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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 8:19-cv-1728JVS(JDEx)

_____)
FEDERAL TRADE COMMISSION,)

Plaintiff,)

v.)

STUDENT ADVOCATES TEAM,)
LLC, a limited liability company;)

PROGRESS ADVOCATES)
GROUP, LLC, a limited liability)
company, also dba Student)
Advocates;)

STUDENT ADVOCATES GROUP,)
LLC, a limited liability company;)

ASSURANCE SOLUTION)
SERVICES, LLC, a limited liability)
company;)

BRADLEY JASON HUNT, an)
individual;)

SEAN QUINCY LUCERO, an)
individual; and)
_____)

STIPULATED ORDER FOR
PERMANENT INJUNCTION,
MONETARY RELIEF
AND FINAL JUDGMENT AS TO
EQUITABLE ACCEPTANCE
CORPORATION

1 deceptive telemarketing acts or practices that violate the TSR, 16 C.F.R. §
2 310.3(b).

3 3. The Complaint also charges that EAC, in the offering or extension of
4 credit to consumers for purchase of Corporate Debt Relief Defendants’ products or
5 services, misstated the terms of these loans in violation of the Truth in Lending Act
6 (“TILA”), 15 U.S.C. §§ 1631 and 1638, and its implementing Regulation Z, 12
7 C.F.R. §§ 1026.17 and 1026.18.

8 4. EAC neither admits nor denies any of the allegations in the
9 Complaint, except as specifically stated in this Order. Only for purposes of this
10 action, EAC admits the facts necessary to establish jurisdiction.

11 5. EAC waives any claim that it may have under the Equal Access to
12 Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through
13 the date of this Order, and agrees to bear its own costs and attorney fees.

14 6. EAC and Plaintiff waive all rights to appeal or otherwise challenge or
15 contest the validity of this Order.

16 **DEFINITIONS**

17 A. “Assisting Others” includes:

18 1. performing customer service functions, including receiving or
19 responding to consumer complaints;

20 2. formulating or providing, or arranging for the formulation or
21 provision of, any advertising or marketing material, including any telephone sales
22 script, direct mail so

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1 4. providing names of, or assisting in the generation of, potential
2 customers;

3 5. performing marketing, billing, or payment services of any kind; or

4 6. acting or serving as an owner, officer, director, manager, or principal
5 of any entity.

6 B. **“Consumer Reporting Agency”** or **“CRA”** shall mean any Person
7 which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly
8 engages in whole or in part in the practice of assembling or evaluating consumer
9 credit information or other information on consumers for the purpose of furnishing
10 consumer reports to third parties, and which uses any means or facility of interstate
11 commerce for the purpose of preparing or furnishing consumer reports.

12 C. **“Corporate Debt Relief Defendants”** means Progress Advocates
13 Group, LLC dba Student Advocates; Student Advocates Team, LLC; Student
14 Advocates Group, LLC; and Assurance Solutions Services, LLC, individually,
15 collectively or in any combination.

16 D. **“Dealer”** means any Person for whom EAC is providing credit
17 services to consumers for the purchase of that Person’s product or service.

18 E. **“Debt”** means any obligation or alleged obligation of a consumer to
19 pay money arising out of a transaction in which the money, property, or services
20 that are the subject of the transaction are primarily for personal, family, or
21 household purposes, whether or not such obligation has been reduced to judgment.

22 F. **“Person”** means a natural person, organization, or other legal entity,
23 including a corporation, partnership, proprietorship, association, cooperative, or
24 any other group or combination acting as an entity.

25 G. **“Secured or Unsecured Debt Relief Product or Service”** means:

26 1. With respect to any mortgage, loan, Debt, or obligation between a
27 person and one or more secured or unsecured creditors or debt collectors, any
28 product, service, plan, or program represented, expressly or by implication, to:

1 a. stop, prevent, or postpone any mortgage or deed of foreclosure
2 sale for a person's dwelling, any other sale of collateral, any repossession of a
3 person's dwelling or other collateral, or otherwise save a person's dwelling or
4 other collateral from foreclosure or repossession;

5 b. negotiate, obtain, or arrange a modification, or renegotiate,
6 settle, or in any way alter any terms of the mortgage, loan, Debt, or obligation,
7 including a reduction in the amount of interest, principal balance, monthly
8 payments, or fees owed by a person to a secured or unsecured creditor or debt
9 collector;

10 c. obtain any forbearance or modification in the timing of
11 payments from any secured or unsecured holder or servicer of any mortgage, loan,
12 Debt, or obligation;

13 d. negotiate, obtain, or arrange any extension of the period of time
14 within which a person may (i) cure his or her default on the mortgage, loan, Debt,
15 or obligation, (ii) reinstate his or her mortgage, loan, Debt, or obligation, (iii)
16 redeem a dwelling or other collateral, or (iv) exercise any right to reinstate the
17 mortgage, loan, Debt, or obligation or redeem a dwelling or other collateral;

18 e. obtain any waiver of an acceleration clause or balloon payment
19 contained in any promissory note or contract secured by any dwelling or other
20 collateral; or

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

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

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3. the interest rate(s), annual percentage rate(s), or finance charge(s), and whether they are fixed or adjustable;

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

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

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

7. that the credit does not have a pM the 3 n Merav \$ at \$

1 enjoined from misrepresenting, or Assisting Others in misrepresenting, expressly
2 or by implication:

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

7 B. that any Person is affiliated with, endorsed or approved by, or
8 otherwise connected to any other Person; government entity; public, non-profit, or
9 other noncommercial program; or any other program;

10 C. the nature, expertise, position, or job title of any Person who provides
11 any product, service, plan, or program; or

12 D. any other fact material to consumers concerning any good or service,
13 such as: the total costs; any material restrictions, limitations, or conditions; or any
14 material aspect of its performance, efficacy, nature, or central characteristics.

15 **IV.**

16 **REQUIRED DISCLOSURES**

17 IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees,
18 and attorneys, and all other Persons in active concert or participation with any of
19 them, who receive actual notice of this Order, whether acting directly or indirectly,
20 in connection with the advertising, marketing, promoting, offering, or extension of
21 credit, are hereby permanently restrained and enjoined from:

22 A. When extending a fixed amount
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3. The finance charge;
4. The annual percentage rate;
5. The payment schedule;
6. The total of payments; or

B. Violating any provision of the Truth in Lending Act, 15 U.S.C. §§ 1601-1666j, or Regulation Z, 12 C.F.R. Part 1026.

V.

**PROHIBITION AGAINST COLLECTING ON CORPORATE DEBT
RELIEF DEFENDANT ACCOUNTS AND CONSUMER NOTIFICATION**

IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees, and attorneys, and all other Persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly,

- 1 (2) that, pursuant to an agreement with the Federal Trade Commission,
2 EAC will not collect or attempt to collect on any debt that the
3 consumer had incurred as a result of EAC's extension of credit to the
4 consumer;
- 5 (3) that EAC will not sell, assign or otherwise transfer any outstanding
6 debt that the consumer owes to EAC;
- 7 (4) that, to remain in any federal student loan payment assistance program
8 offered by the U.S. Department of Education, and to avoid losing the
9 benefits of continuous enrollment in such a program, the consumer is
10 required each year to re-certify, and update certain information to the
11 Department of Education, and that the consumer should contact the
12 Department of Education or the consumer's student loan servicer, and
13 not EAC, for information as to how and when to submit the required
14 annual re-certification;
- 15 (5) that EAC will no longer report to any information about the
16 consumer's EAC account to any Consumer Reporting Agency, and
17 that for each Consumer Reporting Agency to which EAC has
18 previously reported information about the consumer's account with
19 EAC, EAC has requested that the CRA delete the account from the
20 consumer's credit report; and
- 21 (6) the name and contact information for each CRA to which EAC
22 submitted the request to delete the consumer's account from the
23 consumer's credit reporting file, and the date on which the request
24 was sent.

25 EAC shall for one year from the date of this Order, keep (a) all contact information
26 for each consumer as to whom EAC is required to send the required notice and (b)
27 the template for the notice that EAC sent to consumers. EAC shall provide the
28 contact information and template to Plaintiff upon request.

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VI.

MONETARY JUDGMENT AND PARTIAL SUSPENSION

IT IS FURTHER ORDERED that Judgment in the amount of Twenty-Four Million One Hundred One Thousand Eight Hundred Fifty-Four Dollars (\$24,101,854) is entered in favor of Plaintiff against Defendant Equitable Acceptance Corporation as equitable monetary relief.

B. EAC is ordered to pay to Plaintiff Eight Hundred Sixty-Three Thousand Eight Hundred Dollars (\$863,800), which, as EAC stipulates, its undersigned counsel holds in escrow for no purpose other than payment to the Commission. Such payment must be made within 7 days of entry of this Order by electronic fund transfer in accordance with instructions previously provided by a representative of the Commission. Upon such payment the remain

1 E. If the suspension of the judgment is lifted, the judgment becomes
2 immediately due in the amount specified in Subsection A. above (which the parties
3 stipulate only for purposes of this Section represents the consumer injury alleged in
4 the Complaint), less any payment previously made pursuant to this Section, plus
5 interest computed from the date of entry of this Order.

6 **VII.**

7 **ADDITIONAL MONETARY PROVISIONS**

8 IT IS FURTHER ORDERED that:

9 A. EAC relinquishes dominion and all legal and equitable right, title, and
10 interest in all assets transferred pursuant to this Order and may not seek the return
11 of any assets.

12 B. The facts alleged in the Complaint will be taken as true, without
13 further proof, in any subsequent civil litigation by or on behalf of Plaintiff,
14 including in a proceeding to enforce its rights to any payment or monetary
15 judgment pursuant to this Order, such as a nondischargeability complaint in any
16 bankruptcy case.

17 C. The facts alleged in the Complaint establish all elements necessary to
18 sustain an action by Plaintiff pursuant to Section 523(a)(2)(A) of the Bankruptcy
19 Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect
20 for such purposes.

21 D. EAC acknowledges that its Taxpayer Identification Number, which
22 EAC previously submitted to Plaintiff, may be used for collecting and reporting on
23 any delinquent amount arising out of this Order, in accordance with 31 U.S.C.
24 §7701.

25 E. All money paid to Plaintiff pursuant to this Order may be deposited
26 into a fund administered by the Plaintiff Federal Trade Commission or its designee
27 to be used for equitable relief,
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1 redress to consumers is wholly or partially impracticable or money remains after
2 redress is completed, all remaining funds will be deposited to the U.S. Treasury as
3 disgorgement. EAC has no right to challenge any actions Plaintiff or its
4 representatives may take pursuant to this Subsection.

5 **VIII.**

6 **COOPERATION**

7 IT IS FURTHER ORDERED that EAC must fully cooperate with
8 representatives of Plaintiff in this case and any investigation related to or
9 associated with the transactions or occurrences that are the subject of the
10 Complaint. EAC must provide truthful and complete information, evidence and
11 testimony. EAC must cause its officers, employees, representatives, or agents to
12 appear for interviews, discovery, hearings, trials, and any other proceeding that a
13 representative of Plaintiff may reasonably request upon 5 days written notice, or
14 other reasonable notice, at such places and times as the representative may
15 designate, without the service of a subpoena.

16 **IX.**

17 **CUSTOMER INFORMATION**

18 IT IS FURTHER ORDERED that EAC, EAC's officers, agents, employees,
19 attorneys, and all other Persons or entities in active concert or participation with
20 any of them, who receive actual notice of this Order, are permanently restrained
21 and enjoined from directly or indirectly:

22 A. failing to provide sufficient customer information to enable Plaintiff
23 to efficiently administer consumer redress. If a representative of Plaintiff requests
24 in writing any information related to redress, EAC must provide it, in the form
25 prescribed by that Plaintiff, within 14 days;

26 B. disclosing, using, or benefitting from any information relating to any
27 customer of any Corporate Debt Relief Defendant that EAC obtained prior to entry
28 of this Order, including the name, address, telephone number, email address, social

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XI.

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

2 **XIII.**

3 **COMPLIANCE MONITORING**

4 IT IS FURTHER ORDERED that, for the purpose of monitoring EAC's
5 compliance with this Order, including the financial representations upon which
6 part of the judgment was suspended and any failure to transfer any assets as
7 required by this Order:

8 A. Within 14 days of receipt of a written request from a representative of
9 Plaintiff, EAC must: submit additional compliance reports or other requested
10 information, which must be sworn under penalty of perjury; appear for depositions;
11 and produce documents for inspection and copying. Plaintiff is also authorized to
12 obtain discovery, without further leave of court, using any of the procedures
13 prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic
14 depositions), 31, 33, 34, 36, 45, and 69.

15 B. For matters concerning this Order, Plaintiff is authorized to
16 communicate directly with EAC. EAC must permit representatives of Plaintiff to
17 interview any employee or other person affiliated with EAC who has agreed to
18 such an interview. The person interviewed may have counsel present.

19 C. Plaintiff may use all other lawful means, including posing, through its
20 representatives as consumers, suppliers, or other individuals or entities, to EAC or
21 any individual or entity affiliated with EAC, without the necessity of identification
22 or prior notice. Nothing in this Order limits the Commission's lawful use of
23 compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§
24 49, 57b-1.

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