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

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

DENNY LAKE, *et al.*

Defendants.

Case No. SACV 15-00585-CJC(JPRx)

**STIPULATED FINAL ORDER
FOR PERMANENT INJUNCTION
AND MONETARY JUDGMENT
AGAINST DEFENDANT DEREK
NELSON**

Judge: Hon. Cormac J. Carney
Courtroom 9B

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6.

1 obligation, including a reduction in the amount of interest, principal balance,
2 monthly payments, or fees owed by a person to a secured or unsecured creditor or
3 debt collector;

4 c. obtain any forbearance or modification in the timing of
5 payments from any secured or unsecured holder or servicer of any mortgage, loan,
6 debt, or obligation;

7 d. negotiate, obtain, or arrange any extension of the period
8 of time within which a person may (i) cure his or her default on the mortgage, loan,
9 debt, or obligation, (ii) reinstate his or her mortgage, loan, debt, or obligation, (iii)
10 redeem a dwelling or other collateral, or (iv) exercise any right to reinstate the
11 mortgage, loan, debt, or obligation or redeem a dwelling or other collateral;

12 e. obtain any waiver of an acceleration clause or balloon
13 payment contained in any promissory note or contract secured by any dwelling or
14 other collateral; or

15 f. negotiate, obtain, or arrange (i) a short sale of a dwelling
16 or other collateral, (ii) a deed-in-lieu of foreclosure, or (iii) any other disposition of
17 a mortgage, loan, debt, or obligation other than a sale to a third party that is not the
18 secured or unsecured loan holder.

19 The foregoing shall include any manner of claimed assistance, including auditing
20 or examining a person's application for the mortgage, loan, debt, or obligation.

21 2. With respect to any loan, debt, or obligation between a person
22 and one or more unsecured creditors or debt collectors, any product, service, plan,
23 or program represented, expressly or by implication, to:

24 a. repay one or more unsecured loans, debts, or obligations;
25 or

26 b. combine unsecured loans, debts, or obligations into one
27 or more new loans, debts, or obligations.

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1 4. the loan amount, credit amount, draw amount, or outstanding
2 balance; the loan term, draw period, or maturity; or any other term of credit;

3 5. the amount of cash to be disbursed to the borrower out of the
4 proceeds, or the amount of cash to be disbursed on behalf of the borrower to any
5 third parties;

6 6. whether any specified minimum payment amount covers both
7 interest and principal, and whether the credit has or can result in negative
8 amortization; or

9 7. that the credit does not have a prepayment penalty or whether
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1 sale, or selling of any product, service, plan, or program, are permanently
2 restrained and enjoined from misrepresenting, or assisting others in
3 misrepresenting, expressly or by implication:

4 A. any material aspect of the nature or terms of any refund, cancellation,
5 exchange, or repurchase policy, including the likelihood of a consumer obtaining a
6 full or partial refund, or the circumstances in which a full or partial refund will be
7 granted to the consumer;

8 B. that any person is affiliated with, endorsed or approved by, or
9 otherwise connected to any other person, government entity, or any program,
10 including but not limited to any public, non-profit, or other non-commercial
11 program;

12 C. the nature, expertise, position, or job title of any person who provides
13 any product, service, plan, or program;

14 D. the person who will provide any product, service, plan, or program to
15 any consumer;

16 E. that any person providing a testimonial has purchased, received, or
17 used the product, service, plan, or program;

18 F. that the experience represented in a testimonial of the product, service,
19 plan, or program represents the person's actual experience resulting from the use of
20 the product, service, plan, or program under the circumstances depicted in the
21 advertisement; or

22 G. any other fact material to consumers concerning any product, service,
23 plan, or program.

24 **V. PROHIBITION AGAINST UNSUBSTANTIATED CLAIMS**

25 IT IS FURTHER ORDERED that Defendant, his officers, agents,
26 employees, and attorneys, and all others in active concert or participation with any
27 of them, who receive actual notice of this Order, whether acting directly or
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1 shall execute such documents within three days of a request from a representative
2 of the Commission.

3 D. The Asset Freeze in the Preliminary Injunction is modified, only with
4 respect to Defendant Nelson. Once all of Defendant's frozen assets are transferred
5 in accordance with Subsection B, the Asset Freeze will dissolve with respect to
6 Defendant Nelson.

7 E. The Commission's agreement to the suspension of part of the
8 judgment is expressly premised upon the truthfulness, accuracy, and completeness
9 of Defendant's sworn financial statements and related documents (collectively,
10 "Financial Attestations") submitted to the Commission, including Defendant Derek
11 Nelson's Financial Statement (dated August 13, 2015) and his revisions and
12 supplements, submitted on September 11, 2015.

13 F. The suspension of the judgment will be lifted as to Defendant if, upon
14 motion by the Commission, the Court finds that Defendant failed to disclose any
15 material asset, materially misstated the value of any asset, or made any other
16 material misrepresentation or omission in the Financial Attestations.

17 G. If the suspension of the judgment is lifted, the judgment in the amount
18 specified in Subsection A will become immediately due (which the parties stipulate
19 for purposes of this Section represents consumer injury), less any payment
20 previously made pursuant to this Section, plus interest computed from the date of
21 entry of this Order.

22 H. Defendant relinquishes dominion and all legal and equitable right,
23 title, and interest in all assets transferred pursuant to this Order and may not seek
24 the return of any assets.

25 I. The facts alleged in the Complaint will be taken as true, without
26 further proof, in any subsequent civil
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1 **VII. CUSTOMER INFORMATION**

2 IT IS FURTHER ORDERED that Defendant, his officers, agents,
3 employees, and attorneys, and all others in active concert or participation with any
4 of them, who receive actual notice of this Order, whether acting directly or
5 indirectly, are permanently restrained and enjoined from:

6 A. disclosing, using, or benefitting from customer information, including
7 the name, address, telephone number, email address, social security number, other
8 identifying information, or any data that enables access to a customer's account
9 (including a credit card, bank account, or other financial account), that any
10 defendant obtained prior to entry of this Order in connection with the marketing or
11 promotion of mortgage assistance relief products or services or debt relief products
12 or services; and

13 B. failing to destroy such customer information in all forms in their
14 possession, custody, or control within 10 days after entry of this Order.

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

18 **VIII. COOPERATION**

19 IT IS FURTHER ORDERED that Defendant must fully cooperate with
20 representatives of the Commission in this case and in any investigation related to
21 or associated with the transactions or the occurrences that are the subject of the
22 Complaint. Defendant must provide truthful and complete information, evidence,
23 and testimony. Defendant must appear for interviews, discovery, hearings, trials,
24 and any other proceedings that a Commission representative may reasonably
25 request upon 5 days written notice, or other reasonable notice, at such places and
26 times as a Commission representative may designate, without the service of a
27 subpoena.
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Page 14 of 18 T TT2TT3TT4TT5TT6TT7TT8TT9TT10TT11TT12TT13TT14TT15TT16TT17TT18TT19TT20

1 1. identify the primary physical, postal, and email address and
2 telephone number, as designated points of contact, which representatives of the
3 Commission may use to communicate with Defendant;

4 2. identify all of Defendant's businesses by all of their names,
5 telephone numbers, and physical, postal, email, and Internet addresses;

6 3. describe the activities of each business, including the product,
7 service, plan, or program offered, the means of advertising, marketing, and sales,
8 and the involvement of any other defendant;

9 4. describe in detail whether and how Defendant is in compliance
10 with each Section of this Order;

11 5. provide a copy of each Order Acknowledgment obtained
12 pursuant to this Order, unless previously submitted to the Commission;

13 6. identify all telephone numbers and all physical, postal, email
14 and Internet addresses, including all residences;

15 7. identify all business activities, including any business for which
16 Defendant performs services whether as an employee or otherwise and any entity
17 in which Defendant has any ownership interest; and

18 8. describe in detail Defendant's involvement in each such
19 business, including title, role, responsibilities, participation, authority, control, and
20 any ownership.

21 B. For 20 years after entry of this Order, Defendant must submit a
22 compliance notice, sworn under penalty of perjury, within 14 days of any change
23 in the following:

24 1. any designated point of contact;

25 2. the structure of any entity that Defendant has any ownership
26 interest in or controls directly or indirectly that may affect compliance obligations
27 arising under this Order, including: creation, merger, sale, or dissolution of the
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1 entity or any subsidiary, parent, or affiliate that engages in any acts or practices
2 subject to this Order;

3 3. name, including aliases or fictitious name, or residence address;
4 or

5 4. title or role in any business activity, including any business for
6 which Defendant performs services whether as an employee or otherwise and any
7 entity in which Defendant has any ownership interest, and identify the name,
8 physical address, and any Internet address of the business or entity.

9 C. Defendant must submit to the Commission notice of the filing of any
10 bankruptcy petition, insolvency proceeding, or similar proceeding by or against
11 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 Co
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1 collectively with any other defendants, is a majority owner or controls directly or
2 indirectly, must create and retain the following records:

3 A. accounting records showing the revenues from all products, services,
4 plans, or programs sold;

5 B. personnel records showing, for each person providing services,
6 whether as an employee or otherwise, that person's: name; addresses; telephone
7 numbers; job title or position; dates of service; and (if applicable) the reason for
8 termination;

9 C. records of all consumer complaints and refund requests, whether
10 received directly or indirectly, such as through a third party, and any response;

11 D. all records necessary to demonstrate full compliance with each
12 provision of this Order, including all submissions to the Commission; and

13 E. a copy of each unique advertisement or other marketing material.

14 **XII. COMPLIANCE MONITORING**

15 IT IS FURTHER ORDERED that, for the purpose of monitoring
16 Defendant's compliance with this Order, including the Financial Attestations upon
17 which part of the judgment was suspended and any failure to transfer any assets as
18 required by this Order:

19 A. Within 14 days of receipt of a written request from a representative of
20 the Commission, Defendant must: submit additional compliance reports or other
21 requested information, which must be sworn under penalty of perjury; appear for
22 depositions; and produce documents for inspection and copying. The Commission
23 is also authorized to obtain discovery, without further leave of court, using any of
24 the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including
25 telephonic depositions), 31, 33, 34, 36, 45, and 69.

26 B. For matters concerning this Order, the Commission is authorized to
27 communicate directly with Defendant. Defendant must permit representatives of
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