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

FEDERAL TRADE COMMISSION,

Plaintiff,

vs.

ALLIANCE DOCUMENT
PREPARATION, LLC, *et al.*,

Defendants, and

DIRECT CONSULTING SERVICE,
LLC; and CAPITAL DOC PREP, INC.,

Relief Defendants.

Civ. No. CV 17-7048 SJO (KSx)
**PERMANENT INJUNCTION AND
FINAL ORDER AS TO
DEFENDANTS SHAWN GABBAIE
and SBB HOLDINGS, LLC**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its
Complaint for Permanent Injunction and Other Equitable Relief pursuant to
Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C.
§ 53(b), and the Telemarketing and Consumer Fraud and Abuse Prevention Act

1 (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108. The Commission and Defendants
2 Shawn Gabbaie and SBB Holdings, LLC, (“Stipulating Defendants”) stipulate to
3 entry of the Permanent Injunction and Final Order (“Order”) to resolve all matters
4 in dispute in this action between them.

5 **THEREFORE, IT IS ORDERED** as follows:

6 **FINDINGS**

7 1. This Court has jurisdiction over this matter.

8 2. The Complaint charges that Stipulating Defendants participated in
9 deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C.
10 § 45(a) and the Telemarketing Sales Rule, 16 C.F.R. § 310, in connection with the
11 advertising, marketing, promotion, offering for sale, or sale of debt relief services.

12 3. Stipulating Defendants neither admit nor deny any of the allegations
13 in the Complaint, except as specifically stated in this Order. Only for purposes of
14 this action, Stipulating Defendants admit the facts necessary to establish
15 jurisdiction.

16 4. Stipulating Defendants waive any claim that they may have under the
17 Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this
18 action through the date of this Order, and agree to bear their own costs and
19 attorney fees.

20 5. Stipulating Defendants and the Commission waive all rights to appeal
21 or otherwise challenge or contest the validity of this Order.

22 **DEFINITIONS**

23 A. **“Assisting others”** includes: (1) performing customer service
24 functions, including receiving or responding to consumer complaints; (2)
25 formulating or providing, or arranging for the formulation or provision of, any
26 advertising or marketing material, including any telephone sales script, direct mail
27 solicitation, or the design, text, or use of images of any Internet website, email, or
28 other electronic communication; (3) formulating or providing, or arranging for the

1 formulation or provision of, any marketing support material or service, including
2 web or Internet Protocol addresses or domain name registration for any Internet
3 websites, affiliate marketing services, or media placement services; (4) providing
4 names of, or assisting in the generation of, potential customers; (5) performing
5 marketing, billing, or payment services of any kind; or (6) acting or serving as an
6 owner, officer, director, manager, or principal of any entity.

7 B. **“Financial product or service”** means any product, service, plan, or
8 program represented, expressly or by implication, to:

- 9 1. provide any consumer, arrange for any consumer to receive, or
10 assist any consumer in receiving, a loan or other extension of credit;
- 11 2. provide any consumer, arrange for any consumer to receive, or
12 assist any consumer in receiving, credit, debit, or stored value cards;
- 13 3. improve, repair, or arrange to improve or repair, any
14 consumer’s credit record, credit history, or credit rating; or
- 15 4. provide advice or assistance to improve any consumer’s credit
16 record, credit history, or credit rating.

17 C. **“Secured or unsecured debt relief product or service”** means:

- 18 1. With respect to any mortgage, loan, debt, or obligation between
19 a person and one or more secured or unsecured creditors or debt
20 collectors, any product, service, plan, or program represented,
21 expressly or by implication, to:
 - 22 a. stop, prevent, or postpone any mortgage or deed of
23 foreclosure sale for a person’s dwelling, any other sale of
24 collateral, any repossession of a person’s dwelling or other
25 collateral, or otherwise save a person’s dwelling or other
26 collateral from foreclosure or repossession;
 - 27 b. negotiate, obtain, or arrange a modification, or
28 renegotiate, settle, or in any way alter any terms of the

1 mortgage, loan, debt, or obligation, including a reduction in the
2 amount of interest, principal balance, monthly payments, or
3 fees owed by a person to a secured or unsecured creditor or debt
4 collector;

5 c. obtain any forbearance or modification in the timing of
6 payments from any secured or unsecured holder or servicer of
7 any mortgage, loan, debt, or obligation;

8 d. negotiate, obtain, or arrange any extension of the period
9 of time within which a person may (i) cure his or her default on
10 the mortgage, loan, debt, or obligation, (ii) reinstate his or her
11 mortgage, loan, debt, or obligation, (iii) redeem a dwelling or
12 other collateral, or (iv) exercise any right to reinstate the
13 mortgage, loan, debt, or obligation or redeem a dwelling or
14 other collateral;

15 e. obtain any waiver of an acceleration clause or balloon
16 payment contained in any promissory note or contract secured
17 by any dwelling or other collateral; or

18 f. negotiate, obtain, or arrange (i) a short sale of a dwelling
19 or other collateral, (ii) a deed-in-lieu of foreclosure, or (iii) any
20 other disposition of a mortgage, loan, debt, or obligation other
21 than a sale to a third party that is not the secured or unsecured
22 loan holder.

23 The foregoing shall include any manner of claimed assistance, including
24 auditing or examining a person's application for the mortgage, loan, debt, or
25 obligation.

26 2. With respect to any loan, debt, or obligation between a person
27 and one or more unsecured creditors or debt collectors, any product,
28 service, plan, or program represented, expressly or by implication, to:

- 1 a. repay one or more unsecured loans, debts, or obligations;
2 or
3 b. combine unsecured loans, debts, or obligations into one
4 or more new loans, debts, or obligations.

5 D. **“Stipulating Defendants”** means Shawn Gabbaie and any other
6 names by which he might be known, and SBB Holdings, LLC, and its successors
7 and assigns, individually, collectively, or in any combination.

8 **I. BAN ON SECURED AND UNSECURED DEBT RELIEF**
9 **PRODUCTS AND SERVICES**

10 **IT IS ORDERED** that Stipulating Defendants are permanently restrained
11 and enjoined from advertising, marketing, promoting, offering for sale, or selling,
12 or assisting others in the advertising, marketing, promoting, offering for sale, or
13 selling, of any secured or unsecured debt relief product or service. *Provided*, that
14 Section I shall not prohibit Stipulating Defendant Shawn Gabbaie, when licensed
15 to practice law in the appropriate jurisdiction, from directly rendering routine legal
16 services (1) to clients with whom he has an attorney-client relationship in
17 connection with new or existing bankruptcy proceedings or estate planning, or (2)
18 in connection with the closing and execution of real estate transactions. This
19 proviso shall not be construed to limit the licensing or regulatory powers of any
20 federal, state, or local government agency or state bar. *Further provided*, that if
21 Stipulating Defendant Shawn Gabbaie holds a real estate license in good standing
22 from the appropriate real estate licensing agency, or is employed by a broker that
23 holds a license in good standing from the appropriate real estate agency, Section I
24 shall not prohibit him from doing or negotiating to do one or more of the following
25 acts for another, unless such act is marketed as a way to save a person’s home from
26 foreclosure or repossession: selling or offering to sell, buying or offering to buy,
27 soliciting prospective sellers or purchasers of, soliciting or obtaining listings of, or
28 negotiating the purchase, sale, or exchange of real property in a purchase money

1 transaction. This proviso shall not be construed to limit the licensing or regulatory
2 powers of any federal, state, or local government agency or other entity regulating
3 real estate agents.

4 **II. PROHIBITION AGAINST MISREPRESENTATIONS RELATING**
5 **TO FINANCIAL PRODUCTS AND SERVICES**

6 **IT IS FURTHER ORDERED** that Stipulating Defendants, and their
7 officers, agents, employees, and attorneys, and all other persons or entities in
8 active concert or participation with them, who receive actual notice of this Order,
9 whether acting directly or indirectly, in connection with the advertising, marketing,
10 promoting, offering for sale, or selling of any financial product or service, are
11 permanently restrained and enjoined from misrepresenting, or assisting others in
12 misrepresenting, expressly or by implication:

13 A. The terms or rates that are available for any loan or other extension of
14 credit, including:

- 15 1. closing costs or other fees;
- 16 2. the payment schedule, monthly payment amount(s), any balloon
17 payment, or other payment terms;
- 18 3. the interest rate(s), annual percentage rate(s), or finance
19 charge(s), or whether they are fixed or adjustable;
- 20 4. the loan amount, credit amount, draw amount, or outstanding
21 balance; the loan term, draw period, or maturity; or any other term of
22 credit;
- 23 5. the amount of cash to be disbursed to the borrower out of the
24 proceeds, or the amount of cash to be disbursed on behalf of the
25 borrower to any third parties;
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1 full or partial refund, or the circumstances in which a full or partial refund will be
2 granted to the consumer;

3 B. That any person is affiliated with, endorsed, approved by, accredited
4 by, or otherwise connected to any other person; government entity; public, non-
5 profit, or other non-commercial program; or any other program;

6 C. The nature, expertise, position, or job title of any person who provides
7 any product, service, plan, or program;

8 D. The cost or likelihood of qualifying for or receiving any product,
9 service, plan, or program;

10 E. That any person providing a testimonial has purchased, received, or
11 used the product, service, plan, or program;

12 F. That the experience represented in a testimonial of the product,
13 service, plan, or program represents the person's actual experience resulting from
14 the use of the product, service, plan, or program under the circumstances depicted
15 in the advertisement; or

16 G. Any other fact material to consumers concerning any good or service,
17 such as: the total costs; any material restrictions, limitations, or conditions; or any
18 material aspect of its performance, efficacy, nature, or central characteristics.

19 **IV. MONETARY EQUITABLE RELIEF**

20 **IT IS FURTHER ORDERED** that:

21 A. Monetary equitable relief in the amount of \$158,790.00 is entered in
22 favor of the Commission against Stipulating Defendants, jointly and severally.

23 B. Stipulating Defendants shall pay \$109,183.00 to the FTC within seven
24 (7) days of entry of this Order by electronic fund transfer in accordance with
25 instructions previously provided by a representative of the Commission.

26 C. Stipulating Defendants waive and release any rights and claims to the
27 \$49,607.00 in the funds of SBB Holdings, LLC. Payment of the funds to the FTC,
28 shall be made by the holder of the funds by electronic fund transfer in accordance

1 with instructions provided to the holder of the funds by a representative of the
2 Commission.

3 **V. OTHER MONETARY PROVISIONS**

4 **IT IS FURTHER ORDERED** that:

5 A. Stipulating Defendants relinquish dominion and all legal and equitable
6 right, title, and interest in all assets transferred pursuant to this Order and may not
7 seek the return of any assets.

8 B. The facts alleged in the Complaint will be taken as true, without
9 further proof, in any subsequent civil litigation by or on behalf of the Commission,
10 including in a proceeding to enforce its rights to any payment or money equitable
11 relief pursuant to this Order, such as a non-dischargeability complaint in any
12 bankruptcy case.

13 C. The facts alleged in the Complaint establish all elements necessary to
14 sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the
15 Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral
16 estoppel effect for such purposes.

17 D. Stipulating Defendants acknowledge that the Social Security and
18 Taxpayer Identification Numbers, which Stipulating Defendants previously
19 submitted to the Commission, may be used for collecting and reporting on any
20 delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

21 E. All money paid to the Commission pursuant to this Order may be
22 deposited into a fund administered by the Commission or its designee to be used
23 for equitable relief, including consumer redress and any attendant expenses for the
24 administration of any redress fund. If a representative of the Commission decides
25 that direct redress to consumers is wholly or partially impracticable or money
26 remains after redress is completed, the Commission may apply any remaining
27 money for such other equitable relief (including consumer information remedies)
28 as it determines to be reasonably related to Stipulating Defendants' practices

1 alleged in the Complaint. Any money not used for such equitable relief is to be
2 deposited to the U.S. Treasury as disgorgement. Stipulating Defendants have no
3 right to challenge any actions the Commission or its representative may take
4 pursuant to this Subsection.

5 F. The freeze on personal assets of Stipulating Defendant Shawn
6 Gabbaie shall remain in effect until the payments and other transfers identified in
7 Section IV.B are completed. The freeze on the assets of SBB Holdings, LLC, shall
8 remain in effect until such time as the Receiver receives payment of all Court-
9 approved fees and expenses of the Receiver and the Receiver is discharged. A
10 financial institution shall be entitled to rely upon a letter from a representative of
11 the Commission stating that the freeze on a Stipulating Defendants' assets has been
12 lifted.

13 VI. CUSTOMER INFORMATION

14 **IT IS FURTHER ORDERED** that Stipulating Defendants, their officers,
15 agents, employees, attorneys, and all other persons in active concert or
16 participation with them, who receive actual notice of this Order, are permanently
17 restrained and enjoined from directly or indirectly:

18 A. Failing to provide sufficient customer information to enable the
19 Commission to efficiently administer consumer redress. Stipulating Defendants
20 represent that they have provided this redress information to the Commission. If a
21 representative of the Commission requests in writing information related to
22 redress, Stipulating Defendants must provide it, in the form prescribed by the
23 Commission, within fourteen (14) days.

24 B. Disclosing, using, or benefitting from customer information, including
25 the name, address, telephone number, email address, other identifying information,
26 or any data that enables access to a customer's account, (including a credit card,
27 bank account, or other financial account), that Stipulating Defendants obtained
28 prior to entry of this Order in connection with the sale of debt relief; and

1 C. Failing to destroy such customer information in all forms in their
2 possession, custody, or control within thirty (30) days after entry of this Order.

3 *Provided, however,* that customer information need not be disposed of, and
4 may be disclosed, to the extent requested by a government agency or required by
5 law, regulation, or court order.

6 **VII. COOPERATION WITH FTC**

7 **IT IS FURTHER ORDERED** that Stipulating Defendants must fully
8 cooperate with representatives of the Commission in this case and in any
9 investigation related to or associated with the transactions or the occurrences that
10 are the subject of the Complaint. Stipulating Defendants must provide truthful and
11 complete information, evidence, and testimony. Stipulating Defendants must
12 appear and must cause officers, employees, representatives, or agents to appear for
13 interviews, discovery, hearings, trials, and any other proceedings that a
14 Commission representative may designate, without the service of a subpoena.

15 **VIII. COOPERATION WITH RECEIVER**

16 **IT IS FURTHER ORDERED** that Stipulating Defendants shall not
17 interfere with the Receiver's performance of his duties and shall cooperate fully
18 with the Receiver to complete his duties, including, but not limited to, cooperation
19 as to the Receiver's pursuit of any claims against other persons or entities and the
20 Receiver's pursuit of any funds or assets of a Receivership Defendant. Stipulating
21 Defendants shall execute any documents requested by the Receiver necessary to
22 transfer assets or ownership interests to the Receiver. If it becomes necessary to
23 execute additional documents to transfer or liquidate assets of a Receivership
24 Defendant or any other assets that are surrendered under this order or to wind up
25 the Receivership Defendants, Stipulating Defendants must execute all documents
26 requested by the Receiver within five (5) days of receipt from the Receiver.

1 **IX. RECEIVERSHIP WRAP UP AND TERMINATION**

2 **IT IS FURTHER ORDERED** that the Receiver shall endeavor to complete
3 all duties of the Receiver relative to Stipulating Defendants and file a Final Report
4 and Final Fee Application within 180 days after entry of this Order, but any party
5 or the Receiver may request an extension or shortening of the Receiver’s term for
6 good cause. Upon the ruling of the Court on all pending motions by the Receiver
7 for the approval of fees and expenses of the Receiver and his professionals, the
8 Receiver may withdraw all approved amounts for receivership expenses from the
9 receivership account and transfer the balance to the account of the Commission.

10 **X. ORDER ACKNOWLEDGMENTS**

11 **IT IS FURTHER ORDERED** that Stipulating Defendants obtain
12 acknowledgments of receipt of this Order:

13 A. Each Stipulating Defendant, within seven (7) days of entry of this
14 Order, must submit to the Commission an acknowledgment of receipt of this Order
15 sworn under penalty of perjury.

16 B. For five (5) years after entry of this Order, Stipulating Defendant
17 Shawn Gabbai, for any business that he is the majority owner or controls directly
18 or indirectly, and that is engaged in conduct that is related to the subject matter of
19 this Order, and SBB Holdings, LLC, and its successors and assigns, must deliver a
20 copy of this Order to: (1) all principals, officers, directors, and LLC managers and
21 members; (2) all employees, agents, and representatives with managerial
22 responsibilities; and (3) any business entity resulting from any change in structure
23 as set forth in the Section titled Compliance Reporting. Delivery must occur
24 within seven (7) days of entry of this Order for current personnel. For all others,
25 delivery must occur before they assume their responsibilities.

26 C. From each individual or entity to which a Stipulating Defendant delivered a
27 copy of this Order, that Stipulating Defendant must obtain, within thirty (30) days,
28 a signed and dated acknowledgment of receipt of this Order.

1 **XI. COMPLIANCE REPORTING**

2 **IT IS FURTHER ORDERED** that Stipulating Defendants make timely
3 submissions to the Commission:

4 A. One year after entry of this Order, each Stipulating Defendant must
5 submit a compliance report, sworn under penalty of perjury.

6 1. Each Stipulating Defendant must: (a) identify the primary
7 physical, postal, and email address and telephone number, as designated
8 points of contact, which representatives of the Commission may use to
9 communicate with Stipulating Defendant; (b) identify all of that Stipulating
10 Defendant’s businesses by all of their names, telephone numbers, and
11 physical, postal, email, and Internet addresses; (c) describe the activities of
12 each business including the goods and services offered, the means of
13 advertising, marketing, and sales, and the involvement of any other
14 Defendant (which Stipulating Defendant Shawn Gabbaie must describe if he
15 knows or should know due to his own involvement); (d) describe in detail
16 whether and how that Stipulating Defendant is in compliance with each
17 Section of this Order; and (e) provide a copy of each Order
18 Acknowledgment obtained pursuant to this Order, unless previously
19 submitted to the Commission.

20 2. Additionally, Stipulating Defendant Shawn Gabbaie must: (a)
21 identify all telephone numbers and all physical, postal, email and Internet
22 addresses, including all residences; (b) identify all business activities,
23 including any business for which he performs services whether as an
24 employee or otherwise and any entity in which such Stipulating Defendant
25 has any ownership interest; and (c) describe in detail such Stipulating
26 Defendant’s involvement in each such business, including title, role,
27 responsibilities, participation, authority, control, and any ownership.
28

1 B. For ten (10) years after entry of this Order, each Stipulating Defendant
2 must submit a compliance notice, sworn under penalty of perjury, within fourteen
3 (14) days of any change in the following:

4 1. Each Stipulating Defendant must report any change in: (a) any
5 designated point of contact; or (b) the structure of Stipulating Defendant
6 SBB Holdings, LLC, and its successors and assigns, or any entity that
7 Stipulating Defendant Shawn Gabbaie has any ownership interest in or
8 controls directly or indirectly and that is engaged in conduct related to the
9 subject matter of this Order, including: creation, merger, sale, or dissolution
10 of the entity or any subsidiary, parent, or affiliate that engages in any acts or
11 practices subject to this Order.

12 2. Additionally, Stipulating Defendant Shawn Gabbaie must
13 report any change in: (a) name, including aliases or fictitious name, or
14 residence address; or (b) title or role in any business that is engaged in
15 conduct that is the subject matter of this Order, including any business for
16 which he performs services whether as an employee or otherwise and any
17 entity in which he has any ownership interest, and identify the name,
18 physical address, and any Internet address of the business or entity.

19 C. Each Stipulating Defendant must submit to the Commission notice of
20 the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding
21 by or against such Stipulating Defendant within fourteen (14) days of its filing.

22 D. Any submission to the Commission required by this Order to be
23 sworn under penalty of perjury must be true and accurate and comply with 28
24 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under
25 the laws of the United States of America that the foregoing is true and correct.
26 Executed on: _____” and supplying the date, signatory’s full name, title (if
27 applicable), and signature.

1 E. Unless otherwise directed by a Commission representative in writing,
2 all submissions to the Commission pursuant to this Order must be emailed to
3 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:
4 Associate Director for Enforcement, Bureau of Consumer Protection, Federal
5 Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The
6 subject line must begin: FTC v. Alliance Document Preparation, LLC, *et al.*,
7 X170054.

8 XII. RECORDKEEPING

9 **IT IS FURTHER ORDERED** that, Stipulating Defendants must create
10 certain records for ten (10) years after entry of the Order, and retain each such
11 record for five (5) years. Specifically, Stipulating Defendants SBB Holdings,
12 LLC, and its successors and assigns, and Stipulating Defendant Shawn Gabbaie,
13 for any business that he is a majority owner or controls directly or indirectly, and
14 that is engaged in conduct related to the subject matter of this Order, must create
15 and retain the following records: (a) accounting records showing the revenues from
16 all goods or services sold; (b) personnel records showing, for each person
17 providing services, whether as an employee or otherwise, that person's: name;
18 addresses; telephone numbers; job title or position; dates of service; and (if
19 applicable) the reason for termination; (c) records of all consumer complaints and
20 refund requests, whether received directly or indirectly, such as through a third
21 party, and any response; (d) all records necessary to demonstrate full compliance
22 with each provision of this Order, including all submissions to the Commission;
23 and (e) a copy of each unique advertisement or other marketing material. *Provided*
24 that, Subsections (c) and (e) of this provision shall not apply to any business selling
25 or offering to sell, buying or offering to buy, soliciting prospective sellers or
26 purchasers of, soliciting or obtaining listings of, or negotiating the purchase, sale,
27 or exchange of real property in a purchase money transaction.

XIII. COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Stipulating Defendants' compliance with this Order, including the financial representations upon which all or part of the monetary equitable relief was suspended and any failure to transfer any assets as required by this Order:

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

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

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

XIV. ENTRY OF FINAL ORDER

IT IS FURTHER ORDERED that there is no just reason for delay of entry of this final order, and that, pursuant to Federal Rule of Civil Procedure 54(b), the

1 Clerk immediately shall enter this Order as a final order as to Stipulating
2 Defendants.

3 **XV. RETENTION OF JURISDICTION**

4 **IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of
5 this matter for all purposes.

6
7 **SO ORDERED**, this __5th__ day of September, 2018, at 9:24 a.m.

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9
10 THE HONORABLE S. JAMES OTERO
11 UNITED STATES DISTRICT JUDGE

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