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14 FEDERAL TRADE COMMISSION

15 UNITED STATES DISTRICT COURT  
16 CENTRAL DISTRICT OF CALIFORNIA  
17

18 \_\_\_\_\_ )  
19 FEDERAL TRADE COMMISSION, ) Case No. SACV13-919 DOC (RNBx)  
20 )  
21 Plaintiff, )  
22 vs. )  
23 )  
24 A TO Z MARKETING, INC., a )  
25 Nevada corporation, also dba Client )  
26 Services, et al., )  
27 )  
28 Defendants. )

1                   **STIPULATED FINAL ORDER FOR PERMANENT INJUNCTION**  
2                   **AND SETTLEMENT OF CLAIMS BETWEEN PLAINTIFF AND**  
3                   **DEFENDANT BACKEND, INC., F/K/A MORTGAGE MODIFICATION**  
                    **CENTER, ALSO D/B/A MMC, INC.**

4                   Plaintiff, the Federal Trade Commission (“FTC” or “Commission”), filed its  
5                   COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF pursuant to Sections  
6                   13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C.  
7                   §§ 53(b) and 57b, and the 2009 Omnibus Appropriations Act, Public Law 111-8,  
8                   Section 626, 123 Stat. 524, 678 (Mar. 11, 2009) (“Omnibus Act”), as clarified by  
9                   the Credit Card Accountability Responsibility and Disclosure Act of 2009, Public  
10                  Law 111-24, Section 511, 123 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card  
11                  Act”), and amended by the Dodd-Frank Wall Street Reform and Consumer  
12                  Protection Act, Public Law 111-203, Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2009) (“Dodd-Frank Act”).

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- 1 2. The Amended Complaint charges that Defendant participated in deceptive  
2 and unlawful acts or practices in violation of Section 5 of the FTC Act, 15  
3 U.S.C. § 45, and the Mortgage Assistance Relief Services Rule, 16 C.F.R.  
4 Part 322 (“MARS Rule”), recodified as Mortgage Assistance Relief  
5 Services, 12 C.F.R. Part 1015 (“Regulation O”), in connection with the  
6 marketing and sale of mortgage assistance relief services (“MARS”).  
7  
8
- 9 3. Defendant neither admits nor denies any of the allegations in the Amended  
10 Complaint, except as specifically stated in this Order. Only for purposes of  
11 this action, Defendant admits the facts necessary to establish jurisdiction.  
12
- 13 4. Defendant waives any claim that it may have under the Equal Access to  
14 Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action  
15 through the date of this Order, and agrees to bear its own costs and attorney  
16 fees.  
17
- 18 5. Defendant waives all rights to appeal or otherwise challenge or contest the  
19 validity of this Order.  
20
- 21 6. This Order only resolves the issues in dispute between the Plaintiff and  
22 Defendant. The Order does not foreclose any disputes that remain between  
23 Plaintiff and any other Defendant named in this action, including any  
24 additional Defendants that are named in any amended complaint, nor does it  
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1 foreclose any appropriate relief that this Court may order against such other  
2 Defendants.

3 **DEFINITIONS**

4  
5 A. “*Assisting Others*” includes:

- 6 1. performing customer service functions, including receiving or  
7 responding to consumer complaints;  
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9 2. formulating or providing, or arranging for the formulation or  
10 provision of, any advertising or marketing material, including any  
11 telephone sales script, direct mail solicitation, or the design, text, or  
12 use of images of any Internet website, email, or other electronic  
13 communication;  
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15 3. formulating or providing, or arranging for the formulation or  
16 provision of, any marketing support material or service, including web  
17 or Internet Protocol addresses or domain name registration for any  
18 Internet websites, affiliate marketing services, or media placement  
19 services;  
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21 4. providing names of, or assisting in the generation of, potential  
22 customers;  
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24 5. performing marketing, billing, or payment services of any kind; or  
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1           6. acting or serving as an owner, officer, director, manager, or principal  
2           of any entity.

3       B. **“Defendant”** means Backend, Inc., f/k/a Mortgage Modification Center,  
4       Inc., also d/b/a MMC, Inc., and its successors and assigns. **“Non-Settling**  
5       **Defendants”** means A to Z Marketing, Inc., also d/b/a Client Services; Apex  
6       Members, LLC, also d/b/a Apex Solutions, also d/b/a MacArthur Financial  
7       Group; Apex Solutions, Inc.; Expert Processing Center, Inc.; Smart Funding  
8       Corp.; William D. Goodrich, Atty., Inc., also d/b/a WDG, Attorney at Law;  
9       Ratan Baid; Madhulika Baid, a/k/a Madhu Baid; William D. Goodrich,  
10       Nationwide Law Center, P.C., United States Law Center, P.C., Emax Loans,  
11       Inc., Millennium Law Center, P.C., Legal Marketing Group, Inc., SC Law  
12       Group, P.C., Interstate Law Group, LLC  
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- 1           3. obtain any forbearance or modification in the timing of payments  
2           from any secured or unsecured holder or servicer of any mortgage,  
3           loan, debt, or obligation;
- 4           4. negotiate, obtain, or arrange any extension of the period of time  
5           within which a person may (i) cure his or her default on the mortgage,  
6           loan, debt, or obligation, (ii) reinstate his or her mortgage, loan, debt,  
7           or obligation, (iii) redeem a dwelling or other collateral, or  
8           (iii) exercise any right to reinstate the mortgage, loan, debt, or  
9           obligation or redeem a dwelling or other collateral;
- 10          5. obtain any waiver of an acceleration clause or balloon payment  
11          contained in any promissory note or contract secured by any dwelling  
12          or other collateral; or
- 13          6. negotiate, obtain, or arrange (i) a short sale of a dwelling or other  
14          collateral, (ii) a deed-in-lieu of foreclosure, or (iii) any other  
15          disposition of a mortgage, loan, debt, or obligation other than a sale to  
16          a third party that is not the secured or unsecured loan holder.

17           The foregoing shall include any manner of claimed assistance, including, but  
18           not limited to, auditing or examining a person's application for the  
19           mortgage, loan, debt, or obligation.  
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1 G. **“Telemarketing”** means any plan, program, or campaign which is conducted  
2 to induce the purchase of goods or services by use of one or more  
3 telephones, and which involves a telephone call, whether or not covered by  
4 the Telemarketing Sales Rule.  
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7 **ORDER**

8 **BAN ON SECURED AND UNSECURED**  
9 **DEBT RELIEF PRODUCTS AND SERVICES**

10 I. **IT IS THEREFORE ORDERED** that Defendant, whether acting directly  
11 or through any other person, is permanently restrained and enjoined from:

12 A. advertising, marketing, promoting, offering for sale, or selling any  
13 secured or unsecured debt relief product or service; and  
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15 B. assisting others engaged in advertising, marketing, promoting,  
16 offering for sale, or selling any secured or unsecured debt relief  
17 product or service.  
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19 **PROHIBITED MISREPRESENTATIONS RELATING TO**  
20 **FINANCIAL PRODUCTS OR SERVICES**

21 II. **IT IS FURTHER ORDERED** that Defendant, Defendant’s officers, agents,  
22 servants, employees, and attorneys, and all other persons or entities in active  
23 concert or participation with any of them, who receive actual notice of this  
24 Order, whether acting directly or indirectly, in connection with advertising,  
25 marketing, promoting, offering for sale, or selling any financial product or  
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service, are permanently restrained and enjoined from misrepresenting or  
assisting others in misrepresenting, e

1           vii. that the credit does not have a prepayment penalty or whether  
2                       subsequent refinancing may trigger a prepayment penalty  
3                       and/or other fees;

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5           B. the savings associated with the loan or other extension of credit;

6           C. the ability to improve or otherwise affect a consumer's credit record,  
7                       credit history, credit rating, or ability to obtain credit, including that a  
8                       consumer's credit record, credit history, or credit rating, or ability to  
9                       obtain credit can be improved by permanently removing current,  
10                      accurate negative information from the consumer's credit record or  
11                      history; or

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14           D. that a consumer will receive legal representation.

15                               **PROHIBITED MISREPRESENTATIONS RELATING**  
16                               **TO ANY PRODUCTS OR SERVICES**

17       **III. IT IS FURTHER ORDERED** that Defendant, Defendant's officers, agents,  
18       servants, employees, and attorneys, and all other persons or entities in active  
19       concert or participation with any of them, who receive actual notice of this  
20       Order, whether acting directly or indirectly, in connection with advertising,  
21       marketing, promoting, offering for sale, or selling any product, service, plan,  
22       or program are permanently restrained and enjoined from misrepresenting or  
23       assisting others in misrepresenting, expressly or by implication, any material  
24       fact, including:  
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1 A. any material aspect of the nature or terms of any refund, cancellation,  
2 exchange, or repurchase policy, including but not limited to the  
3 likelihood of a consumer obtaining a full or partial refund, or the  
4 circumstances in which a full or partial refund will be granted to the  
5 consumer;  
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7 B. that any person is affiliated with, endorsed or approved by, or  
8 otherwise connected to any other person; government entity; any  
9 federal homeowner relief or financial stability program; public, non-  
10 profit, or other non-commercial program; or any other program;  
11

12 C. the nature, expertise, position, or job title of any person who provides  
13 any product, service, plan, or program;  
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15 D. the person who will provide any product, service, plan, or program to  
16 any consumer;  
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18 E. that any person providing a testimonial has purchased, received, or  
19 used the product, service, plan, or program;  
20

21 F. that the experience represented in a testimonial of the product, service,  
22 plan, or program represents the person's actual experience resulting  
23 from the use of the product, service, plan, or program under the  
24 circumstances depicted in the advertisement;  
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1 G. the total costs to purchase, receive, or use, or the quantity of, the  
2 product, service, plan, or program;

3 H. any material restriction, limitation, or condition on purchasing,  
4 receiving, or using the product, service, plan, or program; or

5 I. any other material fact concerning any aspect of the performance,  
6 efficacy, nature, or characteristics of the product, service, plan, or  
7 program.  
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#### 10 **CUSTOMER INFORMATION**

11 **IV. IT IS FURTHER ORDERED** that Defendant, Defendant's officers, agents,  
12 servants, employees, and attorneys, and all other persons or entities in active  
13 concert or participation with any of them, who receive actual notice of this  
14 Order, whether acting directly or indirectly, are permanently restrained or  
15 enjoined from directly or indirectly:  
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18 A. failing to provide sufficient customer information to enable the  
19 Commission to efficiently administer consumer redress. If a  
20 representative of the Commission requests in writing any information  
21 related to redress, Defendant must provide it, in the form prescribed  
22 by the Commission, within 14 days;  
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25 B. disclosing, using, or benefiting from customer information, including  
26 the name, address, telephone number, email address, Social Security  
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1 number, other identifying information, or any data that enables access  
2 to a customer's account (including a credit card, bank account, or  
3 other financial account), that Defendant obtained prior to entry of this  
4 Order in connection with the marketing and sale of secured or  
5 unsecured debt relief products or services;

6  
7 C. disposing of such customer information without written authorization  
8 from the Commission; and

9  
10 D. failing to dispose of such customer information in all forms in  
11 Defendant's possession, custody, or control within thirty (30) days of  
12 receipt of written authorization from the Commission. Disposal shall  
13 be by means that protect against unauthorized access to the customer  
14 information, such as by burning, pulverizing, or shredding any papers,  
15 and by erasing or destroying any electronic media, to ensure that the  
16 customer information cannot be practicably read or reconstructed.  
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19 *Provided, however,* that customer information need not be disposed of, and  
20 may be disclosed, to the extent requested by a government agency or required by  
21 law, regulation, or court order.  
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## 23 **MONETARY JUDGMENT**

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25 **V. IT IS FURTHER ORDERED** that:  
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1 A. judgment in the amount of Nine Million Six Hundred Fifty-Six  
2 Thousand Five Hundred Thirty-Five Dollars (\$9,656,535) is entered  
3 against Defendant as equitable monetary relief.  
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5 B. Defendant relinquishes dominion and all legal and equitable right,  
6 title, and interest in all of Defendant's assets that are subject to the  
7 asset freeze provisions in the Stipulated Preliminary Injunction  
8 entered on July 12, 2013. Defendant may not seek the return of any  
9 assets that are part of the receivership estate. If Defendant retains any  
10 assets that are subject to the asset freeze and not currently controlled  
11 or held by the Receiver as part of the receivership estate, Defendant  
12 shall turn over those assets to the Receiver within ten days of entry of  
13 this Order. Thereafter, Defendant may not seek the return of those  
14 assets.  
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18 C. the facts alleged in the Amended Complaint will be taken as true,  
19 without further proof, in any subsequent civil litigation by or on  
20 behalf of the Commission, including in a proceeding to enforce its  
21 rights to any payment or monetary judgment pursuant to this Order,  
22 such as a nondischargeability complaint in any bankruptcy case.  
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25 D. the facts alleged in the Amended Complaint establish all elements  
26 necessary to sustain an action by the Commission pursuant to Section  
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1 the entity or any subsidiary, parent, or affiliate that engages in  
2 any acts or practices subject to this Order.

3 C. Defendant must submit to the Commission notice of the filing of any  
4 bankruptcy petition, insolvency proceeding, or similar proceeding by  
5 or against Defendant within 14 days of its filing.  
6

7 D. Any submission to the Commission required by this Order to be  
8 sworn under penalty of perjury must be true and accurate and comply  
9 with 28 U.S.C. § 1746, such as by concluding: “I declare under  
10 penalty of perjury under the laws of the United States of America that  
11 the foregoing is true and correct. Executed on: \_\_\_\_\_” and  
12 supplying the date, signatory’s fu  
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## RECORDKEEPING

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2 IX. **IT IS FURTHER ORDERED** that Defendant must create certain records  
3 for 20 years after entry of this Order, and retain such records for 5 years.

4 Specifically, Defendant must create and retain the following records:  
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6 A. accounting records showing the revenues from all goods or services  
7 sold;

8 B. personnel records showing, for each person providing services,  
9 whether as an employee or otherwise, that person's: name; addresses;  
10 telephone numbers; job title or position; dates of service; and (if  
11 applicable) the reason for termination;  
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13 C. records of all consumer complaints and refund requests, whether  
14 received directly or indirectly, such as through a third party, and any  
15 response;  
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17 D. all records necessary to demonstrate full compliance with each  
18 provision of this Order, including all submissions to the Commission;  
19 and  
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21 E. a copy of each unique advertisement or other marketing material.  
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## COMPLIANCE MONITORING

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24 X. **IT IS FURTHER ORDERED** that, for purposes of monitoring Defendant's  
25 compliance with this Order:  
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- A. Within 14 days of receipt of a written request from a representative of the Commission, 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 Commission 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 Commission is authorized to

**RETENTION OF JURISDICTION**

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**XI. 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 15<sup>th</sup> day of September, 2014.

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UNITED STATES DISTRICT JUDGE

For the Plaintiff:

For the Defendant:

s/Steven W. Balster  
STEVEN W. BALSTER  
JONATHAN L. KESSLER  
MARIA DEL MONACO  
  
Attorneys for Plaintiff  
FEDERAL TRADE COMMISSION

s/Charles Ton  
Charles Ton, on behalf of Defendant Backend, Inc., a California corporation, formerly known as Mortgage Modification Center, Inc., also dba MMC, Inc.

s/Thomas J. Borchard  
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