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13 **UNITED STATES DISTRICT COURT**
14 **EASTERN DISTRICT OF CALIFORNIA**

15 **FEDERAL TRADE COMMISSION,**

16 Plaintiff,

17 v.

18 **HOPE FOR CAR OWNERS, LLC,**

19 and

20 **PATRICK FREEMAN,**

21 Defendants.

22 **Case No.**

23 **COMPLAINT FOR PERMANENT**
24 **INJUNCTION AND OTHER**
25 **EQUITABLE RELIEF**

26 Plaintiff, the Federal Trade Commission (“FTC”), for its complaint alleges:

27 1. The FTC brings this action under Section 13(b) of the Federal Trade Commission
28 Act (“FTC Act”), 15 U.S.C. § 53(b), to obtain temporary, preliminary, and permanent injunctive
relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement
of ill-gotten monies, and other equitable relief for Defendants’ acts or practices in violation of

1 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), in connection with the marketing and sale of
2 vehicle loan assistance relief services.

3
4 **JURISDICTION AND VENUE**

5 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a),
6 and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

7 3. Venue is proper in this District under 28 U.S.C. § 1391(b) and (c), and 15 U.S.C.
8 § 53(b).

9 **PLAINTIFF**

10 4. The FTC is an independent agency of the United States Government created by
11 statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a),
12 which prohibits unfair or deceptive acts or practices in or affecting commerce.

13 5. The FTC is authorized to initiate federal district court proceedings, by its own
14 attorneys, to enjoin violations of the FTC Act and to secure such equitable relief as may be
15 appropriate in each case, including rescission or reformation of contracts, restitution, the refund
16 of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b) and 56(a)(2)(A).
17
18

19 **DEFENDANTS**

20 6. Defendant Hope for Car Owners, LLC (“HCO”) is a California limited liability
21 company with its principal place of business at 13389 Folsom Boulevard, Suite 300-180,
22 Folsom, California. HCO also maintains an address at 1410 Rocky Ridge Drive, Suite 260,
23 Roseville, California. HCO transacts or has transacted business in this district and throughout
24 the United States. At all times material to this Complaint, acting alone or in concert with others,
25 HCO has advertised, marketed, distributed, or sold vehicle loan assistance relief services to
26 consumers throughout the United States.
27

Defendants' Internet Marketing Activities

11. Defendants have solicited consumers who seek vehicle loan assistance relief services through a number of Internet websites. Since at least November 2008, Defendants have operated several websites, including but not limited to the following: carloanmod.com, hopeforcarowners.com, hope4carowners.com, and hope4carowners.org. Defendant Freeman is the registrant as well as administrative contact, technical, and billing contact for Defendants' Internet websites. The domain registration and hosting fees for Defendants' Internet website are paid for with Defendant Freeman's personal credit card.

12. Defendants' websites make the following statements regarding their ability to lower the monthly payments on consumers' vehicle loans:

- a. To date, our assistance efforts have reduced many of our clients' monthly payments an average of 30% - 40% on a monthly basis
- b. We have solutions for every consumer in every conceivable situation so even if you feel as if you can't be helped, YOU CAN.
- c. **Success through Compassionate Communications, Effective Negotiations & Equitable Resolutions**
To date, our team of trained professionals at *Hope for Car Owners* has assisted thousands of vehicle owners in seemingly every possible financial situation . . . In nearly every instance our negotiations have allowed vehicle owners to keep their vehicles out of repossession
- d. To date, our team of trained professionals has assisted thousands of vehicle owners in seemingly every possible financial situation.
- e. In nearly every instance our negotiations have allowed or [sic] clients to keep their vehicles AND reduce their monthly payment and/or principal balance. It is NECESSARY and it is EFFECTIVE!
- f. No matter your particular situation, we have the solution. We have nearly a 99% success rate which means in almost every situation we have been able to achieve a positive financial result
- g. **Consumer Stimulus & Bailout ASSISTANCE!**

1 h. Join the **thousands** who have already **SAVED!**

2 i. **Reduce** Your **STRESS** & start **Immediately saving!**

3 j. Stop **overpaying** for a depreciating **LIABILITY!**

4 13. Defendants' websites contain frequently asked questions (or "FAQ's") webpages
5 that make statements such as:
6

7 a. *Can I do this myself?*

8

9 Our research has shown that approximately 94% of consumers who attempt to
10 work directly with their lender are unsuccessful as they are usually met with
11 resistance and/or denial and usually go away frustrated after one or two attempts.

12

13 In our experience, the only time a lender is willing to extend an offer of assistance
14 is after we have submitted a client's file for review.

15

16 We have reviewed many resolutions offered by lenders to client's [sic] who had
17 previously chosen to work directly with their lender and we have found that, on
18 average, the savings offered by the lender is approximately 8% of the original
19 payment. The average savings for a client who receives a successful resolution
through our process is 41%. That is a difference of \$33 out of every \$100 of your
payment.

20 b. *What if I am not satisfied with my result?*

21 Prior to enrollment (as well as within your enrollment package) you will be asked
22 what new (reasonable) payment you will be comfortable with going forward.
23 Provided the payment request is a reasonable amount, we are 95% successful in
24 hitting our payment goal. Our average payment reduction is roughly 41% of the
original payment and we are adding to that number with every successful
resolution achieved.

25 14. Defendants tout their experience to further their claim that they will obtain
26 promised loan modifications. For example, Defendants' carloanmod.com website refers to
27 Defendants as a "team of professionals." Defendants' websites further state:

- 1 a. Our staff possesses the knowledge and we have developed and retain [sic] the
2 necessary relationships within the industry to assist in every situation imaginable.
- 3 b. We have aligned ourselves with like minded business partners who stand at the
4 ready with teams of highly trained and experienced professionals dedicated to
5 assisting every aspect of your financial circumstance.
- 6 c. *Hope for Car Owners* has the knowledge and expertise to step in and negotiate on
7 your behalf.
- 8 d. The professionals at *Hope for Car Owners* are here to inform and educate our
9 clients as to their options and alternatives.
- 10 e. If you were charged with a crime, you would have a much higher chance of
11 success if you hired a professional (attorney) to help with your defense. If you
12 transfer and apply that theory to negotiating with your lender, then it makes
13 perfect sense to hire a professional to negotiate on your behalf. We do this every
14 day for thousands of clients and it is through our comprehensive analysis,
15 innovative processes, industry relationships and leveraged positions which
16 provide us with the ability to offer you the highest chance of successful
17 resolution.

18 15. Defendants' websites also contain numerous purported customer testimonials
19 touting Defendants' ability to arrange vehicle loan modifications and/or stop repossessions. The
20 testimonials include the following statements:

- 21 a. I was 4 months late and on the verge of losing my car to the repo man. *Hope 4*
22 *Car Owners* stepped in and not only stopped the repossession, but they negotiated
23 to reduce my payments from \$1200 a month to \$548!!
- 24 b. *Hope 4 Car Owners* works magic . . . I saved over \$1500 per month with the
25 assistance of *Hope 4 Car Owners*.
- 26 c. I was \$11,000 upside down on my truck and was ready to give it back because I
27 could no longer afford the payments. *Hope 4 Car Owners* negotiated a new
28 payment plan that cut my payments in HALF!!
- d. We were \$22,000 upside down in our car . . . Instead of losing our car, we
enrolled with *Hope 4 Car Owners* and were able to work out a new payment plan
with our lender.

1 e. We could no longer afford the payments on our Motor Home and it was \$44,000
2 upside down . . . but *Hope 4 Car Owners* stepped in and negotiated a new deal
3 with our lender that saved our future!

4 f. I owed \$37,000 more on my boat than what it was worth and instead of losing it
5 to repossession and destroying my credit, *Hope 4 Car Owners* worked out a new
6 arrangement with my lender which helped me keep my boat and reduce my
7 considerable stress.

8 16. Defendants' websites make a "Confidence Guarantee" that "We are so confident
9 in our programs and services that we offer a "No Dispute" Money Back Guarantee in the event
10 we are unable to provide a successful resolution."

11 17. Defendants' websites invite consumers to call Defendants on their toll-free
12 number, "866-237-HOPE (4673)."

13 **Defendants' Telemarketing Activities**

14 18. Defendants maintain a toll-free number, 866-237-4673, on which consumers
15 seeking vehicle loan assistance relief services can call for more information. Defendant
16 Freeman is the contact for the long distance service provider. The long distance fees are billed
17 to Defendant Freeman's personal credit card.

18 19. Consumers speak with Defendants' representatives when they call the toll-free
19 numbers in response to Defendants' Internet advertising or when Defendants call consumers who
20 submitted information on Defendants' websites.

21 20. During the sales calls, Defendants' representatives collect information from
22 consumers, including details about consumers' vehicle loan and income. Defendants'
23 representatives typically promise consumers that Defendants can lower the monthly payment on
24 consumers' vehicle loans by 25% to 50%, sometimes within a few weeks.
25

1 21. Defendants' representatives inform consumers that they must pay Defendants an
2 enrollment fee up-front, ranging from \$199 - \$500. In numerous instances, Defendants'
3 representatives assure consumers that they would get a refund of the fee if Defendants are not
4 able to obtain the promised loan modification.
5

6 22. In numerous instances, Defendants fail to obtain the promised vehicle loan
7 modifications that will make consumers' monthly loan payments more affordable. In numerous
8 instances, consumers learn from their lenders that Defendants have not even contacted the lender
9 or that Defendants have made only minimal, non-substantive contacts with the lender. In
10 numerous instances, when Defendants fail to obtain a vehicle loan modification as promised,
11 Defendants deny refund requests from consumers.
12

13 **VIOLATIONS OF THE FTC ACT**

14 23. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts
15 or practices in or affecting commerce."

16 24. Misrepresentations or deceptive omissions of material fact constitute deceptive
17 acts or practices prohibited by Section 5(a) of the FTC Act.
18

19 **Count I**

20 25. In numerous instances, in connection with the advertising, marketing, promotion,
21 offering for sale, or sale of vehicle loan assistance relief services, Defendants have represented,
22 directly or indirectly, expressly or by implication, that they generally will obtain for consumers a
23 renegotiation, settlement, modification, or other alteration of the terms of consumers' vehicle
24 loans that will make consumers' vehicle loan payments substantially more affordable.
25

26 26. In truth and in fact, the material representation set forth in paragraph 25 is false or
27 was not substantiated at the time the representation was made.

1 D. Award Plaintiff the costs of bringing this action, as well as such other and
2 additional relief as the Court may determine to be just and proper.

3 Dated: March 27, 2012

Respectfully submitted,

4 WILLARD K. TOM
5 General Counsel

6
7 /s/ Gregory A. Ashe
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18 Attorneys for Plaintiff

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

Federal Trade Commission

(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

Gregory Ashe, Federal Trade Commission, 600 Pennsylvania Ave NW, Room NJ 3158, Washington, DC 20580, 202-326-3719

DEFENDANTS

Hope for Car Owners, LLC and Patrick Freeman

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
2 U.S. Government Defendant
3 Federal Question (U.S. Government Not a Party)
4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- Citizen of This State
Citizen of Another State
Citizen or Subject of a Foreign Country
PTF DEF
Incorporated or Principal Place of Business In This State
Incorporated and Principal Place of Business In Another State
Foreign Nation

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Table with 5 columns: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES. Includes various legal categories like Personal Injury, Real Property, Labor, etc.

V. ORIGIN

- 1 Original Proceeding
2 Removed from State Court
3 Remanded from Appellate Court
4 Reinstated or Reopened
5 Transferred from another district (specify)
6 Multidistrict Litigation
7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

15 U.S.C. Section 45

Brief description of cause: violations of the FIC Act in connection with the marketing of auto loan modification services

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE DOCKET NUMBER

DATE 03/27/2012

SIGNATURE OF ATTORNEY OF RECORD

Handwritten signature of Gregory A. Ashe

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE