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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)
Nevada corporation, also dba Client)
25 Services, *et al.*,)
26 Defendants.)
_____)

- 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”).
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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**

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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;
14
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, Backend Services, Inc., Top Legal
13 Advocates, P.C., Evergreen Law Offices, PLLC, Amir (Alex) Montazeran,
14 and Business Team, LLC, and any other Defendant that is added to the case
15 through the filing of any amended complaint.
16

17 C. “***Federal homeowner relief or financial stability program***” means any
18 program (including its sponsoring agencies, telephone numbers, and Internet
19 websites) operated or endorsed by the United States government to provide
20 relief to homeowners or stabilize the economy, including but not limited to:

21 1. the Making Home Affordable Program;
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- 1 2. the Financial Stability Plan;
- 2 3. the Troubled Asset Relief Program and any other program sponsored
- 3 or operated by the United States Department of the Treasury;
- 4
- 5 4. the HOPE for Homeowners program, any program operated or created
- 6 pursuant to the Helping Families Save Their Homes Act, and any
- 7 other program sponsored or operated by the Federal Housing
- 8 Administration; or
- 9
- 10 5. any program sponsored or operated by the United States Department
- 11 of Housing and Urban Development (“HUD”), the HOPE NOW
- 12 Alliance, the Homeownership Preservation Foundation, or any other
- 13 HUD-approved housing counseling agency.
- 14

15 D. “*Financial product or service*” means any product, service, plan, or
16 program represented, expressly or by implication, to:

- 17
- 18 1. provide any consumer, arrange for any consumer to receive, or assist
- 19 any consumer in receiving, a loan or other extension of credit;
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- 21 2. provide any consumer, arrange for any consumer to receive, or assist
- 22 any consumer in receiving, credit, debit, or stored value cards;
- 23
- 24 3. improve, repair, or arrange to improve or repair, any consumer’s
- 25 credit record, credit history, or credit rating; or
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4. provide advice or assistance to improve any consumer's credit record, credit history, or credit rating.

E. "**Person**" means a natural person, organization, or other legal entity, including a corporation, partnership, limited liability company, proprietorship, association, cooperative, or any other group or combination acting as an entity.

F. "**Secured or unsecured debt relief product or service**" means, 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:

1. stop, prevent, or postpone any mortgage 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;
2. 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;

- 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 (iv) 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
14

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.
18

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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1 service, are permanently restrained and enjoined from misrepresenting or
2 assisting others in misrepresenting, expressly or by implication, any material
3 fact, including:

4
5 A. the terms or rates that are available for any loan or other extension of
6 credit, including:

- 7 i. closing costs or other fees;
- 8
9 ii. the payment schedule, monthly payment amount(s), any balloon
10 payment, or other payment terms;
- 11 iii. the interest rate(s), annual percentage rate(s), or finance
12 charge(s), and whether they are fixed or adjustable;
- 13
14 iv. the loan amount, credit amount, draw amount, or outstanding
15 balance; the loan term, draw period, or maturity; or any other
16 term of credit;
- 17
18 v. the amount of cash to be disbursed to the borrower out of the
19 proceeds, or the amount of cash to be disbursed on behalf of the
20 borrower to any third parties;
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22 vi. whether any specified minimum payment amount covers both
23 interest and principal, and whether the credit has or can result in
24 negative amortization; or
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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;

4
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
12 history; or

13
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;
6

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;
14

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

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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18

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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1 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and
2 this Order will have collateral estoppel effect for such purposes.

3 E. Defendant acknowledges that its Taxpayer Identification Number
4 (Social Security Number or Employment Identification Number),
5 which Defendant must submit to the Commission, may be used for
6 collecting and reporting on any delinquent amount arising out of this
7 Order, in accordance with 31 U.S.C. § 7701.
8

9 F. all money paid to the Commission pursuant to this Order may be
10 deposited into a fund administered by the Commission or its designee
11 to be used for equitable relief, including consumer redress and any
12 attendant expenses for the administration of any redress fund. If a
13 representative of the Commission decides that direct redress to
14 consumers is wholly or partially impracticable or money remains after
15 redress is completed, the Commission may apply any remaining
16 money for such other equitable relief (including consumer information
17 remedies) as it determines to be reasonably related to Defendant's
18 practices alleged in the Amended Complaint. Any money not used for
19 such equitable relief is to be deposited to the U.S. Treasury as
20 disgorgement. Defendant has no right to challenge any actions the
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Commission or its representatives may take pursuant to this Subsection.

COOPERATION

VI. **IT IS FURTHER ORDERED** that Defendant must fully cooperate with representatives of the Commission in this case and in any investigation related to or associated with the transactions or occurrences that are the subject of the Amended Complaint. Defendant must provide truthful and complete information, evidence, and testimony. Defendant must cause officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that a Commission representative may reasonably request upon 5 days written notice, or other reasonable notice, at such places and times as a Commission representative may designate, without the service of a subpoena.

ORDER ACKNOWLEDGMENTS

VII. **IT IS FURTHER ORDERED** that Defendant obtain acknowledgments of receipt of this Order:

A. Defendant, within 7 days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

1 B. For 8 years after entry of this Order, Defendant must deliver a copy of
2 this Order to: (1) all principals, officers, directors, and LLC managers
3 and members; (2) all employees, agents, and representatives who
4 participate in telemarketing and/or the advertising, marketing,
5 promotion, offering for sale or sale of any financial product or service;
6 and (3) any business entity resulting from any change in structure as
7 set forth in the Section titled Compliance Reporting. Delivery must
8 occur within 7 days of entry of this Order for current personnel. For
9 all others, delivery must occur before they assume their
10 responsibilities.
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14 C. From each individual or entity to which Defendant delivered a copy of
15 this Order, Defendant must obtain, within 30 days, a signed and dated
16 acknowledgement of receipt of this Order.
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18 **COMPLIANCE REPORTING**

19 **VIII. IT IS FURTHER ORDERED** that Defendant make timely submissions to
20 the Commission:
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22 A. Ninety days entry of this Order, Defendant must submit a compliance
23 report, sworn under penalty of perjury:
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25 i. Defendant must: (a) identify the primary physical, postal, and
26 email address and telephone number, as designated points of
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1 contact, which representatives of the Commission may use to
2 communicate with Defendant; (b) identify all of Defendant's
3 businesses by all of their names, telephone numbers, and
4 physical, postal, email, and Internet addresses; (c) describe the
5 activities of each business, including the goods and services
6 offered, the means of advertising, marketing, and sales, and the
7 involvement of any other Non-Settling Defendant; (d) describe
8 in detail whether and how Defendant is in compliance with each
9 section of this Order; and (e) provide a copy of each Order
10 Acknowledgment obtained pursuant to this Order, unless
11 previously submitted to the Commission.
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15 B. For 20 years after entry of this Order, Defendant must submit a
16 compliance notice, sworn under penalty of perjury, within 14 days of
17 any change in the following:
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- 19 i. Defendant must report any change in: (a) any designated point
20 of contact; or (b) the structure of Defendant or any entity that
21 Defendant has any ownership interest in or controls directly or
22 indirectly that may affect compliance obligations arising under
23 this Order, including: creation, merger, sale, or dissolution of
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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 full name, title (if applicable), and
13 signature.

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17 E. Unless otherwise directed by a Commission representative in writing,
18 all submissions to the Commission pursuant to this Order must be
19 emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S.
20 Postal Service) to: Associate Director for Enforcement, Bureau of
21 Consumer Protection, Federal Trade Commission, 600 Pennsylvania
22 Avenue NW, Washington DC 20580. The subject line must begin:
23 *FTC v. A to Z Marketing, Inc., et al.*, Case No. SACV13-919-DOC
24 (RNBx) (C.D. Cal.) [FTC File No. X130049].
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RECORDKEEPING

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

Specifically, 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 and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- D. all records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and
- E. a copy of each unique advertisement or other marketing material.

COMPLIANCE MONITORING

X. **IT IS FURTHER ORDERED** that, for purposes of monitoring Defendant’s compliance with this Order:

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

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11 B. For matters concerning this Order, the Commission is authorized to
12 communicate directly with Defendant. Defendant must permit
13 representatives of the Commission to interview any employee or other
14 person affiliated with Defendant who has agreed to such an interview.
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16 The person interviewed may have counsel present.

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18 C. The Commission may use all other lawful means, including posing,
19 through its representatives as consumers, suppliers, or other
20 individuals or entities, to Defendant or any individual or entity
21 affiliated with Defendant, without the necessity of identification or
22 prior notice. Nothing in this Order limits the Commission's lawful
23 use of compulsory process, pursuant to Sections 9 and 20 of the FTC
24 Act, 15 U.S.C. §§ 49, 57b-1.
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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 15th day of September, 2014.

David O. Carter
UNITED STATES DISTRICT JUDGE

For the Plaintiff:

s/Steven W. Balster
STEVEN W. BALSTER
JONATHAN L. KESSLER
MARIA DEL MONACO

Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

For the Defendant:

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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