receive, or assist any consumer in receiving, credit repair
6 services; (c) provide to any consumer, arrange for anyn.6())1leeceive, or
7 assist any consumer in receiving, any secured or unsecured debt relief product or
8 service.

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

12 9. “*Receiver*” means Richard Weissman appointed as Receiver in the
13 Preliminary Injunction in this matter [Dkt. 40]t8.9.t((a)-26(or 0.2M0.6(4 TD.0-6(4 TDw0007 Tc

1 Services, Inc.; Bagels Consulting Firm, Inc.; Lunsford Investment and
2 Management Services, Inc.; Debt Marketing Solutions, LLC; Debt Tech
3 Solutions, LLC; Heavy Hitters Investments, Inc.; Heavy Hitters Motors, Inc.;
4 Heavy Hitters Real Estate, Inc.; Portfolio Investment Partners, LP; Portfolio
5 Investments Partners, Inc.; Portfolio Investment Group, LP; Portfolio Investment
6 Financial, Inc.; Skyridge Legacy Trust (Jason R. Begley, Trustee); WAL Legacy
7 Trust (Wayne Lunsford, Trustee); Spiff Money Legacy Gift Trust (Wayne
8 Lunsford, Trustee); JRB Intellect, LLC; JBEG, LLC; LAL Intellect, LLC; Heavy
9 Hitters Spiff Money Management Corp.; Spiff Management, Inc., and each of them
10 by whatever names they might be known.

11 11. *“Secured or unsecured debt relief product or service”* means, with
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1 balloon payment contained in any promissory note or contract secured by any
2 dwelling or other collateral; or (f) negotiate, obtain, or arrange (i) a short sale of a
3 dwelling or other collateral, (ii) a deed-in-lieu of foreclosure, or (iii) any other
4 disposition of a mortgage, loan, debt, or obligation other than a sale to a third party
5 that is not the secured or unsecured loan holder. The foregoing shall include any
6 manner of claimed assistance, including, but not limited to, auditing or examining
7 a person's application for the mortgage, loan, debt, or obligation.

8 **ORDER**

9 **I. DEBT COLLECTION BAN**

10 IT IS ORDERED that Settling Defendants are permanently restrained and
11 enjoined from:

- 12 A. Engaging in debt collection activities;
- 13 B. Assisting others engaged in debt collection activities; and
- 14 C. Advertising, marketing, promoting, offering for sale, selling, or
15 assisting others engaged in the advertising, marketing, promoting, offering for sale,
16 or selling, of any portfolio of consumer or commercial debt and any program that
17 gathers, organizes, or stores consumer information relating to a debt or debt
18 collection activities.

19 **II. PROHIBITED MISREPRESENTATIONS RELATING TO**
20 **FINANCIAL-RELATED PRODUCTS OR SERVICES**

21 IT IS FURTHER ORDERED that the Settling Defendants, Settling
22 Defendants' officers, agents, servants, employees, and attorneys, and all other
23 persons in active concert or participation with any of them, who receive actual
24 notice of this Order, whether acting directly or indirectly, in connection with the
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1 1. The terms or rates that are available for any loan or other extension of
2 credit;

3 2. Any person's ability to improve or otherwise affect a consumer's
4 credit record, credit history, credit rating, or ability to obtain credit;

5 3. That any person can improve any consumer's credit record, credit
6 history, or credit rating by permanently removing negative information from the
7 consumer's credit record, credit history, or credit rating, even where such
8 information is accurate and not obsolete;

9 4. Any aspect of any secured or unsecured debt relief product or service,
10 including but not limited to, the amount of savings a consumer will receive from
11 purchasing, using, or enrolling in such secured or unsecured debt relief product or
12 service; the amount of time before which a consumer will receive settlement of that
13 consumer's debts; or the reduction or cessation of collection calls;

14 5. That a consumer will receive legal representation;

15 6. That any particular outcome or result from a financial-related product
16 or service is guaranteed, assured, highly likely or probable, or very likely or
17 probable;

18 7. The nature or terms of any refund, cancellation, exchange, or
19 repurchase policy, including, but not limited to, the likelihood of a consumer
20 obtaining a full or partial refund, or the circumstances in which a full or partial
21 refund will be provided to the consumer; and

22 8. Any other fact material to consumers concerning any financial-related
23 product or service, such as: the total costs; any material restrictions, limitations, or
24 conditions; or any material aspect of its performance, efficacy, nature, or central
25 characteristics; and

26 B. Advertising or assisting others in advertising credit terms other than
27 those terms that actually are or will be arranged or offered by a creditor or lender.
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1 **III. MONETARY JUDGMENT AND PARTIAL SUSPENSION AS TO**
2 **SETTLING DEFENDANTS**

3 IT IS FURTHER ORDERED that:

4 A. Judgment in the amount of TWENTY-THREE MILLION EIGHTY-
5 FOUR THOUSAND EIGHT HUNDRED EIGHTY-FIVE DOLLARS
6 (\$23,084,885) is entered in favor of the Commission against Settling Defendants,
7 jointly and severally, as equitable monetary relief (hereafter the “Equitable
8 Judgment”). The Equitable Judgment is suspended, subject to the Subsections
9 below.

10 B. Defendant Jason R. Begley relinquishes his right, title, and claim to all
11 gold and silver purchased with funds from Defendants and/or Skyridge Legacy
12 Trust, or purchased by or for the benefit of Jason R. Begley, from California
13 Numismatic Investments on or about August 26, 2011 (collectively “gold and
14 silver”), including that portion of the gold and silver previously turned over to and
15 under the control of the Receiver. Defendant Jason R. Begley grants the Receiver
16 full authority to sell or otherwise liquidate the gold and silver previously turned
17 over to the Receiver and to pay any net proceeds from the sale or liquidation of
18 said gold and silver to the Commission as soon as practicable.

19 C. Settling Defendants hereby assign to the Commission all of their right,
20 title, interest in, and any claim or right they may have to receive property or
21 payment of money from Lawrence Stephens, BryLaw Firm, Inc. and/or Infinite
22 Partners, Inc. (hereinafter, collectively the “BryLaw Firm”) based on investments,
23 loans, or business opportunities arranged on their behalf by, or any other dealings
24 with, the BryLaw Firm. If funds, proceeds, or assets from the BryLaw Firm are
25 paid, transferred, or delivered to any Settling Defendant, or to any person on the
26 Settling Defendant’s behalf, the Settling Defendant is ordered to immediately turn
27 over such funds, proceeds, or assets to the Commission or its representatives or
28 agents.

1 D. Settling Defendants hereby grant to the Commission all legal and
2 equitable right, title, and interest in all assets held by the Receiver including those
3 in the name of and for the benefit of Settling Defendants and Receivership
4 Defendants. After satisfaction of any Court-authorized payments to the Receiver,
5 the Receiver shall transfer Settling Defendants' and Receivership Defendants'
6 remaining assets and the net proceeds, if any, from the sale of any remaining assets
7 belonging to the Settling Defendants and Receivership Defendants, to the
8 Commission. Any assets or proceeds turned over to the Commission as part of this
9 Section shall be applied to the Equitable Judgment, with the remainder of the
10 Equitable Judgment suspended as described in this Section.

11 E. Settling Defendants further stipulate that they will cooperate fully to
12 effectuate any asset transfer or assignment of right pursuant to this Section, and
13 within 7 days of a written request by a representative of the Commission, shall
14 execute all documents and take all actions necessary to do so.

15 G. The Commission's agreement to the suspension of part of the
16 Equitable Judgment is expressly premised upon the truthfulness, accuracy, and
17 completeness of Settling Defendants' sworn financial statements and related
18 documents (collectively, "financial representations"), submitted to the
19 Commission, namely those documents identified in Attachment A hereto.

20 H. The suspension of the Equitable Judgment will be lifted as to any
21 Settling Defendant if, upon motion by the Commission, the Court finds that
22 Settling Defendant failed to disclose any material asset, materially misstated the
23 value of any asset, or made any other material misstatement or omission in the
24 financial representations identified in Attachment A.

25 I. If the suspension of the Equitable Judgment is lifted, the Equitable
26 Judgment becomes immediately due as to that Settling Defendant in the amount
27 specified in Subsection A above, which the parties stipulate only for purposes of
28 this Section represents the consumer injury alleged in the Complaint, less any

1 payment previously made to the Commission pursuant to this Section, plus interest
2 computed from the date of entry of this Order.

3 **IV. SECOND MONETARY JUDGMENT AS TO DEFENDANT**

4 **JASON R. BEGLEY**

5 A. Judgment in the amount of ONE HUNDRED SEVENTY-SIX
6 THOUSAND ONE HUNDRED FIFTEEN DOLLARS (\$176,115) is entered in
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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 the Commission,
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 the Commission pursuant to Section 523(a)(2)(A) of the
8 Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral
9 estoppel effect for such purposes.

10 D. Settling Defendants acknowledge that their Taxpayer Identification
11 Numbers (Social Security Numbers or Employer Identification Numbers), which
12 Defendants previously submitted to the Commission, may be used for collecting
13 and reporting on any delinquent amount arising out of this Order, in accordance
14 with 31 U.S.C. § 7701.

15 E. All money paid to the Commission pursuant to this Order may be
16 deposited into a fund administered by the Commission or its designee to be used
17 for equitable relief, including consumer redress and any attendant expenses for the
18 administration of any redress fund. If a representative of the Commission decides
19 that direct redress to consumers is wholly or partially impracticable or money
20 remains after redress is completed, the Commission may apply any remaining
21 money for such other equitable relief (including consumer information remedies)
22 as it determines to be reasonably related to Settling Defendants' practices alleged
23 in the Complaint. Any money not used for such equitable relief is to be deposited
24 to the U.S. Treasury as disgorgement. Settling Defendants have no right to
25 challenge any actions the Commission or its representatives may take pursuant to
26 this Subsection.

1 **VII. CUSTOMER INFORMATION**

2 IT IS FURTHER ORDERED that Settling Defendants, Settling Defendants’
3 officers, agents, servants, employees, and attorneys, and all other persons in active
4 concert or participation with any of them, who receive actual notice of this
5 Order, are permanently restrained and enjoined from directly or indirectly:

6 A. Failing to provide sufficient customer information to enable the
7 Commission to administer efficiently consumer redress. If a representative of the
8 Commission requests in writing any information related to redress, Settling
9 Defendants must provide it, in the form prescribed by the Commission, within 14
10 days.

11 B. Disclosing, using, or benefitting from customer information, including
12 the name, address, telephone number, email address, social security number, other
13 identifying information, or any data that enables access to a consumer’s account
14 (including a credit card, bank account, credit report, or other financial account) that
15 any Defendant obtained prior to entry of this Order in connection with the
16 collection of consumer debt; and

17 C. Failing to destroy such customer information in all forms in their
18 possession, custody, or control within 30 days after receipt of written direction to
19 do so from a representative of the Commission.

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

23 **VIII. COOPERATION**

24 IT IS FURTHER ORDERED that Settling Defendants must fully cooperate
25 with representatives of the Commission and the Receiver in this case and in any
26 investigation related to or associated with the transactions or the occurrences that
27 are the subject of the Complaint. Settling Defendants must provide truthful and
28 complete information, evidence, and testimony. Settling Defendants must appear

1 for interviews, discovery, hearings, trials, and any other proceedings that a
2 Commission representative may reasonably request upon 5 days written notice, or
3 other reasonable notice, at such places and times as a Commission representative
4 may designate, without the service of a subpoena.

5 **IX. ORDER ACKNOWLEDGMENTS**

6 IT IS FURTHER ORDERED that Settling Defendants obtain
7 acknowledgments of receipt of this Order:

8 A. Each Settling Defendant, within 7 days of entry of this Order, must
9 submit to the Commission an acknowledgment of receipt of this Order sworn-1.1(i)-1.6em5 Tc-

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1 1. Each Settling Defendant must: (a) identify the primary physical,
2 postal, and email address and telephone number, as designated points of contact,
3 which representatives of the Commission may use to communicate with Settling
4 Defendant; (b) identify all of that Settling Defendant's businesses by all of their
5 names, telephone numbers, and physical, postal, email, and Internet addresses; (c)
6 describe the activities of each business, including the goods and services offered,
7 the means of advertising, marketing, and sales, and the involvement of any other
8 Defendant (which Settling Defendants must describe if they know or should know
9 due to their own involvement); (d) describe in detail whether and how that Settling
10 Defendant is in compliance with each Section of this Order; and (e) provide a copy

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1 sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages
2 in any acts or practices subject to this Order.

3 2. Additionally, each Settling Defendant must report any change
4 in: (a) name, including aliases or fictitious name, or residence address; or (b) title
5 or role in any business activity, including any business for which such Settling
6 Defendant performs services whether as an employee or otherwise and any entity
7 in which such Settling Defendant has any ownership interest, and identify the
8 name, physical address, and any Internet address of the business or entity.

9 C. Each Settling Defendant must submit to the Commission notice of the
10 filing of any bankruptcy petition, insolvency proceeding, or any similar proceeding
11 by or against such Defendant within 14 days of its filing.

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

18 E. Unless otherwise directed by a Commission representative in writing,
19 all submissions to the Commission pursuant to this Order must be emailed to
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