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**JUN 18 2013**  
CENTRAL DISTRICT OF CALIFORNIA  
BY DEPUTY

1 STEVEN W. BALSTER  
IL Bar No. 6189072, sbalster@ftc.gov  
2 JONATHAN L. KESSLER  
CO Bar No. 15094, jkessler@ftc.gov  
3 MARIA DEL MONACO  
OH Bar No. 0067930, mdelmonaco@ftc.gov  
4 Federal Trade Commission  
1111 Superior Ave., Suite 200  
5 Cleveland, OH 44114  
216-263-3401 (Balster)  
6 216-263-3436 (Kessler)  
216-263-3405 (Del Monaco)  
7 216-263-3426 (FAX)

8 STACY PROCTER (Local Counsel)  
CA Bar No. 221078, sprocter@ftc.gov  
9 Federal Trade Commission  
10877 Wilshire Blvd, Suite 700  
10 Los Angeles, CA 90024  
Tel: 310-824-4343; Fax: 310-824-4380

11  
12 Attorneys for Plaintiff  
FEDERAL TRADE COMMISSION

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

**FEDERAL TRADE COMMISSION,**

Plaintiff,

v.

**A TO Z MARKETING, INC.,** a Nevada corporation, also dba Client Services;

**APEX MEMBERS, LLC,** a Nevada limited liability company, also dba Apex Solutions, also dba MacArthur Financial Group;

**APEX SOLUTIONS, INC.,** a Nevada corporation;

Case No. **SACV13-919 DOC(RNBx)**

**PLAINTIFF  
FEDERAL TRADE  
COMMISSION'S COMPLAINT  
FOR INJUNCTIVE AND OTHER  
EQUITABLE RELIEF**

**UNDER SEAL**

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15

FILED JUN 18 PM 12  
CLERK U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

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1 **BACKEND, INC.**, a California  
2 corporation, formerly known as  
3 Mortgage Modification Center, also dba  
MMC, Inc.;

4 **EXPERT PROCESSING CENTER,  
INC.**, a Nevada corporation;

5 **SMART FUNDING CORP.**, a Nevada  
6 corporation;

7 **WILLIAM D. GOODRICH, ATTY,  
INC.**, a California corporation, also dba  
8 WDG, Attorney at Law;

9 **RATAN BAID**, individually and as an  
10 Officer, Director, or Manager of  
11 Defendants A to Z Marketing, Inc.,  
Apex Members, LLC, and Smart  
Funding Corp.;

12 **MADHULIKA BAID**, aka Madhu  
13 Baid, individually and as an Officer,  
14 Director, or Manager of Defendants A  
to Z Marketing, Inc., Apex Members,  
LLC, and Smart Funding Corp.; and

15 **WILLIAM D. GOODRICH**,  
16 individually and as an Officer, Director,  
or Manager of William D. Goodrich,  
Atty, Inc., also dba The Apex Solution,

17 Defendants.  
18

19 **PLAINTIFF FEDERAL TRADE COMMISSION'S COMPLAINT FOR**  
20 **INJUNCTIVE AND OTHER EQUITABLE RELIEF**

21 Plaintiff, the Federal Trade Commission ("FTC"), for its Complaint alleges:

22 1. The FTC brings this action under Sections 13(b) and 19 of the Federal  
23 Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the 2009  
24 Omnibus Appropriations Act, Public Law 111-8, Section 626, 123 Stat. 524, 678  
25 (Mar. 11, 2009) ("Omnibus Act"), as clarified by the Credit Card Accountability  
26 Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123  
27 Stat. 1734, 1763-64 (May 22, 2009) ("Credit Card Act"), and amended by the  
28 Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-

1 203, Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) (“Dodd-Frank Act”),  
2 12 U.S.C. § 5538, to obtain temporary, preliminary, and permanent injunctive  
3 relief, rescission or reformation of contracts, restitution, the refund of monies paid,  
4 disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts  
5 or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the  
6 Mortgage Assistance Relief Services Rule, 16 C.F.R. Part 322 (“MARS Rule”),  
7 recodified as Mortgage Assistance Relief Services, 12 C.F.R. Part 1015  
8 (“Regulation O”), in connection with the marketing and sale of mortgage  
9 assistance relief services (“MARS”).

10 **JURISDICTION AND VENUE**

11 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C.  
12 §§ 1331, 1337(a), and 1345, 15 U.S.C. §§ 45(a), 53(b), and 57b, and Section 626  
13 of the Omnibus Act, as clarified by Section 511 of the Credit Card Act, and  
14 amended by Section 1097 of the Dodd-Frank Act, 12 U.S.C. § 5538.

15 3. Venue is proper in this district under 28 U.S.C. §§ 1391(b), (c), and  
16 (d), and 15 U.S.C. § 53(b).

17 **PLAINTIFF**

18 4. The FTC is an independent agency of the United States Government  
19 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC  
20 Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or  
21 affecting commerce. In addition, the FTC enforces the MARS Rule, 16 C.F.R. Part  
22 322, effective December 29, 2010, and its recodification as Regulation O, 12  
23 C.F.R. Part 1015, effective December 30, 2011. Dodd-Frank Act § 1097, 12  
24 U.S.C. § 5538. Among other things, the MARS Rule and Regulation O require  
25 MARS providers to make certain disclosures, prohibits MARS providers from  
26 making certain representations, and effective January 31, 2011, prohibits MARS  
27 providers from collecting a fee in advance of the consumer’s acceptance of  
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1 mortgage assistance relief obtained by the MARS provider.

2 5. The FTC is authorized to initiate federal district court proceedings, by  
3 its own attorneys, to enjoin violations of the FTC Act, the Omnibus Act as clarified  
4 by the Credit Card Act and amended by the Dodd-Frank Act, the MARS Rule, and  
5 Regulation O, and to secure such equitable relief as may be appropriate in each  
6 case, including rescission or reformation of contracts, restitution, the refund of  
7 monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b),  
8 56(a)(2)(A)-(B), 57b, 6102(c) and 6105(b), § 626, 123 Stat. 678, as clarified by  
9 § 511, 123 Stat. at 1763-64, and amended by § 1097, 124 Stat. at 2102-3, 12  
10 U.S.C. § 5538.

11 **DEFENDANTS**

12 6. Defendant **A to Z Marketing, Inc.**, also doing business as Client  
13 Services, is a Nevada Corporation that identifies its principal place of business as  
14 1809 East Dyer Road, Santa Ana, California. As part of the common enterprise  
15 described in paragraph 16, A to Z Marketing, Inc., markets, provides, offers to  
16 provide, or arranges for others to provide MARS, as defined in 16 C.F.R § 322.2,  
17 recodified as 12 C.F.R. § 1015.2. A to Z Marketing, Inc., transacts or has  
18 transacted business in this District and throughout the United States.

19 7. Defendant **Apex Members, LLC**, also doing business as Apex  
20 Solutions and the MacArthur Financial Group, is a Nevada limited liability  
21 company that identifies its principal place of business as 2360 Corporate Circle,  
22 Henderson, Nevada. As part of the common enterprise described in paragraph 16,  
23 Apex Members, LLC, markets, provides, offers to provide, or arranges for others  
24 to provide MARS, as defined in 16 C.F.R § 322.2, recodified as 12 C.F.R.  
25 § 1015.2. Apex Members, LLC, transacts or has transacted business in this District  
26 and throughout the United States.

27 8. Defendant **Apex Solutions, Inc.**, is a Nevada corporation that  
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1 identifies its principal place of business as 2360 Corporate Circle, Henderson,  
2 Nevada. As part of the common enterprise described in paragraph 16, Apex  
3 Solutions, Inc., markets, provides, offers to provide, or arranges for others to  
4 provide MARS, as defined in 16 C.F.R § 322.2, recodified as 12 C.F.R. § 1015.2.  
5 Apex Solutions, Inc., transacts or has transacted business in this District and  
6 throughout the United States.

7 9. Defendant **Backend, Inc.**, is a California corporation that identifies its  
8 principal place of business as 2601 Main Street, Irvine, California. As part of the  
9 common enterprise described in paragraph 16, Backend, Inc., markets, provides,  
10 offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R  
11 § 322.2, recodified as 12 C.F.R. § 1015.2. Backend, Inc., transacts or has  
12 transacted business in this District and throughout the United States.

13 10. Defendant **Expert Processing Center, Inc.**, is a Nevada corporation  
14 that identifies its principal place of business as 2360 Corporate Circle, Henderson,  
15 Nevada. As part of the common enterprise described in paragraph 16, Expert  
16 Processing Center, Inc., markets, provides, offers to provide, or arranges for others  
17 to provide MARS, as defined in 16 C.F.R § 322.2, recodified as 12 C.F.R.  
18 § 1015.2. Expert Processing Center, Inc., transacts or has transacted business in  
19 this District and throughout the United States.

20 11. Defendant **Smart Funding Corp.** is a Nevada corporation that  
21 identifies its principal place of business as 2360 Corporate Circle, Henderson,  
22 Nevada.. As part of the common enterprise described in paragraph 16, Smart  
23 Funding Corp. markets, provides, offers to provide, or arranges for others to  
24 provide MARS, as defined in 16 C.F.R § 322.2, recodified as 12 C.F.R. § 1015.2.  
25 Smart Funding Corp. transacts or has transacted business in this District and  
26 throughout the United States.

27 12. Defendant **William D. Goodrich, Atty, Inc.**, also doing business as  
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1 WDG, Attorney at Law, is a California corporation that identifies its principal  
2 place of business as 171 Promenade, Irvine, California. As part of the common  
3 enterprise described in paragraph 16, William D. Goodrich, Atty, Inc., markets,  
4 provides, offers to provide, or arranges for others to provide MARS, as defined in  
5 16 C.F.R § 322.2, recodified as 12 C.F.R. § 1015.2. William D. Goodrich, Atty,  
6 Inc. transacts or has transacted business in this District and throughout the United  
7 States.

8 13. Defendant **Ratan Baid** is an individual who, acting alone or in  
9 concert with others, has operated and continues to operate businesses that market,  
10 provide, offer to provide, or arrange for others to provide MARS, as defined in 16  
11 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Ratan Baid, acting alone or in  
12 concert with others, and through interrelated entities described in paragraphs 6  
13 through 12, has formulated, directed, controlled, had the authority to control, or  
14 participated in the acts and practices set forth in this Complaint. At times material  
15 to this Complaint, Ratan Baid is or was a Director, President, Officer, or Manager  
16 of Defendants A to Z Marketing, Inc., Apex Members, LLC, and Smart Funding  
17 Corp. In connection with the matters alleged herein, Ratan Baid transacts or has  
18 transacted business in this District and throughout the United States.

19 14. Defendant **Madhulika Baid** is an individual who, acting alone or in  
20 concert with others, has operated and continues to operate businesses that market,  
21 provide, offer to provide, or arrange for others to provide MARS, as defined in 16  
22 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Madhulika Baid, acting alone or  
23 in concert with others, and through interrelated entities described in paragraphs 6  
24 through 12, has formulated, directed, controlled, had the authority to control, or  
25 participated in the acts and practices set forth in this Complaint. At times material  
26 to this Complaint, Madhulika Baid is or was a Director, Officer, or Manager of  
27 Defendants A to Z Marketing, Inc., Apex Members, LLC, and Smart Funding  
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1 Corp. In connection with the matters alleged herein, Madhulika Baid transacts or  
2 has transacted business in this District and throughout the United States.

3 15. Defendant **William D. Goodrich** is an individual who, acting alone or  
4 in concert with others, has operated and continues to operate businesses that  
5 market, provide, offer to provide, or arrange for others to provide MARS, as  
6 defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. William D.  
7 Goodrich, acting alone or in concert with others, and through interrelated entities  
8 described in paragraphs 6 through 12, has formulated, directed, controlled, had the  
9 authority to control, or participated in the acts and practices set forth in this  
10 Complaint. At times material to this Complaint, William D. Goodrich is or was a  
11 Director, Officer, or Manager of Defendant William D. Goodrich, Atty, Inc. In  
12 connection with the matters alleged herein, William D. Goodrich transacts or has  
13 transacted business in this District and throughout the United States.

14 **COMMON ENTERPRISE**

15 16. At times material to this Complaint, Defendants A to Z Marketing,  
16 Inc., Apex Members, LLC, Apex Solutions, Inc., Backend, Inc., Expert Processing  
17 Center, Inc., Smart Funding Corp., and William D. Goodrich, Atty, Inc., have  
18 operated as a common enterprise while engaging in the unlawful acts and practices  
19 set forth below. These Defendants have conducted those acts and practices  
20 through an interrelated network of companies that have common ownership,  
21 business functions, employees, and office locations; that have commingled funds;  
22 and/or that have shared one another's marketing material. Because these  
23 Defendants have operated as a common enterprise, each of them is jointly and  
24 severally liable for the acts and practices alleged below. Defendants Ratan Baid,  
25 Madhulika Baid, and William D. Goodrich have formulated, directed, controlled,  
26 had the authority to control, or participated in the acts and practices of the  
27 Defendants that constitute the common enterprise.

1 **COMMERCE**

2 17. At all times relevant to this complaint, Defendants have maintained a  
3 substantial course of trade in or affecting commerce, as “commerce” is defined in  
4 Section 4 of the FTC Act, 15 U.S.C. § 44.

5 **DEFENDANTS’ BUSINESS PRACTICES**

6 **Overview**

7 18. From at least mid-2010 to present, through operation of the common  
8 enterprise, in a nationwide scheme, Defendants have engaged in a course of  
9 conduct to advertise, market, sell, provide, offer to provide, or arrange for others to  
10 provide MARS, including loan documentation and transaction services, and loan  
11 modification services.

12 19. Defendants prey on financially distressed homeowners by luring them  
13 into membership programs or loan modification services with promises that they  
14 will receive legal representation from a real estate attorney who will negotiate with  
15 their lenders to save their homes from foreclosure or make their mortgage  
16 payments substantially more affordable. In addition to legal representation,  
17 Defendants purport to provide consumers enrolled in certain of their programs with  
18 forensic loan audits to identify errors in their mortgage loan documents and to  
19 ferret out predatory lending practices. Defendants also purport to gather  
20 information that attorneys will use to win concessions with lenders. Consumers,  
21 however, do not receive the promised services.

22 20. Defendants have marketed their services using a number of trade  
23 names, including but not limited to, Apex Members, Apex Solutions, McArthur  
24 Financial Services, William D. Goodrich, Attorney at Law, WDG, McGoldrick  
25 Law Center, Burke Law Center, Cronauer Law Center, Nationwide Law Center,  
26 United States Law Center, Interstate Law Group, Top Legal Advocates, and Home  
27 Loan Services Law Center.



1 21. To support the provision of MARS by these trade names, Defendants  
2 rely on a network of support companies, including but not limited to, Defendants A  
3 to Z Marketing, Inc., Backend, Inc., Expert Processing Center, Inc., and Smart  
4 Funding Corp. These companies, individually or in combination, perform critical  
5 functions for the common enterprise, including but not limited to, compiling sales  
6 leads of consumers who may be interested in obtaining a home-loan modification,  
7 printing and mailing sales information, employing telemarketers to promote the  
8 MARS, registering and maintaining websites, and processing consumers' financial  
9 information purportedly to share with the consumer's lender.

10 22. Consumers who agree to pay Defendants' fee of \$2,000 to \$4,000 are  
11 then typically asked to sign an agreement to allow Client Services, which is a trade  
12 name registered and used by Defendant A to Z Marketing, Inc. (which is itself a  
13 corporate name not disclosed to consumers), to immediately debit at least a down  
14 payment of Defendants' fee directly out of their accounts. Those who make only a  
15 down payment are then required to make additional payments until the full amount  
16 is paid.

### 17 **The Apex Marketing Scheme**

18 23. From the beginning of their MARS operations and continuing to at  
19 least sometime in 2012, Defendants sold their MARS as Apex Members, Apex  
20 Solutions, William D. Goodrich, Atty at Law, and MacArthur Financial Services.  
21 Consumers interested in Defendants' MARS were typically offered a package of  
22 contracts. Included were:

- 23 a. a Membership Agreement, whereby the consumer agreed to become a  
24 member in order to receive various financial services from  
25 Defendants, including MARS;
- 26 b. a Mortgage Modification Service Agreement, whereby Defendant  
27 William D. Goodrich agreed to represent the consumer in obtaining a  
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- 1 loan modification, but which was available only to consumers who  
2 become members by entering into the Membership Agreement;
- 3 c. a release, allowing Defendants William D. Goodrich and Expert  
4 Processing Center access to the consumer's financial records in order  
5 to conduct a forensic loan audit; and
- 6 d. an ACH Payment Authorization, allowing Client Services (*i.e.*,  
7 Defendant A to Z Marketing, Inc.), to withdraw funds from the  
8 consumer's bank account or charge the consumer's debit or credit  
9 card for payment of an up-front fee.

10 **Attorney Front Organizations**

11 24. Starting sometime in 2011 and continuing into 2013, Defendants  
12 changed slightly the way they did business. Instead of holding out Defendant  
13 William D. Goodrich as an attorney who would represent the consumer,  
14 Defendants have established relationships with several attorneys, helping them set  
15 up purported law firms to do loan modifications, and then have told consumers that  
16 the lead or named attorney, or another attorney at the purported law firm, would  
17 represent them. Purported law firms established in this manner include, but are not  
18 limited to, the McGoldrick Law Center, the Burke Law Center, and the Cronauer  
19 Law Center. To set up these purported law firms, Defendants designed, registered,  
20 or maintained websites, provided sales materials and agreements, and provided  
21 marketing and backend services. Typically, the lead or named attorney has  
22 disassociated him or herself with Defendants within a brief period of time upon  
23 learning the true nature of Defendants' operations. At least one of the websites  
24 Defendants established in this manner, for the Burke Law Center, together with the  
25 toll-free number displayed there, remained operational into 2013, despite that  
26 attorney's prior disassociation with Defendants.

27 25. Also at about this time, Defendants established relationships with  
28

1 other attorneys to create generically named companies purporting to be law firms  
2 including, but not limited to, the Nationwide Law Center, the United States Law  
3 Center, the Interstate Law Group, and Top Legal Advocates, some or all of which  
4 have currently operational websites that Defendants designed, registered, or  
5 maintained. These “firms” purport to offer MARS interstate through nearly  
6 identical networks of associated attorneys.

7 26. Defendants retain operational control of these purported law firms.  
8 Defendants retain complete responsibility for compiling sales leads of consumers  
9 who may be interested in obtaining a home-loan modification, printing and mailing  
10 sales information, employing telemarketers to promote the MARS, registering and  
11 maintaining websites, and processing consumers’ financial information  
12 purportedly to share with the consumer’s lender.

13 27. Consumers interested in Defendants’ MARS from these purported law  
14 firms have been typically offered a package of contracts. Included have been:

- 15 a. a Mortgage Modification Service Agreement, whereby the lead or  
16 named attorney, or another attorney, would agree to represent the  
17 consumer in obtaining a loan modification;
- 18 b. a release allowing staff at Defendant Expert Processing Center to  
19 obtain personal financial information from the consumer’s lender; and
- 20 c. an agreement authorizing Client Services (*i.e.*, Defendant A to Z  
21 Marketing, Inc.), to withdraw funds from the consumer’s bank  
22 account.

### 23 **The Sales Pitch**

24 28. Defendants initiate contact with consumers in many ways, including  
25 but not limited to unsolicited mailings or flyers, unsolicited outbound  
26 telemarketing calls, inbound telephone calls from consumers originating from  
27 Defendants’ websites or other marketing materials, and outbound calls to  
28

1 consumers.

2 29. Defendants' flyers, a typical example of which is attached to this  
3 Complaint as Attachment A, are official-looking forms entitled "Loan  
4 Modification Notification" and contain file numbers and other identifying numbers  
5 preceded by the letters "MOD." Further down on the form there is a box labeled  
6 "Total Loan Amount" with an amount purporting to be the consumer's outstanding  
7 loan amount. The form continues with a notification in bold, all-caps type,  
8 informing the consumer:

9 **NOTICE REGARDING MORTGAGE REDUCTION**  
10 **YOUR IMMEDIATE PARTICIPATION IS RECOMMENDED**

11 The notice continues by saying, among other things:

12 Based on your mortgage lender information and your property profile  
13 provided to us you may be qualified for a loan modification. This  
14 includes the following:

- 14 1. Lower your monthly mortgage payments.
- 15 2. Lower your monthly interest rate to as low as 2% fixed rate, 30 or  
16 40 year term.
- 17 3. Modify your ARM or Option ARM into a lower fixed rate.

18 The notice then advises that "**YOU MAY FORFEIT LEGAL RIGHTS IF YOU**  
19 **DO NOT TAKE PROMPT ACTION[,]**" and **WE CAN HELP SAVE YOUR**  
20 **HOME[.]**" The notice then provides a toll-free number for a "free consultation."

21 30. An earlier version of this flyer, attached to this Complaint as  
22 Attachment B, contains similar information and formatting, but instead of stating  
23 "**YOUR IMMEDIATE PARTICIPATION IS RECOMMENDED,**" it states  
24 "**YOUR IMMEDIATE PARTICIPATION IS REQUIRED.**" It also states that  
25 "[t]housands of homeowners have taken advantage of this opportunity and have  
26 reduced their monthly mortgage payment by 30-60%."

27 31. Defendants also advertise their mortgage assistance relief services on  
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1 broadcast media and on the internet. Like the flyers Defendants sent, these include  
2 a toll-free number that consumers can call for more information.

3 32. Often, Defendants' websites contain a testimonial section including  
4 experiences of what purport to be satisfied customers. One such testimonial states  
5 "I just got a call from Mick at your office. He was able to get my mortgage  
6 payment cut in half from my lender! I have attached pictures of us in front of our  
7 home. Thanks to you, our home is safe and we are FINALLY in a stable financial  
8 position." Another states "[t]hank you for doing such a brilliant job on my  
9 mortgage modification. Just 2 months ago, the bank was ready to foreclose and we  
10 were looking for a rental. Now, our home is safe and we couldn't be happier!"  
11 Similar testimonials often appear in sales materials Defendants send directly to  
12 consumers.

13 33. Consumers who receive outbound calls, or who call the toll-free  
14 number listed in Defendants' sales materials or websites, then speak to a  
15 representative. In numerous instances, Defendants' representatives have claimed  
16 that Defendant William D. Goodrich, or another attorney, would represent them  
17 and negotiate with their lender to obtain a loan modification, and that the attorney  
18 would conduct a forensic audit to look for illegalities in the original lending  
19 documents to gain leverage with the lender.

20 34. In numerous instances, Defendants' representatives have told  
21 consumers that Defendants or Defendants' affiliated attorneys would get them a  
22 loan modification.

23 35. In numerous instances, Defendants' representatives have told  
24 consumers that they were guaranteed to obtain a loan modification that would  
25 make their mortgage payments substantially more affordable.

26 36. In numerous instances, Defendants' representatives have told  
27 consumers that they could have their interest rates reduced to as low as 2% or have  
28

1 their principal balance reduced.

2 37. In numerous instances, Defendants' representatives have told  
3 consumers that they should stop paying on their mortgages.

4 38. In numerous instances, Defendants' representatives have told  
5 consumers that they should not contact their lenders directly.

6 39. In numerous instances, Defendants' representatives have told  
7 consumers that Defendants or their affiliated attorneys could get consumers a loan  
8 modification in a brief period of time, such as a few months or within 60 to 90  
9 days.

10 **Post Contract**

11 40. Consumers who desire Defendants' services then sign the contracts  
12 provided and authorize Defendants to withdraw an advance fee from their accounts  
13 ranging from about \$2,000 to \$4,000, or a down payment on that amount.  
14 Defendants, through Client Services (*i.e.*, Defendant A to Z Marketing, Inc.), then  
15 withdraw these fees either in a one-time transfer or in installments.

16 41. Typically, consumers who contract with Defendants are assigned to  
17 one or more non-attorney customer-service representatives who act as their  
18 primary points of contact. Often, consumers attempt to call the representative  
19 assigned to them, but are unable to reach a live person without making repeated  
20 attempts. Often, consumers find after many months that no progress has been  
21 made on their behalf with their lenders.

22 42. In numerous instances, consumers who contract with Defendants do  
23 not receive legal representation. Although they may be assigned an attorney in a  
24 nominal sense, many consumers never meet or speak with Defendant William D.  
25 Goodrich, an attorney working for the purported law firms discussed in paragraphs  
26 24 and 25, or any other attorney, much less an attorney in the state where they  
27 reside or where the property is located. Moreover, while Defendants lead  
28

1 consumers to believe that an attorney from one of the law centers will represent  
2 them, Defendants retain most of the fees paid, and in many cases, fail to inform the  
3 law center that a client had been obtained, fail to turn over financial information  
4 the client provided, or work on the consumer's file with little or no attorney  
5 involvement, much less the skilled legal advocacy promised.

6 43. In numerous instances, consumers who contracted with Defendants  
7 have suffered significant economic injury, including paying hundreds or thousands  
8 of dollars to Defendants and receiving little or no service in return, going into  
9 foreclosure, and even losing their homes.

10 44. In numerous instances, after consumers have contracted with  
11 Defendants and paid the requested advance fees, Defendants have failed to obtain a  
12 loan modification, principal reduction, or other relief to stop foreclosure or make  
13 consumers' mortgage payments substantially more affordable.

#### 14 **VIOLATIONS OF THE FTC ACT**

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

17 46. Misrepresentations or omissions of material fact that are likely to  
18 mislead consumers constitute deceptive acts or practices prohibited by Section 5(a)  
19 of the FTC Act.

#### 20 **COUNT I**

21 47. In numerous instances, in connection with the offering and sale of  
22 mortgage assistance relief services, Defendants have represented, expressly or by  
23 implication, that Defendants' services generally will obtain for consumers  
24 mortgage loan modifications that will make consumers' payments substantially  
25 more affordable, or will help consumers avoid foreclosure.

26 48. In truth and in fact, Defendants generally do not obtain for consumers  
27 modifications of mortgage loans that will make consumers' payments substantially  
28

1 more affordable, and generally do not help consumers avoid foreclosure.

2 49. Therefore, Defendants' representation as set forth in Paragraph 47 is  
3 false and misleading and constitutes a deceptive act or practice in violation of  
4 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

5 **COUNT II**

6 50. In numerous instances, in connection with the offering and sale of  
7 mortgage assistance relief services, Defendants have represented, expressly or by  
8 implication, that, as a result of various loan audits provided by Defendants,  
9 including a forensic loan audit, they generally will obtain for consumers mortgage  
10 loan modifications that will make consumers' payments substantially more  
11 affordable, or will help consumers avoid foreclosure.

12 51. In truth and in fact, Defendants generally do not obtain for consumers  
13 mortgage loan modifications that will make consumers' mortgage payments  
14 substantially more affordable, and generally do not help consumers avoid  
15 foreclosure as a result of the various loan audits, research, and reviews provided by  
16 Defendants.

17 52. Therefore, Defendants' representation as set forth in Paragraph 50 is  
18 false and misleading and constitutes a deceptive act or practice in violation of  
19 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

20 **THE MARS RULE**

21 53. In 2009, Congress directed the FTC to prescribe rules prohibiting  
22 unfair or deceptive acts or practices with respect to mortgage loans. Omnibus Act  
23 § 626, 123 Stat. at 678, as clarified by Credit Card Act § 511, 123 Stat. at 1763-64.  
24 Pursuant to that direction, the FTC promulgated the MARS Rule, 16 C.F.R. Part  
25 322, all but one provision of which became effective on December 29, 2010. The  
26 remaining provision, Section 322.5, became effective on January 31, 2011.

27 54. The MARS Rule and Regulation O define "mortgage assistance relief  
28



1 service provider” as “any person that provides, offers to provide, or arranges for  
2 others to provide, any mortgage assistance relief service” other than the dwelling  
3 loan holder, the servicer of a dwelling loan, or any agent or contractor of such  
4 individual or entity. 16 U.S.C. § 322.2, recodified as Regulation O, 12 C.F.R.  
5 § 1015.2.

6 55. The MARS Rule and Regulation O prohibit any mortgage assistance  
7 relief service provider from requesting or receiving payment of any fee or other  
8 consideration until the consumer has executed a written agreement between the  
9 consumer and the consumer’s loan holder or servicer that incorporates the offer  
10 that the provider obtained from the loan holder or servicer. 16 C.F.R. § 322.5(a),  
11 recodified as 12 C.F.R. § 1015.5(a).

12 56. The MARS Rule and Regulation O prohibit any mortgage assistance  
13 relief service provider from misrepresenting, expressly or by implication, any  
14 material aspect of any mortgage relief service, including but not limited to:

- 15 a. the likelihood of negotiating, obtaining, or arranging any represented  
16 service or result. 16 C.F.R. § 322.3(b)(1), recodified as Regulation O,  
17 12 C.F.R. § 1015.3(b)(1); and
- 18 b. the amount of time it will take the mortgage assistance relief service  
19 provider to accomplish any represented service or result. 16 C.F.R.  
20 § 322.3(b)(2), recodified as Regulation O, 12 C.F.R. § 1015.3(b)(2).

21 57. The MARS Rule and Regulation O prohibit any mortgage assistance  
22 relief service provider from failing to place a statement in every general  
23 commercial communication disclosing that (i) the provider is not associated with  
24 the government and its service is not approved by the government or any lender,  
25 and (ii) in certain cases, a statement disclosing that the lender may not agree to  
26 modify a loan, even if the consumer uses the provider’s service. 16 C.F.R.  
27 § 322.4(a)(1)-(2), recodified as 12 C.F.R. § 1015.4(a)(1)-(2).

28

1           58. The MARS Rule and Regulation O prohibit any mortgage assistance  
2 relief service provider from failing to place a statement in every consumer-specific  
3 commercial communication (i) confirming that the consumer may stop doing  
4 business with the provider or reject an offer of mortgage assistance without having  
5 to pay for the services, (ii) disclosing that the provider is not associated with the  
6 government and its service is not approved by the government or any lender, (iii)  
7 in certain cases, a statement disclosing that the lender may not agree to modify a  
8 loan, even if the consumer uses that provider's service, and (iv) in certain cases, a  
9 statement disclosing that if they stop paying their mortgage, consumers may lose  
10 their home or damage their credit. 16 C.F.R. § 322.4(b)(1)-(3) and (c), recodified  
11 as 12 C.F.R. § 1015.4(b)(1)-(3) and (c).

12           59. Pursuant to the Omnibus Act § 626, 123 Stat. at 678, as clarified by  
13 the Credit Card Act § 511, 123 Stat. at 1763-64 and amended by the Dodd-Frank  
14 Act § 1097, 124 Stat. at 2102-03, 12 U.S.C. § 5538, and pursuant to Section  
15 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the MARS Rule and  
16 Regulation O constitutes an unfair or deceptive act or practice in or affecting  
17 commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

## 18                           **VIOLATIONS OF THE MARS RULE**

### 19   **COUNT III**

#### 20   **Collection of Advance Payments**

21           60. In numerous instances, in the course of providing, offering to provide,  
22 or arranging for others to provide mortgage assistance relief services, Defendants  
23 ask for or receive payment before consumers have executed a written agreement  
24 between the consumer and the loan holder or servicer that incorporates the offer  
25 obtained by Defendants, in violation of the MARS Rule, 16 C.F.R. § 322.5(a) and  
26 Regulation O, 12 C.F.R. § 1015.5(a).

1 **COUNT IV**

2 **Material Misrepresentations**

3 61. In numerous instances, in the course of providing, offering to provide,  
4 or arranging for others to provide mortgage assistance relief services, Defendants,  
5 in violation of the MARS Rule, 16 C.F.R. § 322.3(b)(1)-(2), and Regulation O, 12  
6 C.F.R. § 1015.3(b)(1)-(2), have misrepresented, expressly or by implication,  
7 material aspects of that service, including, but not limited to:

- 8 a. Defendants’ likelihood of obtaining a modification of mortgage loans  
9 for consumers that will make their payments substantially more  
10 affordable;
- 11 b. Defendants’ likelihood of obtaining a modification of mortgage loans  
12 for consumers that will make their payments substantially more  
13 affordable as a result of a loan audit provided by Defendants; and
- 14 c. The amount of time it will take the mortgage assistance relief service  
15 provider to accomplish any represented service or result.

16 **COUNT V**

17 **Failure to Disclose**

18 62. In numerous instances, in connection with the offering and sale of  
19 mortgage assistance relief services, Defendants have failed to make the following  
20 disclosures:

- 21 a. in all general commercial communications —
- 22 i. “[Name of company] is not associated with the government,  
23 and our service is not approved by the government or your  
24 lender,” in violation of the MARS Rule, 16 C.F.R.  
25 § 322.4(a)(1), and Regulation O, 12 C.F.R. § 1015.4(a)(1); and
- 26 ii. “Even if you accept this offer and use our service, your lender  
27 may not agree to change your loan,” in violation of the MARS  
28

1 Rule, 16 C.F.R. § 322.4(a)(2), and Regulation O, 12 C.F.R.  
2 § 1015.4(a)(2);

3 b. in all consumer-specific commercial communications —

4 i. “You may stop doing business with us at any time. You may  
5 accept or reject the offer of mortgage assistance we obtain from  
6 your lender [or servicer]. If you reject the offer, you do not  
7 have to pay us. If you accept the offer, you will have to pay us  
8 [insert amount or method for calculating the amount] for our  
9 services,” in violation of the MARS Rule, 16 C.F.R.

10 § 322.4(b)(1), and Regulation O, 12 C.F.R. § 1015.4(b)(1);

11 ii. “[Name of company] is not associated with the government,  
12 and our service is not approved by the government or your  
13 lender,” in violation of the MARS Rule, 16 C.F.R.

14 § 322.4(b)(2), and Regulation O, 12 C.F.R. § 1015.4(b)(2);

15 iii. “Even if you accept this offer and use our service, your lender  
16 may not agree to change your loan,” in violation of the MARS  
17 Rule, 16 C.F.R. § 322.4(b)(3), and Regulation O, 12 C.F.R.

18 § 1015.4(b)(3); and

19 iv. “If you stop paying your mortgage, you could lose your home  
20 and damage your credit,” in violation of the MARS Rule, 16  
21 C.F.R. § 322.4(c), and Regulation O, 12 C.F.R. § 1015.4(c).

22 **CONSUMER INJURY**

23 63. Consumers have suffered and will continue to suffer substantial injury  
24 as a result of Defendants’ violations of the FTC Act and the MARS Rule and  
25 Regulation O. In addition, Defendants have been unjustly enriched as a result of  
26 their unlawful acts or practices. Absent injunctive relief by this Court, Defendants  
27 are likely to continue to injure consumers, reap unjust enrichment, and harm the  
28

1 public interest.

2 **THIS COURT’S POWER TO GRANT RELIEF**

3 64. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court  
4 to grant injunctive and such other relief as the Court may deem appropriate to halt  
5 and redress violations of any provision of law enforced by the FTC. The Court, in  
6 the exercise of its equitable jurisdiction, may award ancillary relief, including  
7 rescission or reformation of contracts, restitution, the refund of monies paid, and  
8 the disgorgement of ill-gotten monies, to prevent and remedy any violation of any  
9 provision of law enforced by the FTC.

10 65. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 626 of the  
11 Omnibus Act authorize this Court to grant such relief as the Court finds necessary  
12 to redress injury to consumers resulting from Defendants’ violations of the MARS  
13 Rule, including the rescission or reformation of contracts, and the refund of money.

14 **PRAYER FOR RELIEF**

15 Wherefore, Plaintiff, FTC, pursuant to Sections 13(b) and 19 of the FTC  
16 Act, 15 U.S.C. §§ 53(b) and 57b, the Omnibus Act, and the Court’s own equitable  
17 powers, requests that the Court:

18 A. Award Plaintiff such preliminary injunctive and ancillary relief as  
19 may be necessary to avert the likelihood of consumer injury during the pendency  
20 of this action, and to preserve the possibility of effective final relief, including but  
21 not limited to, temporary and preliminary injunctions, and an order freezing assets;

22 B. Enter a permanent injunction to prevent future violations of the FTC  
23 Act and the MARS Rule/Regulation O by Defendants;

24 C. Award such relief as the Court finds necessary to redress injury to  
25 consumers resulting from Defendants’ violations of the FTC Act and the MARS  
26 Rule/Regulation O, including but not limited to, rescission or reformation of  
27 contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten  
28

1 monies; and

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

4

5

6 Date: 6/18, 2013

Respectfully submitted,

7

8

**David C. Shonka**  
Acting General Counsel  
Federal Trade Commission, Washington,  
D.C.

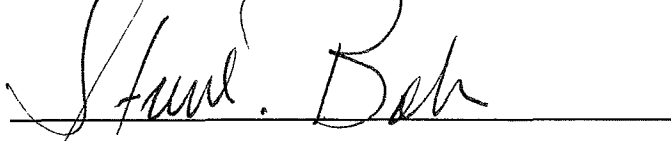
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**JON MILLER STEIGER**  
Director, East Central Region

11

12



13

**STEVEN W. BALSTER**  
II, Bar No. 6189072, sbalster@ftc.gov

14

15

**JONATHAN L. KESSLER**  
CO Bar No. 15094, jkessler@ftc.gov

16

17

**MARIA DEL MONACO**  
OH Bar No. 0067930, mdelmonaco@ftc.gov

18

19

Federal Trade Commission  
1111 Superior Avenue, Suite 200  
Cleveland, Ohio 44114  
(216) 263-3401 (Balster)  
(216) 263-3436 (Kessler)  
(216) 263-3405 (Del Monaco)  
(216) 263-3426 (FAX)

20

21

22

23

Attorneys for Plaintiff  
FEDERAL TRADE COMMISSION

24

25

26

27

28

File Number  
MOD 12711860

**Loan Modification Notification**

Case 8:13-cv-00919-DOG-RNB Document 1 Filed 06/18/13 Page 23 of 24 Page ID #: 201  
Code MOD 12711860

Contact Phone Number  
(800) 983-2606

Property State  
IL

Mortgage Assistance  
3108 State Route 59  
Ste 124-267  
Naperville, IL 60564

Property Type: RESIDENTIAL

Notice Type: 010-M

Personal ID Number  
MOD 12711860

Subject Home Retention

Property Address and Zip Code 15 23



Brendan [REDACTED]

Oak Park IL 60304-1610

RE:

**Mortgage Reduction Program**

State IL	<b>Loan Modification</b>	Your Mortgage Loan	Total Loan Amount \$ 180982
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Form 010-M

**NOTICE REGARDING MORTGAGE REDUCTION  
YOUR IMMEDIATE PARTICIPATION IS RECOMMENDED**

**2012**

Issued Date. February 18, 2012

PLEASE READ ENTIRE DOCUMENT CAREFULLY

Based on your mortgage lender information and your property profile provided to us you may be qualified for loan modification. This includes the following:

1. Lower your monthly mortgage payments.
2. Lower your interest rate to as low as 2% fixed rate, 30 or 40 year term.
3. Modify your ARM or Option ARM into a lower fixed rate.
4. Repair your credit score..
5. Eliminate or reduce delinquent payments.
6. Reduce the principal of your second mortgage.
7. Discounted pay-off or forbearance amounts.

**WHAT YOU NEED TO DO**

**Please call us at Toll Free: (800) 983-2606 for you free consultation**

**YOU MAY FORFEIT LEGAL RIGHTS IF YOU DO NOT TAKE PROMPT ACTION**

**WE CAN HELP SAVE YOUR HOME.**

**Call: (800) 360-3782**

10:00 AM EST TO 10:00 PM EST (MON-FRI)  
11:00 AM EST TO 5:00 PM EST (SAT)

**Se Habla Espanol**

**ATTACHMENT A**

Fax Back to 1- 888 - 755 - 3386 to receive a call back within 24 hours

Page 23

Please Indicate best time to call \_\_\_\_\_ Cell Phone \_\_\_\_\_ Home Phone \_\_\_\_\_

Email address \_\_\_\_\_ @ \_\_\_\_\_ By \_\_\_\_\_ Date / / \_\_\_\_\_

File Number MOD 148007	Loan Modification Notification		Code MOD 148007
Contact Phone Number (800) 896-9151	Property State MI		Property Type RESIDENTIAL
Modification Department 626 RXR Corp Plaza 6669 Uniondale, NY 11556		Notice Type: <b>010-M</b>	
Personal ID Number MOD 148007	Subject <b>Payment Lower Mortgage</b>		
Property Address and Zip Code 50 79 Kelli [REDACTED] Mayville MI 48744-9428		<b>RE:</b> <b>Available Mortgage Reduction Program</b>	
State MI	<b>Loan Modification</b>	Your Mortgage Loan	Total Loan Amount \$ 111869

Form 010-M

**MORTGAGE REDUCTION NOTIFICATION  
YOUR IMMEDIATE PARTICIPATION IS REQUIRED**

**2011**

Issued Date January 24, 2011

PLEASE READ ENTIRE DOCUMENT CAREFULLY

Based on your payment status you pre-determined for mortgage assistance/loan modification in conjunction with the U.S. Government HAMP(Home Affordable Modification Program) guidelines. People who qualify for the program may receive

1. Lower monthly mortgage payments.
2. Reduced interest rates as low as 2-3% on a fixed , 30 year term.
3. Access to more affordable insurance program which can reduce your homeowner's, automobile, medical & other policies by as much as 30-40%
4. Free re-assessment of your property value which may lead to reduced property taxes
5. Personal coaching from qualified financial planners to assist with budgeting and investment advice.
6. Free income tax preparation.
7. Improved credit rating.
8. And much more

Thousands of homeowners have taken advantage of this opportunity and have reduced their monthly mortgage payment by 30-60%

However due to the statute of limitations and government program deadlines time is limited. It is extremely important that you contact us today in order to take advantage of this opportunity.

**CALL US TODAY AND TAKE CONTROL OF YOUR FINANCIAL FUTURE**

**Toll Free: (800) 896-9151**

Se Habla Espanol

**PLEASE REFERENCE THE CODE NUMBER LISTED ABOVE WHEN SPEAKING WITH CONSULTANT**

BUSINESS HOURS: 10.00 AM EST TO 10 PM EST (MON-FRI)

Fax Back to 1- 888- 880-9710 to receive a call back within 24 hours

Please Indicate best time to call \_\_\_\_\_ Cell Phone \_\_\_\_\_ Home Phone \_\_\_\_\_

Email Address \_\_\_\_\_ @ \_\_\_\_\_ By \_\_\_\_\_ Date / / \_\_\_\_\_

This product or service has not been approved or endorsed by any government agency and this offer is not being made by an agency of government.

Legal Advertisement