

**UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
FORT MYERS DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

CREDIT RESTORATION BROKERS, LLC, et al.,

Defendants.

Case No. 2:10-cv-0030-FTM-36-
SPC

**SUPPLEMENTAL FINAL ORDER MODIFYING
STIPULATED SETTLEMENT ORDER WITH DEFENDANTS
SAM TARAD SKY, CREDIT RESTORATION BROKERS, LLC, AND
DEBT NEGOTIATION ASSOCIATES, LLC**

Plaintiff Federal Trade Commission (“FTC” or the “Commission”), pursuant to Federal Rule of Civil Procedure 60(b), seeks to modify certain provisions of the Stipulated Settlement Order with Defendants Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC that this Court entered on March 11, 2010 (DE 10).

Having considered the arguments and evidence presented, the Court finds and orders:

FINDINGS

1. This Court entered a Stipulated Settlement Order with Defendants Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC on March 11, 2010 (“Stipulated Settlement Order”).

2. Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC received actual notice of the Stipulated Settlement Order.

3. Section II.A of the Stipulated Settlement Order prohibits Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC from advertising, marketing, promoting, offering for sale, selling, or providing any good or service by misrepresenting, or assisting others in misrepresenting, expressly or by implication, any material fact.

4. Section I.C of the Stipulated Settlement Order prohibits Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC from violating, or assisting others in violating, any provision of the Credit Repair Organizations Act, 15 U.S.C. §§ 1679-1679j, including by charging or receiving any money or other valuable consideration for the performance of any credit repair service before all such services are fully performed in violation of Section 404(b), 15 U.S.C. § 1679b(b).

5. Section II.C of the Stipulated Settlement Order prohibits Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC from advertising, marketing, promoting, offering for sale, selling, or providing any good or service without disclosing clearly and prominently, and contemporaneously, to consumers who purchase debt relief services, at the time the consumer enrolls in the service, certain terms relating to all costs, negotiation duration, and typical balance increases.

6. Section X.B of the Stipulated Settlement Order requires Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC to each provide to the FTC on a periodic basis a written report which, among other things, sets forth in detail the manner and form in which they have complied and are complying with the Stipulated Settlement Order.

7. In April 2011, the Commission initiated contempt proceedings against Sam Tarad

Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC, and Allreco, LLC (“Contempt Defendants”). The FTC alleged, among other things, that Contempt Defendants violated Sections II.A, I.C, and II.C, and that Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC violated Section X.B of the Stipulated Settlement Order in connection with their marketing of credit repair services, debt relief services, and government benefit services. The FTC sought contempt sanctions and, by a separate application filed on June 7, 2011, a supplemental order modifying the Stipulated Settlement Order.

8. Pursuant to that contempt proceeding, the Court found that Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC violated Sections II.A, I.C, II.C, and X.B of the Stipulated Settlement Order. The Court incorporates in this Supplemental Final Order its findings of fact in the Court’s contempt ruling.

9. The contumacious conduct of Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC, constitutes changed circumstances that require the Stipulated Settlement Order to be modified pursuant to Federal Rule of Civil Procedure 60(b) to achieve its purpose of protecting consumers.

10. Entry of this Supplemental Final Order is in the public interest. Accordingly,

It is **ORDERED** that Plaintiff’s Motion For A Supplemental Final Order Modifying Stipulated Settlement Order (Doc. 22) is **GRANTED**.

DEFINITIONS

For the purposes of this Supplemental Final Order, the following definitions shall apply:

1. **“Corporate Defendants”** means Credit Restoration Brokers, LLC, also doing

business as Clear Credit Sam Sky and as Sam Sky Credit Guy; Debt Negotiation Associates, LLC; and their successors and assigns.

2. **“Credit repair good or service”** (supersedes definition of “credit repair service” in Stipulated Settlement Order) means any good or service represented, expressly or by implication, to: (a) improve any consumer’s credit record, credit history, or credit rating; or (b) provide advice or assistance to any consumer with regard to any good or service to improve any consumer’s credit record, credit history, or credit rating.

3. **“Debt relief good or service”** (supersedes definition of “debt relief service” in Stipulated Settlement Order) means any good or service, including but not limited to, debt management plans, debt settlement, debt negotiation, and for-profit credit counseling, represented, expressly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a consumer and one or more creditors, servicers, or debt collectors, including but not limited to, a reduction in the balance, interest rate, or fees owed by a consumer to a creditor, servicer, or debt collector.

4. **“Defendants”** means the Individual Defendant and the Corporate Defendants, individually, collectively, or in any combination.

5. **“Good or service”** includes any plan or program.

6. **“Government benefit good or service”** means any good or service represented, expressly or by implication, as a means or method by which consumers may obtain, receive, apply for, or learn how to obtain, receive, or apply for any benefit represented to be offered by, funded in whole or part by, affiliated with, endorsed, sponsored, or approved by, or otherwise connected to any government official or entity, including but not limited to, any benefit related

to career development, disability, disaster relief, economic need, education, energy, fellowships, food, grants, health care, housing, insurance, loans, Medicaid, Medicare, nutrition, scholarships, Social Security, taxes, and unemployment.

7. **“Individual Defendant”** means Sam Tarad Sky.
8. **“Plaintiff”** or **“Commission”** or **“FTC”** means the Federal Trade Commission.
9. **“Stipulated Settlement Order”** means the March 11, 2010 Stipulated Settlement Order with Defendants Sam Tarad Sky, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC (DE 10).

SUPPLEMENTAL FINAL ORDER

I.

EFFECT ON PRIOR COURT ORDERS

IT IS HEREBY ORDERED that the Stipulated Settlement Order shall remain in full force and effect, except as expressly superseded, altered, or modified herein.

II.

BAN ON CREDIT REPAIR, DEBT RELIEF, AND GOVERNMENT BENEFIT GOODS OR SERVICES (Supersedes §§ I, II, and VIII of the Stipulated Settlement Order)

IT IS FURTHER ORDERED that Defendants, whether acting directly or indirectly, are permanently restrained and enjoined from advertising, marketing, promoting, offering for sale, or selling any credit repair good or service, debt relief good or service, and government benefit good or service; *provided, however*, that Individual Defendant, if employed by a governmental entity, shall not be restrained and enjoined from performing official duties relating to any government benefit within the scope of such employment.

III.

**PROHIBITED REPRESENTATIONS
(Supersedes §§ I and II of the Stipulated Settlement Order)**

IT IS FURTHER ORDERED that Defendants and their officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them who receive actual notice of this Supplemental Final Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division or other device, in connection with the advertising, marketing, promotion, offering for sale or sale of any good or service are hereby permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including but not limited to:

- A. That consumers will receive a free good or service;
- B. That any person is affiliated with, endorsed, sponsored, or approved by, or is otherwise connected to any other person or government entity;
- C. That any person possesses experience, training, academic credentials, or a professional license;
- D. Any material aspect of 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 granted to the consumer;
- E. The total costs to purchase, receive, or use, and the quantity of, the good or service;

F. Any material restriction, limitation, or condition to purchase, receive, or use the good or service; and

G. Any material aspect of the performance, efficacy, nature, or characteristics of the good or service.

IV.

**PROHIBITION ON COLLECTING ACCOUNTS
(Supersedes § V of the Stipulated Settlement Order)**

IT IS FURTHER ORDERED that Defendants, and their officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them who receive actual notice of this Supplemental Final Order by personal service, facsimile transmission, email, or otherwise, are permanently restrained and enjoined from attempting to collect, collecting, selling, assigning, or otherwise transferring any right to collect payment from any consumer who purchased or agreed to purchase any credit repair good or service, debt relief good or service, or government benefit good or service from any Defendant prior to the date of entry of this Supplemental Final Order.

V.

**PROHIBITIONS REGARDING CUSTOMER INFORMATION
(Supersedes § VII of the Stipulated Settlement Order)**

IT IS FURTHER ORDERED that Defendants, and their officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them who receive actual notice of this Supplemental Final Order by personal service, facsimile transmission, email, or otherwise, are permanently restrained and enjoined from:

A. Disclosing, using, or benefitting from customer information, including the name,

address, telephone number, email address, Social Security number, other identifying information, or any data that enables access to a customer's account (including but not limited to a credit card, bank account, or other financial account) of any person that any Defendant obtained prior to entry of this Supplemental Final Order in connection with any credit repair good or service, debt relief good or service, or government benefit good or service; and

B. Failing to dispose of such customer information in all forms in their possession, custody, or control within 30 days after entry of this Supplemental Final Order. Disposal shall be by means that protect against unauthorized access to the customer information, such as by burning, pulverizing, or shredding any papers, and by erasing or destroying any electronic media, to ensure that the customer information cannot practicably be read or reconstructed. *Provided, however,* that customer information need not be disposed of, and may be disclosed, to the extent requested by a government agency or required by a law, regulation, or court order.

VI.

COMPLIANCE MONITORING (Supersedes §§ VIII and IX of the Stipulated Settlement Order)

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance with this Supplemental Final Order:

A. Within 14 days of receipt of a written request from a representative of the Commission, each Defendant must: submit additional 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 Commission is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil

Procedure 29, 30 (including but not limited to telephonic depositions), 31, 33, 34, 36, 45, and 69.

B. For matters concerning this Supplemental Final Order, the Commission is authorized to communicate directly with each Defendant. Defendants must permit representatives of the Commission to interview any (1) employee who has agreed to such an interview or (2) other person affiliated with any Defendant who has agreed to such an interview. The person interviewed may have counsel present.

C. The Commission may use all other lawful means, including but not limited to, posing, through its representatives, as consumers, suppliers, or other individuals or entities, to Defendants or any individual or entity affiliated with Defendants, without the necessity of identification or prior notice. Nothing in this Supplemental Final Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

VII.

COMPLIANCE REPORTING (Supersedes § X of the Stipulated Settlement Order)

IT IS FURTHER ORDERED that Defendants make timely submissions to the Commission:

A. One hundred eighty (180) days after entry of this Supplemental Final Order, each Defendant must submit a compliance report, sworn under penalty of perjury:

1. Each Defendant must: (a) designate at least one telephone number and a physical, postal, and email address as points of contact, which representatives of the

Commission may use to communicate with Defendant; (b) identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe in detail the activities of each business, including but not limited to the products and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant (which Individual Defendant must describe if he knows or should know due to his own involvement); (d) describe in detail whether and how Defendant is in compliance with each Section of this Supplemental Final Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to the Section titled "Compliance Reporting," unless previously submitted to the Commission.

2. Additionally, Individual Defendant must: (a) identify all telephone numbers and all email, Internet, physical, and postal addresses, including but not limited to, all residences; (b) identify all titles and roles in all business activities, including but not limited to, any business for which Individual Defendant performs services whether as an employee or otherwise and any entity in which Individual Defendant has any ownership interest; and (c) describe in detail Individual Defendant's involvement in each such business, including but not limited to, title, role, responsibilities, participation, authority, control, and any ownership interest.

B. For 10 years following entry of this Supplemental Final Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

1. Each Defendant must report any: (a) change in any designated point of contact; (b) new Internet address with which Defendant has any business involvement; or (c)

change in the structure of any Corporate Defendant or any entity that Defendant has any ownership interest in, or directly or indirectly controls, that may affect compliance obligations arising under this Supplemental Final Order, including but not limited to: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Supplemental Final Order.

2. Additionally, each Individual Defendant must report any change in: (a) name, including but not limited to, aliases or fictitious name, or residence address; or (b) title or role in any business activity, including but not limited to, any business for which such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest, and identify its name, physical address, and all Internet addresses.

C. Each Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or any similar proceeding by or against such Defendant within 14 days of its filing.

D. Any submission to the Commission required by this Supplemental Final Order to be sworn under penalty of perjury must be true and accurate and comply with 18 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Supplemental Final Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate

Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580. The subject line must begin: "FTC v. Credit Restoration Brokers, Debt Negotiation Associates, Sam Tarad Sky, FTC No. X100015."

VIII.

RECORD KEEPING

(Supersedes § XI of the Stipulated Settlement Order)

IT IS FURTHER ORDERED that Defendants must create certain records for 10 years after entry of this Supplemental Final Order, and retain each such record for 5 years. Specifically, each Corporate Defendant, and Individual Defendant for any business in which Individual Defendant, individually or collectively with any other Defendants, is a majority owner or directly or indirectly controls, must maintain the following records:

A. Accounting records showing the revenues from all goods or services sold, all costs incurred in generating those revenues, and the resulting net profit or loss;

B. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name; postal, residential and email addresses; telephone numbers; job title or position; services performed; dates of service; and, if applicable, the reason for termination;

C. Customer files obtained after entry of this Supplemental Final Order showing the names, addresses, telephone numbers, dollar amounts paid, and the quantity and detailed description of goods or services purchased;

D. Complaints and refund requests, whether received directly or indirectly, such as through a third party, and each response;

E. All records necessary to demonstrate full compliance with each provision of this Supplemental Final Order, including but not limited to, all submissions to the Commission; and

F. A copy of each advertisement or other marketing material, including but not limited to, any such material appearing on or transmitted via the Internet.

IX.

**DISTRIBUTION OF ORDER
(Supersedes §§ XII and XIII of the Stipulated Settlement Order)**

IT IS FURTHER ORDERED that Defendants shall obtain acknowledgments of receipt of this Supplemental Final Order:

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

B. For 10 years after entry of this Supplemental Final Order, Individual Defendant for any business that Individual Defendant, individually or collectively with any other Defendant, is the majority owner or directly or indirectly controls, and each Corporate Defendant, must deliver a copy of this Supplemental Final Order to: (1) all principals, officers, directors, and managers; (2) all employees, agents, and representatives who participate in conduct related to the subject matter of the Supplemental Final Order; and (3) any business entity resulting from any change in structure as set forth in the Section titled "Compliance Reporting." Delivery must occur within 7 days of entry of this Supplemental Final Order for current personnel. To all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which a Defendant delivered a copy of this

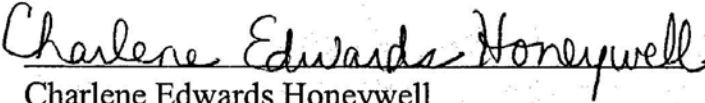
Supplemental Final Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Supplemental Final Order (“Order Acknowledgment”).

X.

SEVERABILITY

IT IS FURTHER ORDERED that the provisions of this Supplemental Final Order are separate and severable from one another. If any provision is stayed or determined to be invalid, the remaining provisions shall remain in full force and effect.

IT IS SO ORDERED, in Fort Myers, Florida this 10th day of February, 2012.


Charlene Edwards Honeywell
United States District Judge

Copies:
All Parties of Record