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12 **UNITED STATES DISTRICT COURT**
13 **NORTHERN DISTRICT OF CALIFORNIA**
14 **OAKLAND DIVISION**

15 FEDERAL TRADE COMMISSION,

16 Plaintiff,

17 vs.

18 AMERICAN FINANCIAL BENEFITS
19 CENTER, a corporation, also d/b/a AFB and AF
20 STUDENT SERVICES;

21 AMERITECH FINANCIAL, a corporation;

22 FINANCIAL EDUCATION BENEFITS
23 CENTER, a corporation; and

24 BRANDON DEMOND FRERE, individually
25 and as an officer of AMERICAN FINANCIAL
26 BENEFITS CENTER, AMERITECH
27 FINANCIAL, and FINANCIAL EDUCATION
28 BENEFITS CENTER,

Defendants.

Case No. 4:18-cv-00806-SBA

Related Case: 4:17-cv-04817-SBA

**DECLARATION OF STEVEN
STALICK IN SUPPORT OF
FEDERAL TRADE COMMISSION'S
MOTION FOR PRELIMINARY
INJUNCTION**

DECLARATION OF STEVEN STALICK

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2 1. My name is Steven Stalick, and I reside in California. The following statements
3 are within my personal knowledge, and if called as a witness I could and would competently
4 testify thereto.

5 2. For roughly two weeks from May to June 2017, I worked as a sales representative
6 for AmeriTech Financial (“AmeriTech” or “the company”) in the company’s Rohnert Park
7 office. My employment was considerably short as I was not morally comfortable with the sales
8 technique used by the company.

9 3. The company’s business model was to sign up low-income earners who carry
10 large student loan balances into government student loan forgiveness programs. The company
11 operated a telemarketing call center where sales representatives would receive a phone call or
12 make an outbound call.

13 4. The company gave sales representatives a script to read, which included pre-
14 scripted responses to various questions or comments customers might have. Sales
15 representatives were expected to follow the script.

16 5. I had a direct supervisor who wore a headset and could hop on calls for about
17 10–15 sales representatives. The person above him also had a supervisory role and would hop
18 on calls as well. They would try to help sales representatives close deals if a prospective
19 customer was getting a little iffy.

20 6. The company placed a *huge* emphasis on making the customer claim the largest
21 family size possible. This was part of the scripting, and the company’s incentive scheme
22 rewarded the agents who had increased their customers’ family size numbers the most. Sales
23 representatives would get kudos, or get to ring a bell, for different sorts of accomplishments.
24 The higher the family size, the more kudos you would get. It was how you would be promoted.

25 7. There were only a few numbers to plug into the student loan calculator that sales
26 representatives used to figure out how much the customer’s payment would be. You could not
27 really fudge how much income customers were making, or the other variables, but the
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1 government's definition of "family size" was loose, so that was the tool that the company taught
2 the sales representatives to emphasize.

3 8. If a sales agent was on the phone with a prospective customer and the difference
4 between the company being able to add value or not would be contingent upon the customer's
5 family size, a supervisor would take over the phone call and persuade the customer to increase
6 the claimed family size by reading, re-reading, and overemphasizing specific words used in the
7 government definition of "family size." It would be very common to see cases where a customer
8 claimed that their family size was upwards of 10-15 people simply due to the sales agent or
9 supervisor emphasizing the word "support" in the definition of family size, and following up
10 with something like, "If you say you 'support' them, by the definition I read to you would you
11 say they're included in your family?" An original family size of three would suddenly increase
12 to 11. One prospective customer who I spoke to said that he had given \$10 to his uncle to help
13 with rent last month. I responded with something like, "Do you think that counts under the
14 definition of 'support'?"

15 9. Each sales script included yellow highlighting over portions of the script that the
16 head of HR had deemed legally necessary to read aloud. My second job interview at AmeriTech
17 was with the head of HR, and he said that he had developed the script to make sure it was legally
18 compliant.

19 10. The highlighted portions included explaining the company's "document
20 preparation fee," which was a large upfront sum, in the hundreds of dollars, and subsequent
21 maintenance fees up to \$99 per month to ensure the customer's re-enrollment into the program
22 for "X" number of years until forgiveness had been reached. The fees were higher for customers
23 with higher income.

24 11. Also required, near the end of the pitch, was an attempt to up-sell the customer
25 into an on-going financial education package consisting of various unrelated products of minimal
26 value. Sales representatives were supposed to keep trying to sell the package even if the
27 customer initially declined.

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1 ~~12. The last few pages of the script included required disclosures that were worded in~~
2 a way that was hard to understand, like a pharmaceutical disclosure. My impression was that
3 consumers did not really understand the disclosures; they just heard that their payment would be
4 lower and hung on the line for that.

5 13. There were printed brackets in each cubicle showing the total amount the
6 customer paid, the amount that would be paid to service the loan, which was often minimal, and
7 the spread earned by the company.

8 14. My experience at AmeriTech included one week watching training videos, a few
9 days shadowing a sales agent, and a few days on the phone. When coming close to signing my
10 first customer, I felt disgusted, disconnected the line, and quit the job.

11 15. I declare under penalty of perjury that the foregoing is true and correct. Executed
12 on March 15, 2018, in California.

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15 Steven Stalick
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