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1 Plaintiff Federal Trade Commission (“Commission”) filed its Complaint for  
2 Permanent Injunction and Other Equitable Relief on April 14, 2015, pursuant to  
3 Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15  
4 U.S.C. §§ 53(b) and 57b, the Telemarketing and Consumer Fraud and Abuse  
5 Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and the 2009  
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1 16 C.F.R. Part 310. These deceptive acts and practices included, without  
2 limitation, falsely stating that consumers were approved for government-backed  
3 home loan modifications and taking advance fees for MARS.

4 4. Corporate Defendants' activities as alleged in the Complaint are in or  
5 affecting commerce as "commerce" is defined in Section 4 of the FTC Act, 15  
6 U.S.C. § 44.

7 5. Corporate Defendants had proper notice of this lawsuit. On April 16,  
8 2015, the FTC properly served them with the Summons and Complaint. DE 37,  
9 38.

10 6. Corporate Defendants have failed to answer or otherwise respond to  
11 the Complaint.

12 7. The Clerk entered defaults against Corporate Defendants on July 24,  
13 2015. DE 80.

14 8. The FTC is now entitled to default judgement as to Corporate  
15 Defendants pursuant to Rule 55(b) of the Federal Rules of Civil Procedure.

16 9. The allegations in the Complaint are taken as true against Corporate  
17 Defendants. Those allegations establish that Corporate Defendants are liable for  
18 injunctive and equitable monetary relief for violations of Section 5 of the FTC Act,  
19 15 U.S.C. § 45; the MARS Rule, 12 C.F.R. §§ 1015.3(a), 1015.3(b)(1)-(4),  
20 1015.4(a)(1)-(2), 1015.4(b)(1)-(3), 1015.4(c), 1015.5(a); and Sections  
21 310.3(a)(2)(iii), 310.3(a)(2)(iv), and 310.4(a)(4) of the TSR, 16 C.F.R. §§  
22 310.3(a)(2)(iii), 310.3(a)(2)(iv), 310.4(a)(4).

23 10. The Declarations of Emil T. George (DE 54-10) and Thad Meyer (DE  
24 113-3), filed by the FTC in support of its Ex-Parte Application for Temporary  
25 Restraining Order and Motion for Summary Judgment Against Defendant Denny  
26 Lake respectively, establish that Corporate Defendants caused consumer injury in  
27 the amount of Two Million, Three Hundred Forty-Nine Thousand, Eight Hundred  
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1 C. **“Credit-related financial product or service”** means any product,  
2 service, plan, or program represented, expressly or by implication, to:

3 1. provide any consumer, arrange for any consumer to receive, or  
4 assist any consumer in receiving, a loan or other extension of credit;

5 2. provide any consumer, arrange for any consumer to receive, or  
6 assist any consumer in receiving, credit, debit, or stored value cards;

7 3. improve, repair, or arrange to improve or repair, any  
8 consumer’s credit record, credit history, or credit rating; or

9 4. provide advice or assistance to improve any consumer’s credit  
10 record, credit history, or credit rating.

11 D. **“Defendants”** mean individual defendants Chad Caldaronello, Brian  
12 Pacios, Justin Moreira, Derek Nelson, Denny Lake; relief defendant Cortney  
13 Gonsalves; and Corporate Defendants.

14 E. **“Person”** means a natural person, organization, or other legal entity,  
15 including a corporation, partnership, proprietorship, association, cooperative, or  
16 any other group or combination acting as an entity.

17 F. **“Secured or unsecured debt relief product or service”** means:

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

21 a. stop, prevent, or postpone any mortgage or deed of  
22 foreclosure sale for a person’s dwelling, any other sale of collateral, any  
23 repossession of a person’s dwelling or other collateral, or otherwise save a person’s  
24 dwelling or other collateral from foreclosure or repossession;

25 b. negotiate, obtain, or arrange a modification, or  
26 renegotiate, settle, or in any way alter any terms of the mortgage, loan, debt, or  
27 obligation, including a reduction in the amount of interest, principal balance,  
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1 with any of them, who receive actual notice of this Order, whether acting directly  
2 or indirectly, in connection with the advertising, marketing, promoting, offering for  
3 sale, or selling of any product, service, plan, or program, are permanently  
4 restrained and enjoined from misrepresenting, or assisting others in  
5 misrepresenting, expressly or by implication:

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

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

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

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

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

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

24 G. that a consumer will receive legal representation;

25 H. any special connections or relationships with lenders or financial  
26 institutions; or



1 I. any other fact material to consumers concerning any product, service,  
2 plan, or program.

3 **V. MONETARY JUDGMENT**

4 IT IS FURTHER ORDERED that:

5 A. Judgment in the amount of Two Million, Three Hundred Forty-Nine  
6 Thousand, Eight Hundred Eighty-Five Dollars (\$2,349,885.00) is entered in favor  
7 of the Commission and against Corporate Defendants, jointly and severally with all  
8 other Defendants, as equitable monetary relief.

9 B. Corporate Defendants are ordered to pay the Commission the  
10 judgment amount in Subsection A within seven days of the entry of this Order by  
11 electronic fund transfer in accordance with instructions previously provided by a  
12 representative of the Commission. Any other entity, person or financial institution  
13 holding Corporate Defendants' frozen assets must also transfer those assets to the  
14 Commission within seven days of the entry of this Order by electronic fund  
15 transfer in accordance with instructions previously provided by a representative of  
16 the Commission.

17 C. Corporate Defendants shall take all steps necessary to assist in the  
18 transfer of all frozen assets, including those identified in Subsection B. In the  
19 event it is necessary to execute additional documents to transfer, liquidate, or  
20 assign Corporate Defendant's assets or any other assets surrendered under this  
21 Order, Corporate Defendant shall execute such documents within three days of a  
22 request from a representative of the Commission.

23 D. The Asset Freeze in the Preliminary Injunction is modified, only with  
24 respect to Corporate Defendants. Once all of Corporate Defendants' frozen assets  
25 are transferred in accordance with Subsection B, the Asset Freeze will dissolve  
26 with respect to Corporate Defendants.

1 E. Corporate Defendants relinquish dominion and all legal and equitable  
2 right, title, and interest in all assets transferred pursuant to this Order and may not  
3 seek the return of any assets.

4 F. The facts alleged in the Complaint will be taken as true, without  
5 further proof, in any subsequent civil litigation by or on behalf of the Commission,  
6 including in a proceeding to enforce its rights to any payment or monetary  
7 judgment pursuant to this Order, such as a nondischargeability complaint in any  
8 bankruptcy case.

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

13 H. Corporate Defendants' Taxpayer Identification Numbers (such as  
14 Employer Identification Numbers), which Corporate Defendants must submit to  
15 the Commission, may be used for collecting and reporting on any delinquent  
16 amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

17 I. All money paid to the Commission pursuant to this Order may be  
18 deposited into a fund administered by the Commission or its designee to be used  
19 for equitable relief, including consumer redress and any attendant expenses for the  
20 administration of any redress fund. If a representative of the Commission decides  
21 that direct redress to consumers is wholly or partially impracticable or money  
22 remains after redress is completed, the Commission may apply any remaining  
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1 challenge any actions the Commission or its representatives may take pursuant to  
2 this Subsection.

3 J. The Commission may request any tax-related information, including  
4 tax returns and other filings, that Corporate Defendants have the authority to  
5 release. Within 14 days of receipt of a written request from a representative of the  
6 Commission, Corporate Defendants must take all necessary steps (such as filing a  
7 completed IRS Form 4506 or 8821) to cause the Internal Revenue Service or other  
8 tax authority to provide the information directly to the Commission.

9 **VI. CUSTOMER INFORMATION**

10 IT IS FURTHER ORDERED that Corporate Defendants, their officers,  
11 agents, employees, and attorneys, and all others in active concert or participation  
12 with any of them, who receive actual notice of this Order, are permanently  
13 restrained and enjoined from directly or indirectly:

14 A. disclosing, using, or benefitting from customer information, including  
15 the name, address, telephone number, email address, Social Security Number,  
16 other identifying information, or any data that enables access to a customer's  
17 account (including a credit card, bank account, or other financial account), that any  
18 defendant obtained prior to entry of this Order in connection with the marketing or  
19 promotion of mortgage assistance relief products or services or debt relief products  
20 or services; and

21 B. failing to destroy such information, who receive actual notice of this Order, are permanently  
22 restrained and enjoined from directly or indirectly:  
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1 **VII. ORDER ACKNOWLEDGMENTS**


2 IT IS FURTHER ORDERED that each Corporate Defendant, within 7 days  
3 of entry of this Order, must submit to the Commission an acknowledgment of  
4 receipt of this Order sworn under penalty of perjury.

5 **VIII. RETENTION OF JURISDICTION**

6 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this  
7 matter for all purposes of construction, modification, and enforcement of this  
8 Order.

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10 **IT IS SO ORDERED**, this 31st day of May, 2016.

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13 Dated: May 31, 2016

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15 CORMAC J. CARNEY  
16 UNITED STATES DISTRICT JUDGE