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19 STATE OF MISSOURI

20 UNITED STATES DISTRICT COURT
21 CENTRAL DISTRICT OF CALIFORNIA

22
23 FEDERAL TRADE COMMISSION,
THE PEOPLE OF THE STATE OF
24 CALIFORNIA, AND THE STATE OF
MISSOURI,

25 Plaintiffs,
26 v.

Case No. SACV09-768 JVS (MLGX)

**STIPULATED FINAL JUDGMENT
FOR PERMANENT INJUNCTION
AND SETTLEMENT OF CLAIMS
AS TO DEFENDANTS BRANDON
MORENO AND CRESIDIS LEGAL,
A PROFESSIONAL CORPORATION**

1 US FORECLOSURE RELIEF CORP.,
2 a corporation, also d/b/a U.S.
3 Foreclosure Relief, Inc., Lighthouse
4 Services, and California Foreclosure
5 Specialists,

6 H.E. SERVICING, INC., a
7 corporation,

8 CRESIDIS LEGAL, A
9 PROFESSIONAL CORPORATION, a
10 corporation, also d/b/a Homeowners
11 Legal Assistance and f/k/a Citadel
12 Legal, a Professional Corporation,

13 GEORGE ESCALANTE, individually
14 and as an officer of US
15 FORECLOSURE RELIEF CORP. and
16 of H.E. SERVICING, INC.,

17 CESAR LOPEZ, individually and also
18 trading and doing business as H.E.
19 Service Company,

20 ADRIAN POMERY, ESQ.,
21 individually and also trading and doing
22 business as Pomery & Associates, and

23 BRANDON MORENO, ESQ.,
24 individually and as an officer of
25 CRESIDIS LEGAL, A
26 PROFESSIONAL CORPORATION,

27 Defendants.

19
20 Plaintiffs Federal Trade Commission (“FTC” or “Commission”), the People of
21 the State of California, and the State of Missouri (“Plaintiffs”), and Defendants
22 Brandon Moreno and Cresidis Legal, A Professional Corporation (“Defendants”)
23 have stipulated to the entry of a Final Judgment (“Judgment”) by the Court to resolve
24 all claims against Defendants set forth in the First Amended Complaint and all
25 matters in dispute between Plaintiffs and Defendants in this action. Defendants have
26 consented to entry of this Judgment without trial or adjudication of any issue of law
27 or fact herein and have agreed that entry of this Judgment in the docket by the Court
28

1 will constitute notice to Defendants of the terms and conditions of the Judgment.
2 Defendants waive service of the First Amended Complaint.

3 **FINDINGS**

4 By stipulation of the parties and being advised of the premises, the Court
5 finds:

6 1. This is an action by the FTC, People of the State of California, and the
7 State of Missouri instituted under Sections 5 and 13(b) of the FTC Act, 15 U.S.C. §§
8 45 and 53(b); various provisions of the Telemarketing Sales Rule (“TSR”), 16 C.F.R.
9 Part 310; §§ 17200 et seq. and 17500 et seq. of the California Business and
10 Professions Code; and §§ 407.020 and 407.935 to 407.943 of the Missouri
11 Merchandising Practices Act, §§ 407.020 and 407.935-407.943 Mo. Rev. Stat. The
12 First Amended Complaint seeks both permanent injunctive relief and consumer
13 redress for Defendants’ alleged deceptive acts or practices in connection with the
14 marketing and sale of mortgage loan modification and foreclosure relief services.

15 2. Plaintiff FTC has the authority under Sections 13(b) and 19 of the FTC
16 Act, 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud Abuse
17 Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, to seek the relief it
18 has requested.

19 3. Plaintiff the People of the State of California, by and through Edmund
20 G. Brown Jr., Attorney General of the State of California, have authority under
21 Section 4(a) of the Telemarketing Act, 15 U.S.C. § 6103(a), under the California
22 unfair competition law (“UCL”) codified at California Business and Professions
23 Code § 17200 et seq., and under the false advertising law (“FAL”) codified at
24 California Business and Professions Code § 17500 et seq., to seek the relief they
25 have requested.

26 4. Plaintiff the State of Missouri, by and through its Attorney General
27 Chris Koster, has authority under Section 407.100 of the Missouri Merchandising
28 Practices Act to seek the relief it has requested.

1 deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares
2 of stock, and all cash, wherever located.

3 2. **“Assisting others”** includes, but is not limited to, providing any of the
4 following goods or services to another person: (A) performing customer service
5 functions, including, but not limited to, receiving or responding to consumer
6 complaints; (B) formulating or providing, or arranging for the formulation or
7 provision of, any telephone sales script or any other marketing material, including
8 but not limited to, the text of any Internet website, email, or other electronic
9 communication; (C) providing names of, or assisting in the generation of, potential
10 customers; (D) performing marketing services of any kind; (E) providing legal
11 services; or (F) acting or serving as an owner, officer, director, manager, or principal
12 of any entity.

13 3. **“Charitable contribution”** means any donation or gift of money or any
14 other thing of value.

15 4. **“Credit”** means the right granted by a creditor to a debtor to defer
16 payment of debt or to incur debt and defer its payment.

17 5. **“Debt relief good or service”** means any good, service, plan, or
18 program, including debt management plans, debt settlement, debt negotiation, and
19 for-profit credit counseling, represented, expressly or by implication, to renegotiate,
20 settle, or in any way alter the terms of payment or other terms of the debt between a
21 consumer and one or more unsecured creditors, servicers, or debt collectors,
22 including but not limited to, a reduction in the balance, interest rate, or fees owed by
23 a consumer to an unsecured creditor, servicer, or debt collector.

24 6. **“Defendants”** means the Individual Defendant and the Corporate
25 Defendant. **“Individual Defendant”** means Brandon Moreno. **“Corporate**
26 **Defendant”** means Cresidis Legal, a Professional Corporation, a corporation, also
27 d/b/a Homeowners Legal Assistance and f/k/a Citadel Legal, a Professional
28 Corporation; and their successors and assigns.

1 7. “**Document**” is equal in scope and synonymous in meaning to the terms
2 “document” and “electronically stored information,” as described and used in Federal
3 Rule of Civil Procedure 34(a).

4 8. “**Established business relationship**” means a relationship between the
5 seller and a person based on: (a) the person's purchase, rental, or lease of the seller's
6 goods or services or a financial transaction between the person and seller, within the
7 eighteen (18) months immediately preceding the date of the telemarketing call; or (b)
8 the person's inquiry or application regarding a product or service offered by the seller,
9 within the three (3) months immediately preceding the date of a telemarketing call.

10 9. “**Financial related good or service**” means any good, service, plan, or
11 program that is represented, expressly or by implication, to (A) provide any
12 consumer, arrange for any consumer to receive, or assist any consumer in receiving,
13 credit, debit, or stored value cards; (B) improve, or arrange to improve, any
14 consumer's credit record, credit history, or credit rating; (C) provide advice or
15 assistance to any consumer with regard to any activity or service the purpose of
16 which is to improve a consumer's credit record, credit history, or credit rating; (D)
17 provide any consumer, arrange for any consumer to receive, or assist any consumer in
18 receiving, a loan or other extension of credit; (E) provide any consumer, arrange for
19 any consumer to receive, or assist any consumer in receiving, debt relief goods or
20 services; (F) provide any consumer, arrange for any consumer to receive, or assist
21 any consumer in receiving any service represented, expressly or by implication, to
22 renegotiate, settle, or in any way alter the terms of payment or other terms of the debt
23 between a consumer and one or more secured creditors, servicers, or debt collectors.

24 10. “**Federal homeowner relief or financial stability program**” means any
25 program (including its sponsoring agencies, telephone numbers, and Internet
26 websites) operated or endorsed by the United States government to provide relief to
27 homeowners or stabilize the economy, including but not limited to (A) the Making
28 Home Affordable Program; (B) the Financial Stability Plan; (C) the Troubled Asset

1 Relief Program and any other program sponsored or operated by the United States
2 Department of the Treasury; (D) the HOPE for Homeowners program, any program
3 operated or created pursuant to the Helping Families Save Their Homes Act, and any
4 other program sponsored or operated by the Federal Housing Administration; or (E)
5 any program sponsored or operated by the United States Department of Housing and
6 Urban Development (“HUD”), the HOPE NOW Alliance, the Homeownership
7 Preservation Foundation, or any other HUD-approved housing counseling agency.

8 11. **“Material fact”** means any fact that is likely to affect a person’s choice
9 of, or conduct regarding, goods or services.

10 12. **“Mortgage loan modification or foreclosure relief service”** means any
11 good, service, plan, or program that is represented, expressly or by implication, to
12 assist a consumer in any manner to (A) stop, prevent, or postpone any residential
13 mortgage or deed of trust foreclosure sale; (B) obtain or arrange a modification of
14 any term of a residential loan, deed of trust, or mortgage; (C) obtain any forbearance
15 from any mortgage loan holder or servicer on any residential loan, deed of trust, or
16 mortgage; (D) exercise any right of reinstatement of any residential mortgage loan;
17 (E) obtain, arrange, or attempt to obtain or arrange any extension of the period within
18 which the owner of residential property sold at foreclosure may cure his or her
19 default or reinstate his or her obligation; (F) obtain any waiver of an acceleration
20 clause contained in any promissory note or contract secured by a deed of trust or
21 mortgage on a residence in foreclosure or contained in that deed of trust; (G) obtain a
22 loan or advance of funds that is connected to the consumer’s home ownership; (H)
23 avoid or ameliorate the impairment of the consumer’s credit record, credit history, or
24 credit rating that is connected to the consumer’s home ownership; (I) save the
25 consumer’s residence from foreclosure; (J) assist the consumer in obtaining proceeds
26 from the foreclosure sale of the consumer’s residence; (K) obtain or arrange a
27 pre-foreclosure sale, short sale, or deed-in-lieu of foreclosure of a consumer’s
28 residence; (L) obtain or arrange a refinancing, recapitalization, or reinstatement of a

1 residential loan, deed of trust, or mortgage; (M) audit or examine a consumer's
2 mortgage or home loan application; or (N) obtain, arrange, or attempt to obtain or
3 arrange any extension of the period within which the renter of residential property
4 sold at foreclosure may continue to occupy the property. The foregoing shall include
5 any manner of claimed assistance, including, but not limited to, debt, credit, budget,
6 or financial counseling; receiving money for the purpose of distributing it to
7 creditors; contacting creditors or servicers on behalf of the consumer; giving advice
8 of any kind with respect to filing for bankruptcy; and any services delineated in
9 California Civil Code Section 2945.1

10 13. **"National Do Not Call Registry"** means the National Do Not Call
11 Registry, which is the "do-not-call" registry maintained by the Commission pursuant
12 to 16 C.F.R. § 310.4(b)(1)(iii)(B).

13 14. **"Outbound telephone call"** means a telephone call initiated by a
14 telemarketer to induce the purchase of goods or services or to solicit a charitable
15 contribution.

16 15. **"Person"** means a natural person, organization, or other legal entity,
17 including a corporation, partnership, proprietorship, association, cooperative, or any
18 other group or combination acting as an entity.

19 16. **"Plaintiffs"** means the Federal Trade Commission; the People of the
20 State of California, by and through Edmund G. Brown Jr., Attorney General of the
21 State of California; and the State of Missouri, by and through its Attorney General
22 Chris Koster.

23 17. **"Receiver"** or **"Permanent Receiver"** means Thomas McNamara and
24 La Bella & McNamara, LLP.

25 18. **"Seller"** means any person who, in connection with a telemarketing
26 transaction, provides, offers to provide, or arranges for others to provide goods or
27 services to the customer in exchange for consideration whether or not such person is
28 under the jurisdiction of the Commission.

1 interest rate(s), annual percentage rate(s), or finance charge;
2 the loan amount, the amount of credit, the draw amount, or
3 outstanding balance; the loan term, the draw period, or
4 maturity; or any other term of credit;

5 (c) the savings associated with the credit;

6 (d) the amount of cash to be disbursed to the borrower out of
7 the proceeds, or the amount of cash to be disbursed on
8 behalf of the borrower to any third parties;

9 (e) whether the payment of the minimum amount specified
10 each month covers both interest and principal, and whether
11 the credit has or can result in negative amortization;

12 (f) that the credit does not have a prepayment penalty or that
13 no prepayment penalty and/or other fees or costs will be
14 incurred if the consumer subsequently refinances; and

15 (g) that the interest rate(s) or annual percentage rate(s) are
16 fixed rather than adjustable or adjustable rather than fixed;

17 2. That any person can improve any consumer's credit record, credit
18 history, or credit rating by permanently removing negative
19 information from the consumer's credit record, credit history, or
20 credit rating, even where such information is accurate and not
21 obsolete;

22 3. Any person's ability to improve or otherwise affect a consumer's
23 credit record, credit history, or credit rating or ability to obtain
24 credit;

25 4. Any aspect of any debt relief good or service, including but not
26 limited to, the amount of savings a consumer will receive from
27 purchasing, using, or enrolling in such debt relief good or service;
28 the amount of time before which a consumer will receive

1 settlement of the consumer's debts; or the reduction or cessation
2 of collection calls; and

3 5. That a consumer will receive legal representation;

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

6 **III.**

7 **PROHIBITED MISREPRESENTATIONS RELATING TO**
8 **ANY GOODS OR SERVICES**

9 **IT IS FURTHER ORDERED** that Defendants and their successors, assigns,
10 officers, agents, servants, and employees, and those persons or entities in active
11 concert or participation with any of them who receive actual notice of this Judgment
12 by personal service, facsimile transmission, email, or otherwise, whether acting
13 directly or through any corporation, subsidiary, division, or other device, in
14 connection with the advertising, marketing, promotion, offering for sale or sale of
15 any good or service are hereby permanently restrained and enjoined from
16 misrepresenting or assisting others in misrepresenting, expressly or by implication,
17 any material fact, including but not limited to:

18 A. Any material aspect of the nature or terms of any refund, cancellation,
19 exchange, or repurchase policy, including, but not limited to, the likelihood of a
20 consumer obtaining a full or partial refund, or the circumstances in which a full or
21 partial refund will be granted to the consumer;

22 B. That any person is affiliated with, endorsed or approved by, or otherwise
23 connected to any other person, government entity, any federal homeowner relief or
24 financial stability program, or any other program;

25 C. The total costs to purchase, receive, or use, and the quantity of, the good
26 or service;

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

1 E. Any material aspect of the performance, efficacy, nature, or
2 characteristics of the good or service.

3 **IV.**

4 **PROHIBITION AGAINST ABUSIVE TELEMARKETING PRACTICES**

5 **IT IS FURTHER ORDERED** that Defendants and their successors, assigns,
6 officers, agents, servants, and employees, and those persons or entities in active
7 concert or participation with any of them who receive actual notice of this Judgment
8 by personal service, facsimile transmission, email, or otherwise, whether acting
9 directly or through any corporation, subsidiary, division, or other device, in
10 connection with the advertising, marketing, promotion, offering for sale or sale of
11 any good or service are hereby permanently restrained and enjoined from engaging
12 in, causing other persons to engage in, or assisting other persons to engage in,
13 violations of the Telemarketing Sales Rule, including but not limited to:

14 A. Misrepresenting, expressly or by implication, any material fact,
15 including but not limited to any material aspect of the performance, efficacy, nature,
16 or central characteristics of the good or service.

17 B. Initiating any outbound telephone call to any person at a telephone
18 number on the National Do Not Call Registry unless the seller proves:

- 19 1. the seller has obtained the express agreement, in writing, of such
20 person to place calls to that person. Such written agreement shall
21 clearly evidence such person's authorization that calls made by or
22 on behalf of a specific party may be placed to that person, and
23 shall include the telephone number to which the calls may be
24 placed to that person, and shall include the telephone number to
25 which the calls may be placed and the signature of that person; or
26 2. the seller has an established business relationship with such
27 person and that person has not previously stated that he or she
28

1 does not wish to receive outbound telephone calls made by or on
2 behalf of the seller; or

3 C. Initiating any outbound telephone call to a telephone number within a
4 given area code when the annual fee for access to the telephone numbers within that
5 area code that are on the National Do Not Call Registry has not been paid by or on
6 behalf of the seller on whose behalf the telephone call is made, unless the telephone
7 call is:

- 8 1. a solicitation to induce charitable contributions;
- 9 2. to a business; or
- 10 3. on behalf of a seller who initiates, or causes others to initiate,
11 telephone calls solely to (i) persons who have given the seller
12 their express agreement, in writing and signed, to receive calls
13 from that seller, or (ii) persons who have an established business
14 relationship with that seller pursuant to 16 C.F.R. § 310.2(n).

15 **V.**

16 **PROHIBITION ON ENFORCEMENT OF CONTRACTS**

17 **IT IS FURTHER ORDERED** that the Defendants and their agents,
18 employees, officers, corporations, and those persons in active concert or participation
19 with them who receive actual notice of this Judgment by personal service or
20 otherwise, whether acting directly or through any corporation, subsidiary, division, or
21 other device, are permanently restrained and enjoined from demanding payment on or
22 enforcing or threatening to enforce any contract or agreement for the sale of a
23 mortgage loan modification or foreclosure rescue service entered into by Defendants
24 prior to the effective date of this Judgment, which arise from the First Amended
25 Complaint and the files taken over by the Permanent Receiver.

1 **VI.**

2 **PROHIBITION ON SALE OF CUSTOMER INFORMATION**

3 **IT IS FURTHER ORDERED** that the Individual Defendant and his agents,
4 employees, officers, corporations, and those persons in active concert or participation
5 with them who receive actual notice of this Judgment by personal service or
6 otherwise, whether acting directly or through any corporation, subsidiary, division, or
7 other device, are permanently restrained and enjoined from disclosing, using, or
8 benefitting from customer information, including the name, address, telephone
9 number, email address, social security number, other identifying information, or any
10 data that enables access to a customer's account (including a credit card, bank
11 account, or other financial account), of any person which any Defendant obtained
12 prior to entry of this Judgment in connection with the advertising, marketing,
13 promotion, offering for sale or sale of any mortgage loan modification or foreclosure
14 rescue service.

15 *Provided, however,* that customer information may be disclosed to the extent
16 requested by a government agency, the Permanent Receiver, or required by a law,
17 regulation, or court order.

18 **VII.**

19 **MONETARY JUDGMENT AND CONSUMER REDRESS**

20 **IT IS FURTHER ORDERED** that:

21 A. Judgment in the amount of \$1,853,559 (one million eight hundred fifty
22 three thousand five hundred fifty nine dollars) is hereby entered against Defendants
23 Cresidis Legal, A Professional Corporation, and Brandon Moreno, jointly and
24 severally, as equitable monetary relief. Such judgment amount is suspended and,
25 subject to the provisions of Section VIII below, shall be deemed satisfied, contingent
26 upon the accuracy and completeness of Defendant Moreno's and Cresidis Legal's
27 sworn financial statements, as set forth in Section VIII.A. and upon Defendants'
28

1 agreement to relinquish funds to the Permanent Receiver in accordance with
2 subsection VII.B.

3 B. Defendants relinquish all dominion, control, and title to the Cresidis
4 Legal funds currently held by the Permanent Receiver (approximately \$131,134) to
5 the fullest extent permitted by law. Defendants shall make no claim to or demand for
6 return of the funds, directly or indirectly, through counsel or otherwise.

7 C. All funds paid pursuant to this Judgment shall be deposited into a
8 fund administered by the Permanent Receiver to be used for equitable relief,
9 including but not limited to, consumer redress and any attendant expenses for the
10 administration of any redress funds. In the event that direct redress to consumers is
11 wholly or partially impracticable, or funds remain after redress is complete, such
12 funds shall be divided equally among Plaintiffs. Each Plaintiff may distributed any
13 of its remaining funds as follows:

- 14 1. The Commission may apply any remaining funds for such other
15 equitable relief (including consumer information remedies) as it
16 determines to be reasonably related to Defendants' practices
17 alleged in the First Amended Complaint. Any funds not used for
18 such equitable relief by the Commission shall be deposited to the
19 United States Treasury as disgorgement.
- 20 2. The People of the State of California may apply any remaining
21 funds for the payment of costs and expenses incurred by the
22 Attorney General, to provide for funds for consumer education
23 and advocacy programs, and/or for any other appropriate purposes
24 under the UCL and FAL.
- 25 3. The State of Missouri may apply any remaining funds to the
26 Merchandising Practices Revolving Fund to be used for the
27 payment of costs and expenses incurred by the Attorney General
28 in the investigation, prosecution, and enforcement of the

1 Merchandising Practices Act or to provide funds for consumer
2 education and advocacy programs.

3 Defendants shall have no right to challenge Plaintiffs' or the Permanent
4 Receiver's manner of redress distribution, or Plaintiffs' choice of remedies under this
5 Section.

6 D. Defendants shall take no deduction, capital loss, write-off, or any other
7 tax benefit on any federal or state tax return, amended tax return, IRS Form 1045, or
8 any other tax filing, for all or any part of any payment toward satisfaction of this
9 Judgment.

10 E. Defendants agree that the facts as alleged in the First Amended
11 Complaint filed in this action shall be taken as true without further proof in any
12 bankruptcy case or subsequent civil litigation pursued by any Plaintiff to enforce its
13 right to any payment or money judgment pursuant to this Judgment, including but not
14 limited to a nondischargeability complaint in any bankruptcy case. Defendants
15 further stipulate and agree that the facts alleged in the First Amended Complaint
16 establish all elements necessary to sustain an action by the Commission pursuant to
17 Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and that this
18 Judgment shall have collateral estoppel effect for such purposes.

19 **VIII.**

20 **RIGHT TO REOPEN AS TO MONETARY JUDGMENT**

21 **IT IS FURTHER ORDERED** that:

22 A. Plaintiffs' agreement to, and the Court's approval of, this Judgment is
23 expressly premised upon the truthfulness, accuracy, and completeness of the
24 following financial information, all of which includes material information relied
25 upon by Plaintiffs in negotiating and agreeing to the terms of this Judgment:

- 26 1. Defendant Moreno's financial statement dated June 2, 2010; and
- 27 2. Defendant Cresidis Legal, A Professional Corporation's financial
28 disclosure form dated August 3, 2009.

1
2 B. If, upon motion, this Court should find that Brandon Moreno or Cresidis
3 Legal, A Professional Corporation made a material misrepresentation or omitted
4 material information concerning their financial condition, then the suspension of the
5 monetary judgment shall be vacated and the Court, without further adjudication, shall
6 enter judgment holding Defendants liable to Plaintiffs in the amount of \$1,853,559
7 (one million eight hundred fifty three thousand five hundred fifty nine dollars), less
8 any payments made to the Permanent Receiver, plus interest from the entry date of
9 this Judgment, pursuant to 28 U.S.C. § 1961.

10 **IX.**

11 **LIFTING OF THE ASSET FREEZE**

12 **IT IS FURTHER ORDERED** that the freeze of Cresidis Legal's assets
13 pursuant to the Preliminary Injunction in this case shall be lifted.

14 **X.**

15 **COMPLIANCE MONITORING**

16 **IT IS FURTHER ORDERED** that, for the purpose of (i) monitoring and
17 investigating compliance with any provision of this Judgment, and (ii) investigating
18 the accuracy of any Defendants' financial statements upon which Plaintiffs'
19 agreement to this Judgment is expressly premised:

20 A. Within ten (10) days of receipt of written notice from a representative of
21 any Plaintiff, Defendants each shall submit additional written reports, which are true
22 and accurate and sworn to under penalty of perjury; produce documents for
23 inspection and copying; appear for deposition; and provide entry during normal
24 business hours to any business location in each Defendant's possession or direct or
25 indirect control to inspect the business operation; *provided* that, Defendants, after
26 attempting to resolve a dispute without court action and for good cause shown, may
27 file a motion with this Court seeking an order including one or more of the
28 protections set forth in Fed. R. Civ. P. 26(c);

1 B. In addition, any Plaintiff is authorized to use all other lawful means,
2 including but not limited to:

- 3 1. obtaining discovery from any person, without further leave of
4 court, using the procedures prescribed by Fed. R. Civ. P. 30, 31,
5 33, 34, 36, 45, and 69;
- 6 2. having its representatives pose as consumers and suppliers to
7 Defendants, their employees, or any other entity managed or
8 controlled in whole or in part by any Defendant, without the
9 necessity of identification or prior notice;

10 C. Defendants shall permit representatives of any Plaintiff to interview any
11 employer, consultant, independent contractor, representative, agent, or employee who
12 has agreed to such an interview, relating in any way to any conduct subject to this
13 Judgment. The person interviewed may have counsel present.

14 *Provided however,* that nothing in this Judgment shall limit the Commission's
15 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15
16 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony,
17 or information relevant to unfair or deceptive acts or practices in or affecting
18 commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

19 XI.

20 COMPLIANCE REPORTING

21 **IT IS FURTHER ORDERED** that, in order that compliance with the
22 provisions of this Judgment may be monitored:

- 23 A. For a period of four (4) years from the date of entry of this Judgment,
 - 24 1. Each Individual Defendant shall notify Plaintiffs of the following:
 - 25 a. Any changes in such Defendant's residence, mailing
26 addresses, and telephone numbers, within ten (10) days of
27 the date of such change;

- 1 b. Any changes in such Defendant's employment status
2 (including self-employment), and any change in such
3 Defendant's ownership in any business entity within ten
4 (10) days of the date of such change. Such notice shall
5 include the name and address of each business that such
6 Defendant is affiliated with, employed by, creates or forms,
7 or performs services for; a detailed description of the nature
8 of the business; and a detailed description of such
9 Defendant's duties and responsibilities in connection with
10 the business or employment; and
11 c. Any changes in such Defendant's name or use of any
12 aliases or fictitious names within ten (10) days of the date
13 of such change;

- 14 2. Defendants shall notify Plaintiffs of any changes in structure of
15 any Corporate Defendant or any business entity that any
16 Defendant directly or indirectly controls, or has an ownership
17 interest in, that may affect compliance obligations arising under
18 this Judgment, including but not limited to: incorporation or other
19 organization; a dissolution, assignment, sale, merger, or other
20 action; the creation or dissolution of a subsidiary, parent, or
21 affiliate that engages in any acts or practices subject to this
22 Judgment; or a change in the business name or address, at least
23 thirty (30) days prior to such change, *provided* that, with respect
24 to any such change in the business entity about which a Defendant
25 learns less than thirty (30) days prior to the date such action is to
26 take place, such Defendant shall notify Plaintiffs as soon as is
27 practicable after obtaining such knowledge.
28

1 B. One hundred eighty (180) days after the date of entry of this Judgment
2 and annually thereafter for a period of four (4) years, Defendants each shall provide a
3 written report to Plaintiffs, which is true and accurate and sworn to under penalty of
4 perjury, setting forth in detail the manner and form in which they have complied and
5 are complying with this Judgment. This report shall include, but not be limited to:

6 1. For each Individual Defendant:

- 7 a. such Defendant's then-current residence address, mailing
8 addresses, and telephone numbers;
- 9 b. such Defendant's then-current employment status
10 (including self-employment), including the name,
11 addresses, and telephone numbers of each business that
12 such Defendant is affiliated with, employed by, or performs
13 services for; a detailed description of the nature of the
14 business; and a detailed description of such Defendant's
15 duties and responsibilities in connection with the business
16 or employment; and
- 17 c. Any other changes required to be reported under Subsection
18 A of this Section;

19 2. For all Defendants:

- 20 a. A copy of each acknowledgment of receipt of this
21 Judgment, obtained pursuant to the Section titled
22 "Distribution of Judgment;" and
- 23 b. Any other changes required to be reported under Subsection
24 A of this Section.

25 C. Each Defendant shall notify Plaintiffs of the filing of a bankruptcy
26 petition by such Defendant within fifteen (15) days of filing.

1 D. For the purposes of this Judgment, Defendants shall, unless otherwise
2 directed by any Plaintiff's authorized representative, send by overnight courier all
3 reports and notifications required by this Judgment to the following addresses:

4 Associate Director for Enforcement
5 Bureau of Consumer Protection
6 Federal Trade Commission
7 600 Pennsylvania Ave., N.W.
8 Washington, D.C. 20580
9 Re: **FTC v. US Foreclosure Relief, et al. (X090065)**

10 Daniel A. Olivas
11 Deputy Attorney General
12 California Department of Justice
13 300 South Spring Street, Suite 1702
14 Los Angeles, CA 90013

15 Stewart Freilich
16 Assistant Attorney General of the State of Missouri
17 1530 Rax Court
18 Jefferson City, MO 65109

19 *Provided* that, in lieu of overnight courier, Defendants may send such reports
20 or notifications to Plaintiffs by first-class mail, but only if Defendants
21 contemporaneously send an electronic version of such report or notification to
22 Plaintiffs at DEBrief@ftc.gov (FTC); Dan.Olivas@doj.ca.gov (People of the State of
23 California); and Stewart.Freilich@ago.mo.gov (State of Missouri).

24 E. For purposes of the compliance reporting and monitoring required by
25 this Judgment, Plaintiffs are authorized to communicate directly with each
26 Defendant.

27 XII.

28 RECORDKEEPING

IT IS FURTHER ORDERED that, for a period of seven (7) years from the
date of entry of this Judgment, Corporate Defendant Cresidis Legal, and Individual
Defendant Brandon Moreno for any business for which they, individually or
collectively, are the majority owner or directly or indirectly control, are hereby
restrained and enjoined from failing to create and retain the following records:

1 A. Corporate Defendant: The Corporate Defendant must deliver a copy of
2 this Judgment to (1) all of its principals, officers, directors, and managers; (2) all of
3 its employees, agents, and representatives who engage in conduct related to the
4 subject matter of the Judgment; and (3) any business entity resulting from any change
5 in structure set forth in Subsection A.2 of the Section titled “Compliance Reporting.”
6 For current personnel, delivery shall be within five (5) days of service of this
7 Judgment upon such Defendant. For new personnel, delivery shall occur prior to
8 them assuming their responsibilities. For any business entity resulting from any
9 change in structure set forth in Subsection A.2 of the Section titled “Compliance
10 Reporting,” delivery shall be at least ten (10) days prior to the change in structure.

11 B. Individual Defendant as control person: For any business that the
12 Individual Defendant controls, directly or indirectly, or in which such Defendant has
13 a majority ownership interest, such Defendant must deliver a copy of this Judgment
14 to (1) all principals, officers, directors, and managers of that business; (2) all
15 employees, agents, and representatives of that business who engage in conduct
16 related to the subject matter of the Judgment; and (3) any business entity resulting
17 from any change in structure set forth in Subsection A.2 of the Section titled
18 “Compliance Reporting.” For current personnel, delivery shall be within five (5)
19 days of service of this Judgment upon such Defendant. For new personnel, delivery
20 shall occur prior to them assuming their responsibilities. For any business entity
21 resulting from any change in structure set forth in Subsection A.2 of the Section titled
22 “Compliance Reporting,” delivery shall be at least ten (10) days prior to the change in
23 structure.

24 C. Individual Defendant as employee or non-control person: For any
25 business where the Individual Defendant is not a controlling person of a business but
26 otherwise engages in conduct related to the subject matter of this Judgment, such
27 Defendant must deliver a copy of this Judgment to all principals and managers of
28 such business before engaging in such conduct.

1 D. Defendants must secure a signed and dated statement acknowledging
2 receipt of the Judgment, within thirty (30) days of delivery, from all persons
3 receiving a copy of the Judgment pursuant to this Section.

4 **XIV.**

5 **ACKNOWLEDGMENT OF RECEIPT OF JUDGMENT**

6 **IT IS FURTHER ORDERED** that each Defendant, within five (5) business
7 days of receipt of this Judgment as entered by the Court, must submit to Plaintiffs a
8 truthful sworn statement acknowledging receipt of this Judgment.

9 **XV.**

10 **COOPERATION WITH PLAINTIFFS' COUNSEL**

11 **IT IS FURTHER ORDERED** that Defendants shall, in connection with this
12 action or any subsequent investigations related to or associated with the transactions
13 or the occurrences that are the subject of the First Amended Complaint, cooperate in
14 good faith with any Plaintiff and appear at such places and times as such Plaintiff
15 shall reasonably request, after written notice, for interviews, conferences, pretrial
16 discovery, review of documents, and for such other matters as may be reasonably
17 requested by any Plaintiff. If requested in writing by any Plaintiff, Defendants shall
18 appear and provide truthful testimony in any trial, deposition, or other proceeding
19 related to or associated with the transactions or the occurrences that are the subject of
20 the First Amended Complaint, without the service of a subpoena.

21 **XVI.**

22 **SEVERABILITY**

23 **IT IS FURTHER ORDERED** that the provisions of this Judgment are
24 separate and severable from one another. If any provision is stayed or determined to
25 be invalid, all of the remaining provisions shall remain in full force and effect.

26 **XVII.**

27 **RETENTION OF JURISDICTION**

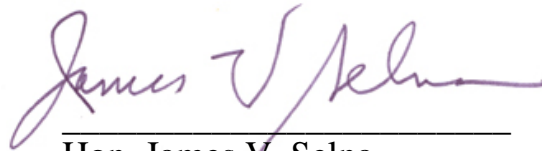
28 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this
matter for purposes of construction, modification, and enforcement of this Judgment.

XVIII.

FINAL JUDGMENT

The parties hereby consent to entry of the foregoing Judgment which shall constitute a final judgment on the First Amended Complaint.

IT IS SO ORDERED, this 15th day of September, 2010



Hon. James V. Selna
United States District Judge

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1 **APPROVED AS TO FORM AND TO CONTENT:**

2
3 Dated: _____, 2010

WILLARD K. TOM
General Counsel

4
5
6 SARAH SCHROEDER
KERRY O'BRIEN
LAURA FREMONT
Attorneys for Plaintiff
Federal Trade Commission

7
8
9 EDMUND G. BROWN JR.
Attorney General, State of California

10
11 Dated: _____, 2010

DANIEL A. OLIVAS
Attorney for Plaintiff
The People of the State of California

12
13
14 CHRIS KOSTER
Attorney General of Missouri

15
16 Dated: _____, 2010

STEWART FREILICH
JOHN PHILLIPS
Attorneys for Plaintiff
State of Missouri

17
18
19
20 Dated: _____, 2010

BRANDON MORENO

21
22 Defendant Brandon Moreno
Individually and as an officer of Cresidis
Legal, A Professional Corporation

23
24
25 Dated: _____, 2010

OUTWATER & PINCKES, LLP

26
27 By: _____
David E. Outwater
Attorney for Defendants
Brandon Moreno and Cresidis
Legal, A Professional Corporation