

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NEW YORK



FEDERAL TRADE COMMISSION, and

PEOPLE OF THE STATE OF NEW YORK,
by **LETITIA JAMES**, Attorney General of the
State of New York,

Plaintiffs,

v.

CAMPBELL CAPITAL LLC, a New York
limited liability company, also doing business as
UNITED PROCESSING SERVICES,

**KAHL, HEIDENREICH, AND NEMMER
LLC**, a New York limited liability company,

**URBAN, HEIDENREICH, MELENDEZ, AND
ASSOCIATES, LLC**, a New York limited
liability company, also doing business as
**CAPITAL ASSETS, SECURITIES, AND
HOLDINGS GROUP**,

J & V RECEIVABLES LLC, a New York
limited liability company,

RICH FINANCIAL LLC, a Delaware limited
liability company,

BCH & ASSOCIATES LTD., a New York
corporation, and

ROBERT HEIDENREICH, individually and as
a principal and owner or de facto owner of
**CAMPBELL CAPITAL LLC, KAHL,
HEIDENREICH, AND NEMMER LLC,
URBAN, HEIDENREICH, MELENDEZ, AND
ASSOCIATES, LLC, J & V RECEIVABLES
LLC, RICH FINANCIAL LLC, and BCH &
ASSOCIATES LTD.**,

Defendants.

Case No. 18-cv-1163-LJV-MJR

**DEFAULT JUDGMENT ORDER
FOR PERMANENT INJUNCTION
AND MONETARY JUDGMENT
AGAINST THE CORPORATE
DEFENDANTS**

On October 23, 2018, the plaintiffs, the Federal Trade Commission (“Commission”) and the People of the State of New York, by the Attorney General of the State of New York (“NY AG”), commenced this action by filing their complaint for a permanent injunction, civil penalties for violations of New York law, and other equitable relief in this matter, pursuant to section 13(b) of the Federal Trade Commission Act (“FTCA”), 15 U.S.C. § 53(b); section 814 of the Fair Debt Collection Practices Act (“FDCPA”), 15 U.S.C. § 1692f; New York Executive Law § 63(12); and New York General Business Law Article 22-A, § 349, and Article 29-H, § 602. Docket Item 1.

The following defendants did not appear in this action, file an answer in response to the complaint, or otherwise defend against the plaintiffs’ claims in this action: Campbell Capital LLC; Kahl, Heidenreich, and Nemmer LLC; Urban, Heidenreich, Melendez, and Associates, LLC; J & V Receivables LLC; Rich Financial LLC; and BCH & Associates Ltd. (collectively, “Corporate Defendants”).

On March 18, 2019, the plaintiffs requested entry of default against the Corporate Defendants under Rule 55(a) of the Federal Rules of Civil Procedure. Docket Item 46. On March 19, 2019, the Clerk of Court entered default. Docket Item 47. And on January 15, 2020, the plaintiffs moved this Court, under Rule 55(b)(2) of the Federal Rules of Civil Procedure, for entry of a judgment by default and permanent injunction against the Corporate Defendants. Docket Item 54. Having considered the plaintiffs’ papers, the Court grants that motion.

IT IS HEREBY ORDERED:

FINDINGS

1. This Court has jurisdiction over this matter.
2. Venue is proper in the United States District Court for the Western District of New York.
3. The plaintiffs have the authority to seek the relief they have requested, and the complaint states a claim upon which relief may be granted against the Corporate Defendants under section 5 of the FTCA, 15 U.S.C. § 45; the FDCPA, 15 U.S.C. §§ 1692-1692p; N.Y. Executive Law § 63(12); N.Y. General Business Law § 349; and N.Y. General Business Law § 601.
4. The activities of the Corporate Defendants are in or affecting commerce, as “commerce” is defined in section 4 of the FTCA, 15 U.S.C. § 44.
5. The Corporate Defendants have been properly served with the summons and complaint, as required by Rule 4 of the Federal Rules of Civil Procedure. *See* Docket Items 20-22.
6. The Corporate Defendants also have received actual notice of this action via individual defendant Robert Heidenreich, who owns or controls each of the Corporate Defendants. *See* Docket Item 14 at 5-6; Docket Item 6-21 at 7; *see also* Docket Item 20.
7. The Corporate Defendants have failed to file an answer to the complaint within the time set forth in Rule 12(a) of the Federal Rules of Civil Procedure or to otherwise defend against this action. The Clerk of the Court entered defaults against the Corporate Defendants on March 19, 2019. Docket Items 46-47.
8. The Corporate Defendants acted as a common enterprise while engaged in deceptive and unlawful debt collection practices. *See* Docket Item 14 at 5-6.

9. The plaintiffs submitted evidence that demonstrates that the Corporate Defendants' debt collection enterprise obtained more than 1.7 million dollars (\$1,700,000) from consumers. Docket Item 6-22 at 3.
10. The plaintiffs therefore are entitled to equitable monetary relief against the Corporate Defendants in the amount of 1.7 million dollars (\$1,700,000), which is the approximate amount of consumer injury.
11. This order, and the relief awarded herein, is in addition to, and not in lieu of, any other remedies that may be provided by law, including both civil and criminal remedies.
12. Entry of this order is in the public interest.

DEFINITIONS

For the purpose of this order, the following definitions apply:

1. **"Corporate Defendants"** means Campbell Capital LLC ("Campbell"); Kahl, Heidenreich, and Nemmer LLC ("KHN"); Urban, Heidenreich, Melendez, and Associates, LLC ("UHM"); J & V Receivables LLC ("J&V Receivables"); Rich Financial LLC ("Rich Financial"); and BCH & Associates Ltd. ("BCH"), and their successors, assigns, affiliates, or subsidiaries, and each of them by whatever names each might be known.
2. **"Credit Repair Service"** means selling, providing, or performing any service (or representing that such service can or will be sold, provided, or performed) through the use of any instrumentality of interstate commerce or the mails, in return for the payment of money or other valuable consideration, for the express or implied purpose of (i) improving any consumer's credit record, credit history, or credit

rating; or (ii) providing advice or assistance to any consumer with regard to any activity or service described in clause (i).

3. **“Debt”** means any obligation or alleged obligation to pay money arising out of a transaction, whether or not such obligation has been reduced to judgment.
4. **“Debt Collection Activities”** means any activities of a Debt Collector to collect or attempt to collect, directly or indirectly, a Debt owed or due, or asserted to be owed or due.
5. **“Debt Collector”** means any person who uses any instrumentality of interstate commerce or the mails in any business the principal purpose of which is the collection of any Debts, or who regularly collects or attempts to collect, directly or indirectly, Debts owed or due or asserted to be owed or due another. The term also includes any creditor who, in the process of collecting its own Debts, uses any name other than its own which would indicate that a third person is collecting or attempting to collect such Debts. The term also includes any person to the extent that such person collects or attempts to collect any Debt that was in default at the time it was obtained by such person.
6. **“Defendants”** means individual defendant Robert Heidenreich and the Corporate Defendants, individually, collectively, or in any combination, and each of them by whatever names each might be known.
7. **“Financial-related Product or Service”** means any product, service, plan, or program represented, expressly or by implication, to:
 - A. provide to any consumer, arrange for any consumer to receive, or assist any

- consumer in receiving, an extension of consumer credit;
- B. provide to any consumer, arrange for any consumer to receive, or assist any consumer in receiving, a Credit Repair Service; or
- C. provide to any consumer, arrange for any consumer to receive, or assist any consumer in receiving, any Secured or Unsecured Debt Relief Product or Service.
8. **“Individual Defendant”** means Robert Heidenreich.
9. **“Person”** means a natural person, an organization or other legal entity, including a corporation, partnership, sole proprietorship, limited liability company, association, cooperative, or any other group or combination acting as an entity.
10. **“Receiver”** means James C. Thoman.
11. **“Secured or Unsecured Debt Relief Product or Service”** means:
- A. With respect to any mortgage, loan, Debt, or obligation between a Person and one or more secured or unsecured creditors or Debt Collectors, any product, service, plan, or program represented, expressly or by implication, to:
- i. stop, prevent, or postpone any mortgage or deed of foreclosure sale for a Person’s dwelling, any other sale of collateral, any repossession of a Person’s dwelling or other collateral, or otherwise save a Person’s dwelling or other collateral from foreclosure or repossession;
- ii. negotiate, obtain, or arrange a modification, or renegotiate, settle, or

- in any way alter any terms of the mortgage, loan, Debt, or obligation, including a reduction in the amount of interest, principal balance, monthly payments, or fees owed by a Person to a secured or unsecured creditor or Debt Collector;
- iii. obtain any forbearance or modification in the timing of payments from any secured or unsecured holder or servicer of any mortgage, loan, Debt, or obligation;
 - iv. negotiate, obtain, or arrange any extension of the period of time within which a Person may (a) cure his or her default on the mortgage, loan, Debt, or obligation, (b) reinstate his or her mortgage, loan, Debt, or obligation, (c) redeem a dwelling or other collateral, or (d) exercise any right to reinstate the mortgage, loan, Debt, or obligation or redeem a dwelling or other collateral;
 - v. obtain any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling or other collateral; or
 - vi. negotiate, obtain, or arrange (a) a short sale of a dwelling or other collateral, (b) a deed-in-lieu of foreclosure, or (c) any other disposition of a mortgage, loan, Debt, or obligation other than a sale to a third party that is not the secured or unsecured loan holder.

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

- B. With respect to any loan, Debt, or obligation between a Person and one or more unsecured creditors or Debt Collectors, any product, service, plan, or program represented, expressly or by implication, to:
- i. repay one or more unsecured loans, Debts, or obligations; or
 - ii. combine unsecured loans, Debts, or obligations into one or more new loans, Debts, or obligations.

ORDER

I. BAN ON DEBT COLLECTION ACTIVITIES

IT IS HEREBY ORDERED that the Corporate Defendants, whether acting directly or through an intermediary, are permanently restrained and enjoined from:

- A. Participating in Debt Collection Activities; and
- B. Advertising, marketing, promoting, offering for sale, selling, distributing, buying, or processing payments on any Debt or any information regarding a consumer relating to a Debt.

II. PROHIBITION AGAINST MISREPRESENTATIONS RELATING TO FINANCIAL-RELATED PRODUCTS OR SERVICES

AND IT IS FURTHER ORDERED that the Corporate Defendants and their agents, employees, and attorneys, and all other persons in active concert or participation with them, who receive actual notice of this order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale or sale of any Financial-related Product or Service, are permanently restrained and enjoined from:

- A. Misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including but not limited to:
1. The terms or rates that are available for any loan or other extension of credit;
 2. Any person's ability to improve or otherwise affect a consumer's credit record, credit history, or credit rating or ability to obtain credit;
 3. That any person can improve any consumer's credit record, credit history, or credit rating by permanently removing negative information from the consumer's credit record, credit history, or credit rating, even where such information is accurate and not obsolete;
 4. Any aspect of any Secured or Unsecured Debt Relief Product or Service, including but not limited to, the amount of savings a consumer will receive from purchasing, using, or enrolling in such Secured or Unsecured Debt Relief Product or Service; the amount of time before which a consumer will receive settlement of that consumer's Debts; or the reduction or cessation of collection calls;
 5. That a consumer will receive legal representation;
 6. That any particular outcome or result from a Financial-related Product or Service is guaranteed, assured, highly likely or probable, or very likely or probable;
 7. The nature or terms of any refund, cancellation, exchange, or repurchase policy, including but not limited to the likelihood of a consumer obtaining a

full or partial refund, or the circumstances in which a full or partial refund will be provided to the consumer; and

8. Any other fact material to consumers concerning any Financial-related Product or Service, such as: the total costs; any material restrictions, limitations, or conditions; or any material aspect of its performance, efficacy, nature, or central characteristics; and

B. Advertising or assisting others in advertising credit terms other than those terms that actually are or will be arranged or offered by a creditor or lender.

III. MONETARY JUDGMENT

AND IT IS FURTHER ORDERED that:

A. Judgment in the amount of 1.7 Million Dollars (\$1,700,000) is entered in favor of the plaintiffs against the Corporate Defendants, jointly and severally, as equitable monetary relief. This monetary judgment shall become immediately due and payable by the Corporate Defendants upon entry of this order, and interest computed at the rate prescribed under 28 U.S.C. § 1961(a), as amended, shall immediately begin to accrue on the unpaid balance.

B. All money paid to the plaintiffs pursuant to this order may be deposited into a fund administered by the plaintiffs or their designees to be used for equitable relief, including consumer redress and any attendant expenses for the administration of any redress fund. If representatives of the plaintiffs decide that direct redress to consumers is wholly or partially impracticable or that funds remain after redress is completed, the plaintiffs may apply any remaining funds for such other equitable

relief (including consumer information remedies) as they determine to be reasonably related to the practices alleged in the complaint. Any funds paid to the Commission that are not used for such equitable relief shall be deposited into the United States Treasury as disgorgement. The Corporate Defendants may not challenge any actions that the plaintiffs or their representatives take pursuant to this subsection.

- C. The Corporate Defendants are hereby required to furnish to the plaintiffs their Tax Identification Numbers, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this order, in accordance with 31 U.S.C. §7701.

IV. LIFTING OF THE ASSET FREEZE

AND IT IS FURTHER ORDERED that the freeze of the Corporate Defendants' assets pursuant to the preliminary injunction order, Docket Item 35, shall be lifted to the extent necessary to turn over assets as required by section III of this order, and upon completion of those transfers, shall be vacated and lifted permanently.

V. CONSUMER INFORMATION

AND IT IS FURTHER ORDERED that the Corporate Defendants and their agents, employees, and attorneys, and all other persons in active concert or participation with them, who receive actual notice of this order are permanently restrained and enjoined from directly or indirectly:

- A. Disclosing, using, or benefitting from consumer information, including the name, address, telephone number, email address, social security number, other

identifying information, or any data that enables access to a consumer's account (including a credit card, bank account, or other financial account), that any defendant obtained prior to entry of this order in connection with the collection or attempted collection of any Debt; and

- B. Failing to destroy such consumer information in all forms in their possession, custody, or control within 30 days after entry of this order.

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

VI. RECEIVERSHIP TERMINATION

AND IT IS FURTHER ORDERED that the Receiver must complete all duties within 120 days after entry of this order, but any party or the Receiver may request that the Court extend the Receiver's term for good cause. To the extent that the Receiver has incurred any fees or costs not previously submitted to the Court for approval, the Receiver may submit a final fee application within 100 days after entry of this order. Following entry of an order on any final fee application and payment of any allowed claims, fees, and expenses approved by the Court, if applicable, the Receivership shall be terminated and the Receiver shall be discharged from his duties.

VII. RECORDKEEPING

AND IT IS FURTHER ORDERED that the Corporate Defendants must create certain records for 20 years after entry of the order, and retain each such record for 5 years. Specifically, for any business in which a Corporate Defendant, individually or collectively with any other

defendant, is a majority owner or controls directly or indirectly, such Corporate Defendant must create and retain the following records:

- A. Accounting records showing the revenues from all goods or services sold;
- B. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. Records of all consumer complaints, whether received directly or indirectly, such as through a third party, and any response; and
- D. All records necessary to demonstrate full compliance with each provision of this order, including any submissions to the plaintiffs.

VIII. COMPLIANCE MONITORING

AND IT IS FURTHER ORDERED that, for the purpose of monitoring the Corporate Defendants' compliance with this order:

- A. Within 14 days of receipt of a written request from a representative of the plaintiffs, the Corporate Defendants must: submit 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 plaintiffs also are authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Rules 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69 of the Federal Rules of Civil Procedure.
- B. For matters concerning this order, the plaintiffs are authorized to communicate directly with the Corporate Defendants. The Corporate Defendants must permit

representatives of either plaintiff to interview any employee or other person affiliated with them who has agreed to such an interview. The person interviewed may have counsel present.

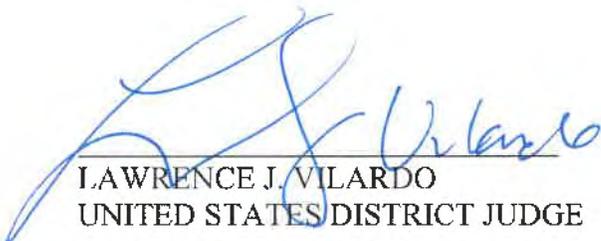
- C. The plaintiffs may use all other lawful means, including posing, through their representatives, as consumers, suppliers, or other individuals or entities to the Corporate Defendants or any individual or entity affiliated with them, without the necessity of identification or prior notice. Nothing in this order limits the Commission's lawful use of compulsory process, pursuant to sections 9 and 20 of the FTCA, 15 U.S.C. §§ 49, 57b-1.

XI. RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this order.

SO ORDERED.

Dated: February 7, 2020
Buffalo, New York



LAWRENCE J. VILARDO
UNITED STATES DISTRICT JUDGE