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

15 **FEDERAL TRADE COMMISSION,**

16
17 Plaintiff,

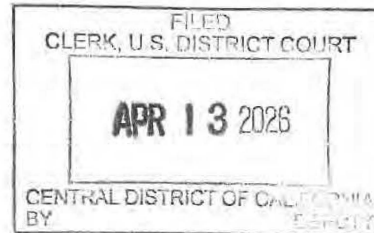
18 v.

19 **NERD SOLUTIONS INC.**, a California
20 corporation,

21 **ED REF INC.**, a Wyoming corporation,

22 **NATALIE RODRIGUEZ**, individually
23 and as an officer of NERD Solutions,
24 Inc., and

25 **PABLO EDUARDO ORTIZ**,
26 individually and as an officer of ED REF
27 Inc.,



CASE NO. 8:26-cv-00885-JVS-(JDE)

**COMPLAINT FOR PERMANENT
INJUNCTION, MONETARY
JUDGMENT, AND OTHER
RELIEF**

FILED UNDER SEAL

1 Defendants.

2
3 Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint alleges:

4 1. The FTC brings this action for Defendants’ violations of Section 5(a) of the
5 Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45(a), the FTC’s
6 Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, the FTC’s Trade
7 Regulation Rule on Impersonation of Government and Businesses
8 (“Impersonation Rule”), 16 C.F.R. Part 461, and Section 521 of the Gramm-
9 Leach-Bliley Act (“GLB Act”), 15 U.S.C. § 6821. Defendants’ violations
10 relate to their deceptive marketing and sale of student loan debt relief services.
11 For these violations, the FTC seeks relief, including temporary, preliminary,
12 and permanent injunctive relief, monetary relief, and other relief, including an
13 asset freeze, appointment of a receiver, and immediate access to Defendants’
14 business premises, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C.
15 §§ 53(b) and 57b, the Telemarketing and Consumer Fraud and Abuse
16 Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and Section
17 522(a) of the GLB Act, 15 U.S.C. § 6822(a).
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23 **SUMMARY OF CASE**

24 2. Defendants have deceived consumers with student loan debt into paying
25 hundreds or thousands of dollars for debt relief services that never materialize.
26 Defendants tell consumers that Defendants will secure forgiveness of
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1 consumers' student loan debt, and that Defendants are or are affiliated with the
2 government (including specifically the U.S. Department of Education) or
3 consumers' loan servicers.
4

5 3. But Defendants' promises are false. Defendants do not seek or deliver loan
6 forgiveness. And Defendants are not federal loan servicers and do not work
7 with the Department of Education. Thus, after Defendants receive hundreds or
8 thousands of dollars in illegal advance fees, consumers discover that
9 Defendants are not affiliated with the government or their lenders and have not
10 sought or obtained forgiveness of their loans. In addition, in the course of their
11 telemarketing, Defendants routinely call consumers on the FTC's Do Not Call
12 Registry.
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15 4. Through this action, the FTC seeks to put an end to Defendants' scheme, which
16 has taken in over \$8.8 million dollars from consumers in the last three years
17 alone, and secure redress for the consumers whom Defendants have harmed.
18
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20 **JURISDICTION AND VENUE**

21 5. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331,
22 1337(a), and 1345.

23 6. Venue is proper in this District under 28 U.S.C. §§ 1391(b)(2), (c)(1), (c)(2),
24 and (d), and 15 U.S.C. § 53(b).
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PLAINTIFF

7. The FTC is an agency of the United States Government created by the FTC Act, which authorizes the FTC to commence this district court civil action by its own attorneys. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the Telemarketing Act, 15 U.S.C. §§ 6101-6108. Pursuant to the Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or practices in or affecting commerce. The FTC also enforces the Impersonation Rule, 16 C.F.R. Part 461, which prohibits the impersonation of the government and businesses. The FTC also enforces the GLB Act, 15 U.S.C. §§ 6821-6827, which prohibits any person from obtaining or attempting to obtain customer information of a financial institution relating to another person by making a false, fictitious, or fraudulent statement or representation to a customer of a financial institution.

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DEFENDANTS

8. **Defendant NERD Solutions Inc.**, also doing business as New Education Relief, is a California limited liability company with its principal place of business listed as 1800 N. Bristol Street, Suite C114, Santa Ana, California. NERD Solutions transacts or has transacted business in this District and

1 throughout the United States. At all times relevant to this Complaint, acting
2 alone or in concert with others, NERD Solutions has advertised, marketed,
3 distributed, or sold student loan debt relief services to consumers throughout the
4 United States.
5

6 9. **Defendant ED REF Inc.**, also doing business as Edvantage Relief, is a
7 Wyoming corporation with its principal place of business listed as 15090
8 Kensington Park Drive, Unit 78, Tustin, California. ED REF has also used
9 addresses at 1309 Coffeen Avenue, Suite 1200, Sheridan, Wyoming. ED REF
10 transacts or has transacted business in this District and throughout the United
11 States. At all times relevant to this Complaint, acting alone or in concert with
12 others, ED REF has advertised, marketed, distributed, or sold student loan debt
13 relief services to consumers throughout the United States.
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17 10. **Defendant Natalie Rodriguez** is or was the owner and sole officer of NERD
18 Solutions. In particular, she is the president, chief executive officer, chief
19 financial officer, secretary, sole director, and founder of NERD Solutions. She
20 is the authorized signatory on NERD Solutions' bank accounts and merchant
21 accounts. She is the registrant and contact for Defendants' telecommunications
22 and other services, which are often paid using credit cards in her name. At all
23 times relevant to this Complaint, acting alone or in concert with others, she has
24 formulated, directed, controlled, had the authority to control, or participated in
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1 the acts and practices described in this Complaint. She resides in this District
2 and, in connection with the matters alleged herein, transacts or has transacted
3 business in this District and throughout the United States.
4

5 **11. Defendant Pablo Eduardo Ortiz** is or was the owner and sole officer of ED
6 REF. In particular, he is the president of ED REF. He is the authorized
7 signatory on ED REF's bank accounts and merchant accounts. At all times
8 relevant to this Complaint, acting alone or in concert with others, he has
9 formulated, directed, controlled, had the authority to control, or participated in
10 the acts and practices described in this Complaint. He resides in this District
11 and, in connection with the matters alleged herein, transacts or has transacted
12 business in this District and throughout the United States.
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15 **COMMON ENTERPRISE**

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17 **12. Defendants NERD Solutions and ED REF** (collectively, "Corporate
18 Defendants") have operated as a common enterprise while engaging in the
19 unlawful acts and practices alleged below. Corporate Defendants have
20 conducted the business practices described below through interrelated
21 companies that are owned by the individual Defendants. Corporate Defendants
22 share employees and business functions, including use of the same consumer-
23 facing phone numbers and same Philippines IP addresses used to access both
24 NERD Solutions and ED REF's telecommunications accounts. Because these
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1 Corporate Defendants have operated as a common enterprise, each of them is
2 liable for the acts and practices alleged below.

3 **COMMERCE**

4
5 13. At all times relevant to this Complaint, Defendants have maintained a
6 substantial course of trade in or affecting commerce, as “commerce” is defined
7 in Section 4 of the FTC Act, 15 U.S.C. § 44.
8

9 **BACKGROUND ON STUDENT LOAN FORGIVENESS AND** 10 **REPAYMENT PROGRAMS**

11 14. Student loan debt is the second largest class of consumer debt, with over 42.5
12 million borrowers owing over \$1.8 trillion. Student loan debt is also one of the
13 most distressed classes of debt: roughly one in ten Americans have defaulted on
14 a student loan, and nearly a quarter of borrowers default within their first five
15 years of repayment.
16

17 15. The federal government administers several student loan forgiveness and
18 discharge programs. Consumers can apply for these programs through the
19 Department of Education or their student loan servicers at no cost. These
20 programs do not require the assistance of a third-party company or payment of
21 application fees.
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24 **DEFENDANTS’ STUDENT LOAN DEBT RELIEF SCAM**

25 16. Since at least February 2022, Defendants have operated a student loan debt
26 relief scam that preys on consumers burdened with student loan debt by making
27

1 false promises of loan forgiveness. Defendants solicit consumers primarily
2 through outbound telemarketing.

3 **Defendants' Deceptive Outbound Telemarketing Activities**

4 ***Defendants Call Consumers on the National Do Not Call Registry***

5
6 17. In numerous instances, to induce the purchase of Defendants' student loan debt
7 relief services, Defendants, directly or through their agents or intermediaries,
8 have initiated telephone calls to telephone numbers on the National Do Not Call
9 Registry ("Registry").
10

11 18. In numerous instances, Defendants, directly or through their agents or
12 intermediaries, have initiated telephone calls to telephone numbers on the
13 Registry without having paid the annual fee required by Section 310.8(c) of the
14 TSR for access to the Registry.
15
16

17 ***Defendants' Deceptive Sales Pitch***

18 19. Defendants typically initiate contact with consumers through an outbound
19 telemarketing call. In numerous instances, the numbers that appear on
20 consumers' caller IDs are not Defendants' registered telephone numbers. In
21 addition, in numerous instances, Defendants' name (either corporate or trade)
22 does not appear on consumers' caller IDs, instead typically only a phone
23 number appears.
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1 20. Defendants' telemarketers tell consumers that they are calling regarding the
2 consumers' outstanding student loans. Defendants' telemarketers promise
3 consumers that Defendants can alleviate the burdens of those student loans.
4

5 21. In numerous instances, Defendants' telemarketers represent that they are, or are
6 working with, the Department of Education. In other instances, Defendants'
7 telemarketers represent that they are, or are working with, consumers' loan
8 servicers.
9

10 22. In numerous instances, Defendants' telemarketers already possess and recite to
11 consumers their private information, such as Social Security number,
12 outstanding student loan balance, and the name of consumers' loan servicers.
13

14 23. Defendants' telemarketers inform consumers that if they sign up for
15 Defendants' debt relief program, Defendants will secure forgiveness of their
16 student loans.
17

18 24. Defendants' telemarketers state that Defendants require an up-front fee,
19 typically in an amount of several hundred to over a thousand dollars.
20 Depending on the circumstances, consumers are allowed to pay the up-front fee
21 in installments. In addition to the up-front fee, Defendants often require a
22 recurring monthly fee in a lower amount. Defendants require consumers to
23 provide their credit or debit card numbers or bank account information
24 (including account and routing numbers) to pay for their services.
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1 25. In numerous instances, Defendants' telemarketers tell consumers that their
2 loans will be forgiven either directly upon payment of the initial installments, or
3 after several months or a short number of years of making a recurring monthly
4 fee. Typically, the quoted repayment program is substantially shorter than the
5 programs offered by the federal government.
6

7 26. In numerous instances, Defendants instruct consumers to stop paying their loan
8 servicers. Defendants do not disclose to consumers that nonpayment could
9 result in a decrease in the consumer's credit score, an increase in consumer's
10 loan balance because of interest, late fees, and penalties, or that the consumer
11 could face a collection action. Instead, in some instances, Defendants promise
12 consumers that their repayment program will not impact or will improve
13 consumers' credit scores.
14
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16 27. Defendants' telemarketers explain that in order to proceed with the debt relief
17 services, consumers need to sign a contract electronically that will be emailed to
18 them.
19
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21 28. In numerous instances, Defendants' telemarketers also tell consumers that in
22 order to proceed with the debt relief services, Defendants need access to
23 consumers' Federal Student Aid ("FSA") accounts with the Department of
24 Education. While on the phone with consumers, Defendants submit a change of
25 password request to FSA and then instruct consumers to provide them with the
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1 one-time security verification codes sent to the consumers' phones from their
2 FSA accounts. Once Defendants have access to the FSA account verification
3 codes, they can log in to consumers' accounts, change consumers' passwords,
4 and access personal information like home address, email address, phone
5 number, and student loan data.

6
7 29. Defendants then email consumers an electronic contract while still on the phone
8 with them. The contract contains a payment authorization form that the
9 consumer is required to sign electronically, which allows Defendants to take
10 automatic payments from consumers' credit or debit cards or bank accounts.
11
12

13 **Defendants Charge Illegal Advance Fees**

14 30. In numerous instances, shortly after signing the contract, Defendants charge
15 consumers' credit or debit their bank accounts in the amount mentioned during
16 the telephone call, often in the hundreds or thousands of dollars, plus a monthly
17 recurring fee.
18

19 31. In numerous instances, Defendants collect these fees before beginning to work
20 on reducing consumers' loan payments or obtaining forgiveness.
21

22 32. In numerous instances, Defendants collect these fees before settling,
23 renegotiating, reducing, or otherwise altering the terms of consumers' student
24 loan debt pursuant to valid contractual agreements executed by consumers and
25
26
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1 before consumers have made at least one payment pursuant to those
2 agreements.

3 **Defendants Do Not Provide the Promised Student Loan Debt Relief Services**
4

5 33. In numerous instances, contrary to the promises made by Defendants'
6 telemarketers, Defendants do not obtain loan forgiveness or otherwise reduce
7 the outstanding balances on consumers' student loans. In numerous instances,
8 Defendants do not even apply on consumers' behalf for student loan
9 forgiveness programs offered by the federal government.
10

11 34. Even when Defendants do submit applications for government programs on
12 consumers' behalf, that does not always result in loan forgiveness. Consumers
13 who are enrolled in those programs must make a certain number of qualifying
14 payments (often 20 or 25 years, or 10 years if the consumer qualifies for public
15 service loan forgiveness). Consumers also must recertify their income
16 annually. Submitting an application for a program, alone, does not guarantee
17 loan forgiveness.
18
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21 35. Thus, in many instances, Defendants continued to receive fees from consumers
22 despite never renegotiating, settling, reducing, or otherwise altering the terms of
23 the consumers' student loan debt.
24

25 36. During the COVID-19 pandemic, the federal government temporarily paused
26 student loan repayments and collections, and consumers were not required to
27

1 make payments on their federal loans at all. Consumers who paid Defendants
2 during the pause paid more to Defendants than they would have been required
3 to pay toward their student loan balances.
4

5 37. As a result, Defendants often have caused consumers to end up in a worse
6 financial position than before they enrolled in Defendants' debt relief
7 services—first, with higher student loan debt because of interest, late fees, or
8 other charges assessed due to consumers having stopped making payments (at
9 Defendants' instruction) on their loans; second, with higher credit card balances
10 or lower bank account balances because of paying Defendants' fees; and third,
11 with lower credit scores.
12
13

14 38. In numerous instances, when consumers attempt to cancel their contract and/or
15 request a refund of the fees they have paid, Defendants have refused or ignored
16 those requests.
17

18 39. Defendants are not the Department of Education or any other government
19 agency, nor are they affiliated with, endorsed or sponsored by, or otherwise
20 working with any such agency. Nor is Defendants' debt relief scheme part of
21 any government program.
22

23 40. Defendants are not a loan servicer, nor are they affiliated with, endorsed or
24 sponsored by, or otherwise working with any loan servicers.
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1 46. In numerous instances, Defendants' representations as described in Paragraph
2 45 are false or misleading or were not substantiated at the time the
3 representations were made.
4

5 47. Therefore, Defendants' representations as described in Paragraph 45 are false or
6 misleading and constitute deceptive acts or practices in violation of Section 5(a)
7 of the FTC Act, 15 U.S.C. § 45(a).
8

9 **Count II**
10 **Deceptive Impersonation Claims**

11 48. In numerous instances, in connection with the advertising, marketing,
12 promotion, offering for sale, or sale of debt relief services, Defendants
13 represent, directly or indirectly, expressly or by implication, that they are, or are
14 affiliated with, the federal government, including specifically the Department of
15 Education, or consumers' loan servicers.
16

17 49. In fact, in numerous instances in which Defendants have made the
18 representations described in Paragraph 48, Defendants are not, nor are they
19 affiliated with, the federal government, including specifically the Department of
20 Education, or consumers' loan servicers.
21

22 50. Therefore, Defendants' representations as described in Paragraph 48 are false or
23 misleading and constitute deceptive acts or practices in violation of Section 5(a)
24 of the FTC Act, 15 U.S.C. § 45(a).
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VIOLATIONS OF THE TELEMARKETING SALES RULE

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2 51. In 1994, Congress directed the FTC to prescribe rules prohibiting abusive and
3 deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15
4 U.S.C. §§ 6101–6108. The FTC adopted the original TSR in 1995, extensively
5 amended it in 2003, and amended certain sections thereafter.
6

7 52. Defendants are “seller[s]” or “telemarketer[s]” engaged in “telemarketing” as
8 defined by the TSR, 16 C.F.R. § 310.2(dd), (ff), and (gg). A “seller” means any
9 person who, in connection with a telemarketing transaction, provides, offers to
10 provide, or arranges for others to provide goods or services to a customer in
11 exchange for consideration. 16 C.F.R. § 310.2(dd). A “telemarketer” means
12 any person who, in connection with telemarketing, initiates or receives
13 telephone calls to or from a customer or donor. 16 C.F.R. § 310.2(ff).
14

15 “Telemarketing” means a plan, program, or campaign which is conducted to
16 induce the purchase of goods or services or a charitable contribution, by use of
17 one or more telephones and which involves more than one interstate telephone
18 call. 16 C.F.R. § 310.2(gg).
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22 53. Defendants are sellers or telemarketers of “debt relief services” as defined by
23 the TSR, 16 C.F.R. § 310.2(o). Under the TSR, a “debt relief service” means
24 any program or service represented, directly or by implication, to renegotiate,
25 settle, or in any way alter the terms of payment or other terms of the debt
26
27

1 between a person and one or more unsecured creditors, including, but not
2 limited to, a reduction in the balance, interest rate, or fees owed by a person to
3 an unsecured creditor or debt collector. 16 C.F.R. § 310.2(o).
4

5 54. Defendants have initiated, or have caused telemarketers to initiate, “outbound
6 telephone calls” to consumers. Under the TSR, an “outbound telephone call”
7 means a telephone call initiated by a telemarketer to induce the purchase of
8 goods or services or to solicit a charitable contribution. 16 C.F.R. § 310.2(v).
9

10 55. The TSR requires sellers and telemarketers, before a customer consents to pay
11 for any debt relief service, to disclose truthfully, in a clear and conspicuous
12 manner, to the extent that any aspect of a debt relief service relies upon or
13 results in the customer’s failure to make timely payments to creditors or debt
14 collectors, that the use of the debt relief service will likely adversely affect the
15 customer’s creditworthiness, may result in the customer being subject to
16 collections or being sued by creditors or debt collectors, and may increase the
17 amount of money the customer owes due to the accrual of fees and interest. 16
18 C.F.R. § 310.3(a)(1)(viii)(C).
19
20
21

22 56. The TSR prohibits sellers and telemarketers from misrepresenting directly or by
23 implication any material aspect of any debt relief service, including, but not
24 limited to, the amount of money or the percentage of the debt amount that a
25 customer may save by using the service. 16 C.F.R. § 310.3(a)(2)(x).
26
27

1 57. The TSR prohibits sellers and telemarketers from requesting or receiving
2 payment of any fees or consideration for any debt relief service unless and until:

3 a. The seller or telemarketer has renegotiated, settled, reduced, or otherwise
4 altered the terms of at least one debt pursuant to a settlement agreement,
5 debt management plan, or other such valid contractual agreement
6 executed by the customer; and
7

8 b. The customer has made at least one payment pursuant to that settlement
9 agreement, debt management plan, or other valid contractual agreement
10 between the customer and creditor.
11

12 16 C.F.R. § 310.4(a)(5)(i).
13

14 58. The TSR requires sellers and telemarketers to transmit or cause to be
15 transmitted the telephone number, and, when made available by the
16 telemarketer's carrier, the name of the telemarketer, to any caller identification
17 service in use by a recipient of a telemarketing call, or transmit the customer
18 service number of the seller on whose behalf the call is made and, when made
19 available by the telemarketer's seller, the name of the seller. 16 C.F.R.
20

21 § 310.4(a)(8).
22

23 59. The TSR prohibits sellers and telemarketers from initiating an outbound
24 telephone call to numbers on the Registry. 16 C.F.R. § 310.4(b)(1)(iii)(B).
25
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1 60. The TSR prohibits sellers from initiating, or causing any telemarketer to
2 initiate, an outbound telephone call to any person whose telephone number is
3 within a given area code unless the seller, directly or through another person,
4 first has paid the annual fee required by Section 310.8(c) of the TSR for access
5 to telephone numbers within that area code that are included in the Registry. 16
6
7 C.F.R. § 310.8(a).
8

9 61. The TSR prohibits telemarketers, on behalf of any seller, from initiating an
10 outbound telephone call to any person whose telephone number is within a
11 given area code unless that seller, directly or through another person, first has
12 paid the annual fee required by Section 310.8(c) of the TSR for access to
13 telephone numbers within that area code that are included in the Registry. 16
14
15 C.F.R. § 310.8(b).
16

17 62. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and
18 Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR
19 constitutes an unfair or deceptive act or practice in or affecting commerce, in
20 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). Section 19(a)(1) of
21 the FTC Act, 15 U.S.C. § 57b(a)(1), provides that the FTC may commence a
22 civil action against “any person, partnership, or corporation” who “violates any
23 rule . . . respecting unfair or deceptive acts or practices.” Section 19(b) of the
24 FTC Act, 15 U.S.C. § 57b(b), provides that in any action commenced under
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1 Section 19(a)(1), the court “shall have jurisdiction to grant such relief as the
2 court finds necessary to redress injury to consumers . . .” with such relief
3 including but not limited to “rescission or reformation of contracts [and] the
4 refund of money or return of property”
5

6 **Count III**
7 **Material Debt Relief Misrepresentation**

8 63. In numerous instances, in connection with the telemarketing of debt relief
9 services, Defendants have misrepresented, directly or indirectly, expressly or by
10 implication, material aspects of their debt relief services, including, but not
11 limited to, that:
12

- 13 a. Consumers who pay for Defendants’ program will receive student loan
14 forgiveness; and
15
16 b. Defendants are, or are affiliated with, the federal government, including
17 specifically the Department of Education, or consumers’ loan servicers.
18

19 64. Therefore, Defendants’ acts or practices as described in Paragraph 63 violate
20 Section 310.3(a)(2)(x) of the TSR, 16 C.F.R. § 310.3(a)(2)(x).
21

22 **Count IV**
23 **Failure to Make Required Disclosures Regarding Debt Relief Services**

24 65. In numerous instances, in connection with the telemarketing of debt relief
25 services, Defendants have failed to disclose, in a clear and conspicuous manner,
26 that their debt relief services—which direct consumers to stop making timely
27

1 payments to their student loan lenders or servicers—will likely adversely affect
2 consumers' creditworthiness.

3 66. Therefore, Defendants' acts or practices as described in Paragraph 65 violate
4 Section 310.3(a)(1)(viii)(C) of the TSR, 16 C.F.R. § 310.3(a)(1)(viii)(C).
5

6 **Count V**
7 **Advance Fees for Debt Relief Services**

8 67. In numerous instances, in connection with the telemarketing of debt relief
9 services, Defendants have requested or received payment of a fee or
10 consideration for debt relief services before:
11

- 12 a. Defendants have renegotiated, settled, reduced, or otherwise altered the
13 terms of at least one debt pursuant to a settlement agreement, debt
14 management plan, or other such valid contractual agreement executed by
15 the customer; and
16
17 b. The customer has made at least one payment pursuant to that settlement
18 agreement, debt management plan, or other valid contractual agreement
19 between the customer and the creditor.
20

21 68. Therefore, Defendants' acts or practices as described in Paragraph 67 violate
22 Section 310.4(a)(5)(i) of the TSR, 16 C.F.R. § 310.4(a)(5)(i).
23
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1 or through another person, the annual fee required by Section 310.8(c) of the
2 TSR for access to telephone numbers within that area code that are included in
3 the Registry.
4

5 74. Therefore, Defendants' acts or practices as described in Paragraph 73 violate
6 Section 310.8(a) and (b) of the TSR, 16 C.F.R. § 310.8(a) and (b).
7

8 **VIOLATIONS OF THE TRADE REGULATION RULE ON**
9 **IMPERSONATION OF GOVERNMENT AND BUSINESSES**

10 75. The Impersonation Rule, promulgated by the FTC under Section 18 of the FTC
11 Act, 15 U.S.C. § 57a, became effective on April 1, 2024, and remains in full
12 force and effect. The Impersonation Rule is codified at 16 C.F.R. Part 461.
13

14 76. Section 461.2(a) of the Impersonation Rule prohibits "materially and falsely
15 pos[ing] as, directly or by implication, a government entity or officer thereof, in
16 or affecting commerce as commerce is defined in the Federal Trade
17 Commission Act (15 U.S.C. [§] 44)."
18

19 77. Section 461.2(b) of the Impersonation Rule prohibits "materially
20 misrepresent[ing], directly or by implication, affiliation with, including
21 endorsement or sponsorship by, a government entity or officer thereof, in or
22 affecting commerce as commerce is defined in the Federal Trade Commission
23 Act (15 U.S.C. [§] 44)."
24

25 78. Section 461.3(a) of the Impersonation Rule prohibits "materially and falsely
26 pos[ing] as, directly or by implication, a business or officer thereof, in or
27

1 affecting commerce as commerce is defined in the Federal Trade Commission
2 Act (15 U.S.C. [§] 44).”

3 79. Section 461.3(b) of the Impersonation Rule prohibits “materially
4 misrepresent[ing], directly or by implication, affiliation with, including
5 endorsement or sponsorship by, a business or officer thereof, in or affecting
6 commerce as commerce is defined in the Federal Trade Commission Act (15
7 U.S.C. [§] 44).”
8
9

10 80. The Impersonation Rule defines “materially” to mean “likely to affect a
11 person’s choice of, or conduct regarding, goods or services.” 16 C.F.R.
12 § 461.1. The Impersonation Rule defines “government” to include “federal,
13 state, local, and tribal governments as well as agencies and departments
14 thereof.” *Id.* The Impersonation Rule defines “business” to include “a
15 corporation, partnership, association, or any other entity that provides goods or
16 services, including not-for-profit entities.” *Id.*
17
18

19 81. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation
20 of the Impersonation Rule constitutes an unfair or deceptive act or practice in or
21 affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C.
22 § 45(a). Section 19(a)(1) of the FTC Act, 15 U.S.C. § 57b(a)(1), provides that
23 the FTC may commence a civil action against “any person, partnership, or
24 corporation” who “violates any rule . . . respecting unfair or deceptive acts or
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27

1 practices.” Section 19(b) of the FTC Act, 15 U.S.C. § 57b(b), provides that in
2 any action commenced under Section 19(a)(1), the court “shall have jurisdiction
3 to grant such relief as the court finds necessary to redress injury to consumers . .
4 .” with such relief including but not limited to “recission or reformation of
5 contracts [and] the refund of money or return of property”
6

7
8 **Count IX**
9 **False Government Impersonation Claims**

10 82. In numerous instances on or after April 1, 2024, in connection with the
11 advertising, marketing, promotion, offering for sale, or sale of debt relief
12 services, Defendants have:

- 13 a. materially and falsely posed as, directly or by implication, a government
14 entity, including specifically the Department of Education; or
15 b. materially misrepresented, directly or by implication, affiliation with a
16 government entity, including specifically the Department of Education.
17
18

19 83. Therefore, Defendants’ representations as described in Paragraph 82 violate
20 Section 461.2 of the Impersonation Rule, 16 C.F.R. § 461.2.
21

22 **Count X**
23 **False Business Impersonation Claims**

24 84. In numerous instances on or after April 1, 2024, in connection with the
25 advertising, marketing, promotion, offering for sale, or sale of debt relief
26 services, Defendants have:
27

- 1 a. materially and falsely posed as, directly or by implication, a business,
2 including specifically consumers' loan servicers; or
3
4 b. materially misrepresented, directly or by implication, affiliation with a
5 business, including specifically consumers' loan servicers.

6 85. Therefore, Defendants' representations as described in Paragraph 84 violate
7 Section 461.3 of the Impersonation Rule, 16 C.F.R. § 461.3.
8

9 **VIOLATIONS OF THE GRAMM-LEACH-BLILEY ACT**

10 86. Section 521 of the GLB Act, 15 U.S.C. § 6821, became effective on November
11 12, 1999, and remains in full force and effect. Section 521(a) of the GLB Act,
12 15 U.S.C. § 6821(a), prohibits any person from "obtain[ing] or attempt[ing] to
13 obtain . . . customer information of a financial institution relating to another
14 person . . . by making a false, fictitious, or fraudulent statement or
15 representation to a customer of a financial institution."
16

17
18 87. The GLB Act defines "customer" to mean "with respect to a financial
19 institution, any person (or authorized representative of a person) to whom the
20 financial institution provides a product or service, including that of acting as a
21 fiduciary." 15 U.S.C. § 6827(1). The GLB Act defines "customer information
22 of a financial institution" as "any information maintained by or for a financial
23 institution which is derived from the relationship between the financial
24 institution and a customer of a financial institution and is identified with the
25
26
27

1 customer.” 15 U.S.C. § 6827(2). The GLB Act defines “financial institution”
2 to include “any institution engaged in the business of providing financial
3 services to customers who maintain a credit, deposit, trust, or other financial
4 account or relationship with the institution.” 15 U.S.C. § 6827(4)(A).
5

6 88. Section 522(a) of the GLB Act, 15 U.S.C. § 6822(a), empowers the FTC to
7 enforce Section 521 of the GLB Act “in the same manner and with the same
8 power and authority as the [FTC] has under the Fair Debt Collection Practices
9 Act [FDCPA] . . . to enforce compliance with such Act.” Pursuant to Section
10 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), a violation of the FDCPA is
11 deemed an unfair or deceptive act or practice in violation of the FTC Act.
12 Section 814(a) of the FDCPA further provides that all of the functions and
13 powers of the FTC under the FTC Act are available to the FTC to enforce
14 compliance by any person with the FDCPA, including the power to enforce
15 provisions of the FDCPA in the same manner as if the violation had been a
16 violation of an FTC trade regulation rule. Section 19(a)(1) of the FTC Act, 15
17 U.S.C. § 57b(a)(1), provides that the FTC may commence a civil action against
18 “any person, partnership, or corporation” who “violates any rule . . . respecting
19 unfair or deceptive acts or practices.” Section 19(b) of the FTC Act, 15 U.S.C.
20 § 57b(b), provides that in any action commenced under Section 19(a)(1), the
21 court “shall have jurisdiction to grant such relief as the court finds necessary to
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1 redress injury to consumers . . .” with such relief including but not limited to
2 “recission or reformation of contracts [and] the refund of money or return of
3 property”
4

5 **Count XI**
6 **Use of False Statements to Obtain Customer Information**

7 89. In numerous instances in connection with the advertising, marketing,
8 promotion, offering for sale, or sale of debt relief services, Defendants have
9 made false, fictitious, or fraudulent statements or representations to customers
10 of financial institutions to obtain or attempt to obtain customer information of a
11 financial institution, such as credit or debit card numbers, bank account
12 numbers, and routing numbers, including by representing, directly or indirectly,
13 expressly or by implication, that:
14

15
16 a. Consumers who pay for Defendants’ program will receive student loan
17 forgiveness; and
18

19 b. Defendants are, or are affiliated with, the federal government, including
20 specifically the Department of Education, or consumers’ loan servicers.
21

22 90. Therefore, Defendants’ acts and practices as described in Paragraph 89 violate
23 Section 521(a) of the GLB Act, 15 U.S.C. § 6821(a).
24

25 **CONSUMER INJURY**

26 91. Consumers are suffering, have suffered, and will continue to suffer substantial
27 injury as a result of Defendants’ violations of the FTC Act, the TSR, the

1 Impersonation Rule, and the GLB Act. Absent injunctive relief by this Court,
2 Defendants are likely to continue to injure consumers and harm the public
3 interest.
4

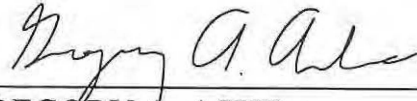
5 **PRAYER FOR RELIEF**

6 Wherefore, Plaintiff requests that the Court:

- 7
8 A. Enter a permanent injunction to prevent future violations of the FTC Act, the
9 TSR, the Impersonation Rule, and the GLB Act;
- 10 B. Grant preliminary injunctive and ancillary relief as may be necessary to avert
11 the likelihood of consumer injury during the pendency of this action and to
12 preserve the possibility of effective final relief, including temporary and
13 preliminary injunctions, an order freezing assets, immediate access to Corporate
14 Defendants' premises, and appointment of a receiver;
- 15
16 C. Award monetary and other relief within the Court's power to grant, including
17 the rescission or reformation of contracts, the refund of money, or other relief
18 necessary to redress injury to consumers; and
19
20
21 D. Award any additional relief as the Court determines to be just and proper.
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27

1 Dated: April 13, 2026

Respectfully submitted,

2
3 

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