1	JOHN R. O'GORMAN	
2	Texas Bar No. 24121292; jogorman@ftc.gov LUIS GALLEGOS	
2	Oklahoma Bar No. 19098; lgallegos@ftc.gov	
3	REID TEPFER Texas Bar No. 24079444; rtepfer@ftc.gov	
4	Federal Trade Commission	
5	1999 Bryan St., Suite 2150	
	Dallas, TX 75201	
6	Phone: (202) 758-7704 (O'Gorman) Fax: (214) 953-3079	
7		
8	Attorneys for Federal Trade Commission	
0	UNITED STATES DIS	
9	DISTRICT OF N	NEVADA
10		-
11	EEDERAL TRADE COMMISSION	
11	FEDERAL TRADE COMMISSION	Case No
12	Plaintiff,	
13	v.	COMPLAINT FOR PERMANENT INJUNCTION, MONETARY
10		JUDGMENT, AND OTHER RELIEF
14	SUPERIOR SERVICING LLC, a limited liability company; and	FILED UNDER SEAL
15	company, and	FILED UNDER SERE
16	DENNISE MERDJANIAN, aka Dennise Correa,	
16	individually and as managing member of SUPERIOR SERVICING LLC,	
17		
18	Defendants.	
10		
19		
20	Plaintiff, the Federal Trade Commission ("FI	CC" or "Commission"), for its Complaint
21	alleges:	
22	1. The FTC brings this action for Defend	dants' violations of Section 5(a) of the FTC
<i>L L</i>	-	
23	Act, 15 U.S.C. § 45(a), the Telemarketing Sales Rule	e ("18K"), 16 C.F.R. Part 310, Section 521
24	of the Gramm-Leach-Bliley Act ("GLB Act"), 15. U	.S.C. § 6821, and the FTC's Trade
	Page 1 of	25

1	Regulation Rule on Impersonation of Government and Businesses ("Impersonation Rule"), 16
2	C.F.R. Part 461. Defendants' violations relate to their deceptive marketing and sale of student
3	loan debt relief services. For these violations, the FTC seeks relief, including a temporary,
4	preliminary, and permanent injunction, monetary relief, and other relief, including an asset
5	freeze, the appointment of a receiver, and immediate access to the Defendants' business
6	premises, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, the
7	Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15
8	U.S.C. §§ 6101-6108, and Section 522(a) of the GLB Act, 15 U.S.C. § 6822(a).
9	SUMMARY OF THE CASE
10	2. Defendants Superior Servicing LLC and Dennise Merdjanian (collectively,
11	"Defendants") operate an unlawful debt relief scheme that preys on consumers with student loan
12	debt. Defendants have seized on consumers' anxiety arising from the end of a three-year pause
13	in federal student loan payments, claiming that they can help consumers erase their student-loan
14	debt. In fact, Defendants take hundreds of dollars from consumers in illegal advance payments
15	in exchange for virtually nothing, often leaving consumers even further in debt.
16	3. Defendants' deceptive practices begin with the delivery of a mailer that, based on
17	its contents and appearance, leads consumers to believe it has been sent by a government agency
18	or a government-affiliated student-loan servicer. The mailer lures consumers into calling
19	Defendants by promising savings of thousands of dollars a year through interest rate reductions,
20	lower monthly payments, and loan forgiveness. On the phone, Defendants' representatives
21	confirm consumers' beliefs that Defendants are a government agency or a government-affiliated
22	student loan servicer. Defendants then represent that they will enroll consumers in a federal
23	student debt relief program that will reduce their monthly payments to \$49 and, after making
24	these payments to Defendants for several years, will forgive consumers' student loan balance.
	Page 2 of 25

Page 2 of 25

1 4. Defendants collect an initial advance fee of up to \$899, in some cases 2 representing that it will go towards the consumer's student loan balance. Defendants further 3 represent that the monthly \$49 payments will also pay down their balances. 4 5. In fact, Defendants do not provide the benefits they promise. They do not enroll 5 consumers in federal debt relief programs, reduce or eliminate their student loan payments or 6 balance, or apply payments to consumers' loans. And because Defendants often misrepresent 7 themselves as loan servicers, consumers cease payments to their actual servicers, often at the 8 explicit direction of Defendants. As a result, consumers are left in even more debt. Meanwhile, 9 Defendants collect hundreds of dollars—in some cases over \$1,000—in illegal advance fees 10 from consumers. The FTC brings this action to put a stop to Defendants' illegal scheme. 11 JURISDICTION AND VENUE 6. 12 This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345. 13 7. Venue is proper in this District under 28 U.S.C.  $\S$  1391(b)(2), (b)(3), and (c)(2), 14 15 and 15 U.S.C. § 53(b). **PLAINTIFF** 16 8. The FTC is an independent agency of the United States Government created by 17 the FTC Act, which authorizes the FTC to commence this district court civil action by its own 18 attorneys. 15 U.S.C. §§ 41–58. The FTC enforces Section 5(a) of the FTC Act, 19 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. 20 The FTC also enforces the Telemarketing Act, 15 U.S.C. §§ 6101-6108. Pursuant to the 21 Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which 22 prohibits deceptive and abusive telemarketing acts or practices in or affecting commerce. The 23 FTC also enforces Section 521(a) of the GLB Act, 15 U.S.C. § 6821, which prohibits any person 24

1	from obtaining or attempting to obtain customer information of a financial institution relating to
2	another person by making a false, fictitious, or fraudulent statement or representation to a
3	customer of a financial institution. Additionally, the FTC promulgated and enforces the
4	Impersonation Rule, 16 C.F.R. Part 461, which prohibits the impersonation of government,
5	businesses, and their officials or agents in interstate commerce.
6	DEFENDANTS
7	9. Superior Servicing LLC ("Superior Servicing") is a Nevada limited liability
8	company. Superior Servicing transacts or has transacted business in this District and throughout
9	the United States. At all times relevant to this Complaint, acting alone or in concert with others,
10	Superior Servicing has advertised, marketed, distributed, or sold student loan servicing and debt
11	relief services to consumers throughout the United States.
12	10. Defendant Dennise Merdjanian, also known as Dennise Correa ("Merdjanian"), is
13	the managing member of Superior Servicing. At all times relevant to this Complaint, acting
14	alone or in concert with others, she has formulated, directed, controlled, had the authority to
15	control, or participated in the acts and practices of Superior Servicing, including the acts and
16	practices described in this Complaint. She is a signatory on Superior Servicing's bank account
16 17	practices described in this Complaint. She is a signatory on Superior Servicing's bank account and served as the customer contact for Superior Servicing's internet domain, payment
17	and served as the customer contact for Superior Servicing's internet domain, payment
17 18	and served as the customer contact for Superior Servicing's internet domain, payment processing, and communications providers. Defendant Merdjanian, in connection with the
17 18 19	and served as the customer contact for Superior Servicing's internet domain, payment processing, and communications providers. Defendant Merdjanian, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the
17 18 19 20	and served as the customer contact for Superior Servicing's internet domain, payment processing, and communications providers. Defendant Merdjanian, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.
17 18 19 20 21	and served as the customer contact for Superior Servicing's internet domain, payment processing, and communications providers. Defendant Merdjanian, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States. COMMERCE

### DEFENDANTS' DECEPTIVE STUDENT LOAN DEBT RELIEF OPERATION

12. Since at least January 2023, Defendants have operated an unlawful debt relief 2 enterprise that preys on consumers with student loan debt. Defendants promise loan 3 consolidation, reduced student loan payments, and loan forgiveness in exchange for consumers' 4 commitment to pay thousands of dollars in initial and recurring fees. In many instances, 5 Defendants, who represent themselves as affiliated with the government or loan servicers, 6 convince consumers that Defendants will apply consumers' payments to their student loan 7 balances and that Defendants will assume responsibility for servicing their student loans. But 8 Defendants do not deliver on their promises. As a result, consumers often find themselves 9 further in debt while Defendants take in hundreds of dollars in illegal advance and recurring 10 fees—in some cases well over \$1,000—from those consumers. 11 12 **Background on Student Loan Relief Programs** 13. Student loan debt is the second largest class of consumer debt, with over 43 13 million borrowers owing approximately \$1.74 trillion. Student loan debt is also one of the most 14

16 nearly a quarter of borrowers default within their first five years of repayment.

17 14. The federal government administers several student loan forgiveness and
18 discharge programs. These include the Income-Driven Repayment program, which provides for
19 reduced payments and forgiveness for some consumers, and Public Service Loan Forgiveness
20 (PSLF), which provides for forgiveness for consumers in certain public service jobs. These
21 programs are available only to consumers who meet specific criteria, and eligibility is judged by
22 the government following an application process.

distressed classes of debt: roughly one in ten Americans has defaulted on a student loan, and

23

15

Consumers can apply for these and other programs through the U.S. Department
 of Education or their student loan servicers at no cost. These programs do not require the
 assistance of a third-party company or payment of application fees.

- In recent years, the Biden administration has attempted to implement several new,
  highly publicized student debt relief programs, including the cancellation of debt for hundreds of
  thousands of consumers and the Saving on a Valuable Education repayment plan ("SAVE
  Plan"), which sought to allow for the elimination of interest charges, reduction of payments to
  \$0, or early forgiveness in some cases.
- 9 17. Previously, the original coronavirus relief bill, the Coronavirus Aid, Relief, and 10 Economic Security Act, signed into law in March 2020, temporarily paused payments, 11 involuntary collections, and the accrual of interest on federally held student loans in light of the 12 COVID-19 pandemic. The pause ended in October 2023, and most borrowers were required to 13 resume payments beginning that month. To help borrowers successfully return to repayment, the 14 U.S. Department of Education created a temporary on-ramp period through September 30, 2024, 15 during which it would not report missed, late, or partial payments as delinquent.
- 16 18. With the end of the COVID pause, consumers saddled with student debt have
  17 been eager to avail themselves of federal student loan relief programs.

18

# **Defendants' Misrepresentations to Consumers**

- 19 19. Defendants advertise, market, and sell their student loan scheme through mailers
  20 and telemarketing calls. Through these calls or mailers, Defendants claim:
- 21a.Consumers who pay for Defendants' services will be enrolled in a loan22repayment program that will consolidate their student loans and reduce23their monthly loan payments;

24

Page 6 of 25

1	b.	Consumers who pay for Defendants' services will receive loan
2		forgiveness;
3	с.	Consumers' monthly payments to Defendants will be applied towards
4		consumers' student loans;
5	d.	Defendants are affiliated with the Department of Education or its approved
6		loan servicers; and
7	e.	Defendants will assume responsibility for the servicing of consumers'
8		student loans.
9		Defendants' Deceptive Mailers
10	20. Defer	idants lure consumers with deceptive mailers, as shown below. Defendants
11	label these mailers "	Final Notice" in bold and purport to include a "Student Loan Consolidation
12	& Payment Reduction	on Program Prepared For" the specific consumer. The mailer is personally
13	addressed to the con-	sumer and includes a purported "BENEFIT ID" number.
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		

1	BENEFIT ID#	
2	Address Change? Please contact our Customer Service Department	
	Final	
3	Notice	
5	Nonce	
4	Contact: 866-211-4405 Assigned To: Student Loan Dept. NOTICE DATE: 6/26/2023	
5	լիվս  սլլլեհլինտե  սինսին  լլլ  հերկերգիրգլիրից	
5	Student Loon Consolidation & Demont Defection Deserve A Free	
	Student Loan Consolidation & Payment Reduction Program Prepared For:	
6	NEW LAWS DISCOUNTING FEDERAL STUDENT LOANS	
7	Do you intend to get out of the cycle of high-interest student loan debt? Our records indicate that your federal student loans may be eligible for a consolidation with the U.S. Department of Education. As a federal student loan holder, you may be eligible to convert your current high- interest loan into a federally-backed consolidation with a lower rate*. Are you willing to save thousands of dollars a year?	
8	These government programs are based on income and family size, aimed to be as affordable as possible for each individual. Your loans in the amount of Sam, may even be eligible for total loan forgiveness. What do you intend to do with the money you may save? Buy your dream home? Take that much-deserved vacation?	
9	Benefits of this program may include: • No credit check • Interest rate reduction	
10	• Lower monthly payments based on income and family size	
10	Loan forgiveness	
11	It's time to <i>finally</i> take control of your student loan debt. Please create your Federal Student Aid ID and give our experts a call by 7/21/2023 or before your next payment is due: 866-211-4405 CREATING YOUR FSA ID	
	To create your new student FSA ID, go to the URL below to reach the Federal Aid Website. Follow the steps completely to create your ID.	
12	IMPORTANT: This is a government website. FSA ID creation is a government program which the student loan department did not create.	
14	https://nslds.ed.gov	
13	<ul> <li>Step 1 - Click 'Financial Aid Review'</li> <li>Step 2 - Click 'Accept'</li> <li>Step 3 - Click 'Create an FSA ID'</li> </ul>	
14	Student Loan Assistance Department	
	866-211-4405	
	Monday – Friday 7:00am – 6:00pm PST	
15		
16	CALL TOLL-FREE TODAY TO REDEEM YOUR FEDERAL BENEFITS: 866-211-4405 REFERENCE BENEFIT ID:	
17	We are not affiliated with the government or any of its programs. We offer private, fee-based application assistance to aid consumers in applying for government offered programs. While such programs may be available for free directly by various government agencies, our services are fee-based and focus on application and document preparation. We do not charge fees for access to such programs, only to prepare and counsel application to these programs. Services may be available for free directly by various government agencies, our services are fee-based and focus or application and by a third party processing agency.	
10	*The Department of Education may offer an interest rate reduction with set-up of automatic payments.	
18	particular of the antikar antikar and had not included an unit are ap of advinance payments.	
19	21. These mailers represent that Defendants have "records" indicating the consum	ner
20	may be eligible for federal debt relief programs that will consolidate the recipient's high-int	erest
21	loans into a federally backed loan at a lower rate.	
22	22. Defendants' mailers tout the availability of "government programs" that mak	e
23	student loans "as affordable as possible" and offer the possibility of "total loan forgiveness."	,

Defendants further personalize their mailers with the exact amount of student loan debt owed by
 the recipient.

3 23. To convince consumers to call Defendants' "experts," these mailers make bold4 font promises of benefits such as "Interest rate reduction," "Lower monthly payments," and
5 "Loan forgiveness."

To further tout savings available to consumers, Defendants' mailers prominently
 ask consumers, "What do you intend to do with the money you may save? Buy your dream
 home? Take that much-needed vacation?"

9 25. Defendants' mailers imply an affiliation with the government or the consumer's 10 then-existing loan servicer. The mailers indicate that they have been sent by a "Student Loan 11 Dept." or a "Student Loan Assistance Department," allude to available "consolidation with the 12 U.S. Department of Education," and direct consumers to create an "FSA ID" on the Department 13 of Education's website before "REDEEM[ING] YOUR FEDERAL BENEFITS" by calling their 14 "experts" at a phone number associated with Defendants.

15 26. Based on these representations and personal information, many consumers believe 16 that Defendants' mailer was sent by a legitimate, government-affiliated loan servicer or, in some 17 cases, by the U.S. Department of Education. These consumers further understand that 18 Defendants are offering them debt relief services that will include loan consolidation into a 19 federally backed loan with a lower rate, lower monthly payments, and loan forgiveness.

20 27. Defendants pressure consumers to enroll by including in each mailer fictitious 21 deadlines and language to imply urgency. For example, "It's time to *finally* take control of your 22 student loan debt. Please create your Federal Student Aid ID and give our experts a call by 23 10/6/2023 or before your next payment is due: [noting Defendants' phone number]."

## **Defendants' Deceptive Representations During Telemarketing Calls**

2 28. When consumers call in response to Defendants' deceptive mailers, Defendants'
3 telemarketers make a series of deceptive misrepresentations to induce consumers to enroll in
4 their debt relief services.

5 29. Typically, when a consumer calls Defendants to express an interest in these 6 services, Defendants' telemarketers first ask consumers to verify their identity by confirming 7 information that includes their name, Social Security number, and loan balance. This immediate 8 confirmation of sensitive personal information reinforces for consumers the implication that 9 Defendants are affiliated with a government agency, such as the United States Department of 10 Education, or with a loan servicer affiliated with the Department of Education. In some 11 instances, Defendants' telemarketers expressly represent that Defendants are affiliated with a 12 government agency, such as the United States Department of Education, or with a loan servicer 13 affiliated with the Department of Education.

After verifying their identity, Defendants ask consumers for their annual income
 and place of employment. Defendants represent that they need this information to determine the
 consumers' eligibility for certain programs.

17 31. In some instances, Defendants put consumers on hold while they ostensibly
18 confirm their eligibility for these programs. Defendants then inform consumers that they are
19 eligible.

32. In many instances, Defendants assure consumers that they qualify for federal
 student loan reduction programs, including highly publicized new initiatives that offer
 consolidation, reduced payments, and even complete forgiveness. In at least one instance,
 Defendants represented that loan consolidation benefits were available to a consumer under the

- SAVE Plan. In another instance, Defendants promised a consumer that his monthly loan
   payment would be reduced by \$190 under the PSLF program.
- 3 33. Defendants represent that, by enrolling in Defendants' services, consumers will be
  enrolled in these government programs.
- 5 34. In many instances, Defendants provide consumers with information about a 6 consolidation program that involves the payment of an advance fee of up to \$899. In some 7 instances, the payment is characterized as a paperwork or application fee. In at least one 8 instance, a consumer was told that such fee would be applied toward their student loan balance.
- 9 35. In addition to the advance fee, Defendants represent to consumers that the 10 consumer's monthly student loan payment will be reduced to \$49 per month and that the new 11 payment will be applied toward their student loan balance. Consumers are also told that they 12 will be making the reduced monthly payments for a period of 10 or 20 years. This amounts to a 13 commitment of between \$5,880 and \$11,760 in monthly payments.
- 14 36. In many instances, Defendants represent that, through the program, any remaining
  15 balance on consumers' student loans will be forgiven after completing a 10- or 20-year course of
  16 monthly payments.
- 1737. In many instances, Defendants represent an affiliation with the Department of18Education, a loan servicer affiliated with the government, or even with the consumer's then-19existing loan servicer. Defendants bolster these representations at the outset of the call by20revealing that they already possess detailed personal information about the consumers and their21student loans. Defendants' representations lead many consumers to trust that Defendants are22affiliated with the federal government.
- 23 38. In some cases, Defendants' telemarketers explicitly represent that Superior
  24 Servicing is affiliated with consumers' loan servicers.

1 39. In many instances, Defendants lead consumers to believe that they will assume 2 responsibility for servicing consumers' student loans. In one instance, a consumer understood 3 that "Superior Servicing was going to work with EdFinancial [his then-existing servicer] and the 4 government to become my new loan servicer." Another consumer reported that Defendants 5 represented they "would work with [his then-]current lender, the credit agencies, and the 6 government to take care of everything for [him]—all [he] had to do was make [his] reduced 7 monthly payments."

8 40. Defendants also represent that payments to Superior Servicing will be applied to 9 their loan balances, with one consumer reporting that "[t]he representative was clear that all my 10 payments, including the [initial] payment, would be applied towards my student loan balance."

41. In some instances, Defendants explicitly represent that consumers should no
longer make payments to their existing loan servicer. One consumer reported that Defendants
"directly told me that I would pay my student loan debt through Superior Servicing from now on
and would not have to make payments to my original servicer, EdFinancial." Another reported
that Defendants confirmed that he "could stop paying [original servicer] Mohela because this
would cover my monthly payments from now on."

42. After consumers agree to enroll in Defendants' program, Defendants ask for
additional information including their bank account information. Defendants use this
information, along with information already in their possession, collected on the phone, or
gathered from accessing consumers' FSA accounts, to provide consumers with pre-filled
contracts that require little more than a signature to execute.

43. Defendants then rush consumers through signing the electronic contract while on
the initial call, thereby preventing consumers from adequately reviewing the contract's terms.

44. Defendants discourage consumers from reviewing the contract by sending it
 electronically and then pressuring them to sign before reading it. While consumers are still on
 the phone with Defendants' representative, Defendants send consumers an email through a
 service called Clixsign. The email contains a link to Defendants' Client Service Agreement, a
 Student Servicing Plan Enrollment Agreement, and a Preauthorized Checking and ACH
 Authorization Form (collectively, "Service Agreement").

7 45. Defendants direct consumers to sign the Service Agreement, which enrolls them 8 in their services and authorizes the payment of fees directly from consumers' bank accounts. 9 Consumers report feeling pressured to sign the Service Agreement. Defendants require 10 consumers to provide debit or credit card or bank account information, including account and 11 routing numbers, to pay for their services. Consumers further report Defendants' representatives 12 directing them to then sign the Service Agreement without reviewing it. They also report 13 Defendants' representatives misrepresenting that the agreement only reiterates what the 14 representative has told them about the program. Consumers report signing the Service 15 Agreement without reviewing it because they felt pressured, believed the representative, or 16 trusted that they were working with a government entity or a government affiliated entity.

46. Contrary to representations about the relief that enrollment will provide, buried in
Defendants' 14-page Service Agreement is a statement that Defendants will provide only
"document preparation and tracking of student loan relief documents." The Service Agreement
also attempts to disclaim other representations.

- 47. Once in possession of consumers' private and sensitive financial information, but
  before securing promised debt relief, Defendants collect illegal initial advance fees of up to \$899
  from consumers.
- 24

- 48. In addition to the initial payments, Defendants enroll each consumer in recurring
   monthly payments of \$49 for up to 240 months, often directly debiting these payments from
   consumers' bank accounts.
- 4

#### **Defendants' Worthless Debt Relief Services**

5 49. After obtaining hundreds of dollars of payments, in some cases over \$1,000, 6 Defendants do not secure the promised reduced loan payments or loan forgiveness for 7 consumers. They also do not assume payment of consumers' loans, nor do they apply 8 consumers' payments to the loans. Rather, Defendants, at most, complete forms that are 9 available for free from the Department of Education.

10 50. In many instances, Defendants email pre-filled paperwork that they instruct 11 consumers to submit to a loan servicer. These documents include applications for federal debt 12 relief programs, but they also include forbearance applications that were not discussed on the 13 phone with consumers.

14 51. When a consumer's account is in forbearance, loan servicers do not notify
 15 consumers that they are not receiving payments. Therefore, placing consumers' loans in
 16 forbearance allows Defendants to collect monthly payments without consumers learning those
 17 payments are not going to their servicers.

52. When instructing consumers to submit paperwork to the Department of Education
or an affiliated loan servicer, Defendants' instructions repeatedly advise consumers to exclude
pages relating to Superior Servicing, often marking pages with a large "DO NOT MAIL THIS
PAGE" watermark. Additionally, the email containing the forms and instructions, instruct
consumers to "NOT MAIL IN [THEIR] ELECTRONICALLY SIGNED SERVICE
AGREEMENT." As a result, the Defendants prevent the Department of Education from learning
of their involvement.

1	53.	In ma	ny instances, Defendants provide consumers with incomplete forms,
2	omitting the	instructi	ion sheets provided by the Department of Education.
3	54.	In sor	ne instances, the materials provided to consumers by Defendants have
4	included exp	oired fed	eral forms.
5	55.	Contr	ary to Defendants' representations, Defendants are not federal loan servicers
6	and do not ta	ake over	consumers' loans. At no point do Defendants tell consumers that they must
7	continue to p	ay their	loan servicer.
8	56.	Based	on the facts and violations of law alleged in this Complaint, the FTC has
9	reason to believe that Defendants are violating or are about to violate laws enforced by the		
10	Commission		
11			VIOLATIONS OF THE FTC ACT
12	57.	Sectio	on 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts
13	or practices	in or affe	ecting commerce."
14	58.	Misre	presentations or deceptive omissions of material fact constitute deceptive
15	acts or pract	ices proł	nibited by Section 5(a) of the FTC Act.
16			<b>Count I – Deceptive Representations</b>
17	59.	In nu	merous instances in connection with the advertising, marketing, promotion,
18	offering for	sale, or s	sale of student loan debt relief services, Defendants represent, directly or
19	indirectly, ex	pressly	or by implication, that:
20		a.	Consumers who purchase Defendants' debt relief services will have their
21			monthly loan repayment amounts reduced;
22		b.	Consumers who purchase Defendants' debt relief services will receive
23			loan forgiveness;
24			

1	с.	Consumers' monthly payments to Defendants will be applied towards
2		consumers' student loans;
3	d.	Defendants are affiliated with the U.S. Department of Education or its
4		approved loan servicers; and
5	e.	Defendants will assume responsibility for servicing the repayment of
6		consumers' loans.
7	60. Defer	ndants' representations as described in Paragraph 59, are false or misleading,
8	or were not substant	iated at the time the representations were made.
9	61. There	efore, Defendants' representations as described in Paragraph 59 constitute
10	deceptive acts or pra	ctices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).
11	VIO	LATIONS OF THE TELEMARKETING SALES RULE
12	62. In 199	94, Congress directed the FTC to prescribe rules prohibiting abusive and
13	deceptive telemarket	ting acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §§ 6101-
14	6108. The FTC adopt	pted the original TSR in 1995, extensively amended it in 2003, and amended
15	certain sections there	eafter.
16	63. Defer	ndants are "seller[s]" or "telemarketer[s]" engaging in "telemarketing" as
17	defined by the TSR,	16 C.F.R. § 310.2(ee), (gg), and (hh). A "seller" means any person who, in
18	connection with a tel	lemarketing transaction, provides, offers to provide, or arranges for others to
19	provide goods or ser	vices to a customer in exchange for consideration. 16 C.F.R. § 310.2(ee). A
20	"telemarketer" mean	as any person who, in connection with telemarketing, initiates or receives
21	telephone calls to or	from a customer or donor. 16 C.F.R. § 310.2(gg). "Telemarketing" means
22	a plan, program, or c	campaign which is conducted to induce the purchase of goods or services or
23	a charitable contribu	tion, by use of one or more telephones and which involves more than one
24	interstate telephone	call. 16 C.F.R. § 310.2(hh).

1	64. Defendants are sellers or telemarketers of "debt relief services" as defined by the
2	TSR, 16 C.F.R. § 310.2(o). Under the TSR, a "debt relief service" means any program or service
3	represented, directly or by implication, to renegotiate, settle, or in any way alter the terms of
4	payment or other terms of the debt between a person and one or more unsecured creditors,
5	including, but not limited to, a reduction in the balance, interest rate, or fees owed by a person to
6	an unsecured creditor or debt collector. 16 C.F.R. § 310.2(o).
7	65. The TSR prohibits sellers and telemarketers from misrepresenting directly or by
8	implication any material aspect of any debt relief service, including, but not limited to, the
9	amount of money or the percentage of the debt amount that a customer may save by using the
10	service. 16 C.F.R. § 310.3(a)(2)(x).
11	66. The TSR prohibits sellers and telemarketers from requesting or receiving payment
12	of any fee or consideration for any debt relief service until and unless:
13	a. The seller or telemarketer has renegotiated, settled, reduced, or otherwise
14	altered the terms of at least one debt pursuant to a settlement agreement,
15	debt management plan, or other such valid contractual agreement executed
16	by the customer;
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; and
20	c. To the extent that debts enrolled in a service are renegotiated, settled,
21	reduced, or otherwise altered individually, the fee or consideration either:
22	i. Bears the same proportional relationship to the total fee for
23	renegotiating, settling, reducing, or altering the terms of the
24	entire debt balance as the individual debt amount bears to
	Page 17 of 25

1	the entire debt amount. The individual debt amount and the
2	entire debt amount are those owed at the time the debt was
3	enrolled in the service; or
4 ii.	Is a percentage of the amount saved as a result of the
5	renegotiation, settlement, reduction, or alteration. The
6	percentage charged cannot change from one individual debt
7	to another. The amount saved is the difference between the
8	amount owed at the time the debt was enrolled in the
9	service and the amount actually paid to satisfy the debt. 16
10	C.F.R. § 310.4(a)(5)(i).

11 67. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and 12 Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR constitutes an 13 unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the 14 FTC Act, 15 U.S.C. § 45(a). Section 19(a)(1) of the FTC Act, 15 U.S.C. § 57b(a)(1), provides 15 that the FTC may commence a civil action against "any person, partnership, or corporation" who 16 "violates any rule . . . respecting unfair or deceptive acts or practices." Section 19(b) of the FTC 17 Act, 15 U.S.C. § 57b(b), provides that in any action commenced under Section 19(a)(1), the 18 court "shall have jurisdiction to grant such relief as the court finds necessary to redress injury to 19 consumers . . . [that] may include, but shall not be limited to, rescission or reformation of 20 contracts, the refund of money or return of property." 21 **Count II – Advance Fee for Debt Relief Services** 

68. In numerous instances, Defendants have, in connection with the telemarketing of
student loan debt relief services, requested or received payment of a fee or consideration for debt
relief services before:

1		a.	Defendants have renegotiated, settled, reduced, or otherwise altered the
2			terms of at least one debt pursuant to a settlement agreement, debt
3			management plan, or other such valid contractual agreement executed by
4			the customer; and
5		b.	The customer has made at least one payment pursuant to that settlement
6			agreement, debt management plan, or other valid contractual agreement
7			between the customer and the creditor.
8	69.	There	fore, Defendants' acts or practices as described in Paragraph 68 violate
9	Section 310.4	4(a)(5)(	i) of the TSR, 16 C.F.R. § 310.4 (a)(5)(i), and Section 5(a) of the FTC Act,
10	15 U.S.C. § 4	45(a).	
11			Count III – Material Debt Relief Misrepresentations
12	70.	In nu	merous instances, Defendants have, in connection with the telemarketing of
13	student loan	debt rel	ief services, misrepresented, directly or indirectly, expressly or by
14	implication,	materia	aspects of their debt relief services, including but not limited to, that:
15		a.	Consumers who purchase Defendants' debt relief services will have loan
16			repayment amounts reduced;
17		b.	Consumers who purchase Defendants' debt relief services will receive
18			loan forgiveness;
19		c.	Consumers' monthly payments to Defendants will be applied towards
20			consumers' student loans;
21		d.	Defendants are affiliated with the U.S. Department of Education or its
22			approved loan servicers; and
23		e.	Defendants will assume responsibility for servicing the repayment of
24			consumers' loans.
			D 10 625

- 71. Therefore, Defendants' acts or practices as described in Paragraph 70 violate
   Section 310.3(a)(2)(x) of the TSR, 16 C.F.R. § 310.3(a)(2)(x), and Section 5(a) of the FTC Act,
   15 U.S.C. § 45(a).
- 4

#### **VIOLATIONS OF THE GLB ACT**

5 72. Section 521 of the GLB Act, 15 U.S.C. § 6821, became effective on November
6 12, 1999, and remains in full force and effect. Section 521(a) of the GLB Act, 15 U.S.C.
7 § 6821(a), prohibits any person from "obtain[ing] or attempt[ing] to obtain . . . customer
8 information of a financial institution relating to another person . . . by making a false, fictitious,
9 or fraudulent statement or representation to a customer of a financial institution."

73. The GLB Act defines "customer" to mean "with respect to a financial institution, 10 any person (or authorized representative of a person) to whom the financial institution provides a 11 product or service, including that of acting as a fiduciary." 15 U.S.C. § 6827(1). The GLB Act 12 defines "customer information of a financial institution" as "any information maintained by or 13 for a financial institution which is derived from the relationship between the financial institution 14 15 and a customer of the financial institution and is identified with the customer." 15 U.S.C. § 6827(2). The GLB Act defines "financial institution" to include "any institution engaged in the 16 business of providing financial services to customers who maintain a credit, deposit, trust, or 17 other financial account or relationship with the institution." 15 U.S.C. § 6827(4)(A). 18

19 74. Section 522(a) of the GLB Act, 15 U.S.C. § 6822(a), empowers the FTC to
20 enforce Section 521 of the GLB Act "in the same manner and with the same power and authority
21 as the [FTC] has under the Fair Debt Collection Practices Act [FDCPA] . . . to enforce
22 compliance with such Act." Pursuant to Section 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), a
23 violation of the FDCPA is deemed an unfair or deceptive act or practice in violation of the FTC
24 Act. Section 814(a) of the FDCPA further provides that all of the functions and powers of the

1 FTC under the FTC Act are available to the FTC to enforce compliance by any person with the FDCPA, including the power to the enforce provisions of the FDCPA in the same manner as if 2 3 the violation had been a violation of an FTC trade regulation rule. Section 19(a)(1) of the FTC Act, 15 U.S.C. § 57b(a)(1), authorizes this Court to grant such relief as the Court finds necessary 4 5 to redress injury to consumers resulting from Defendants' violations of the GLB Act, including but not limited to the rescission or reformation of contracts, and the refund of money or return of 6 7 property.

8

9

10

11

12

13

15

16

17

18

19

20

21

22

23

# Count IV – Use of False, Fictitious, or Fraudulent Statements to Obtain **Customer Information**

75. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of student loan debt relief services, Defendants have made false, fictitious, or fraudulent statements or representations to customers of financial institutions to obtain or attempt to obtain customer information of a financial institution, such as bank account numbers and routing numbers, including by representing, directly or indirectly, expressly or by 14 implication, that:

- Consumers who purchase Defendants' debt relief services will have loan a. repayment amounts reduced;
  - b. Consumers who purchase Defendants' debt relief services will receive loan forgiveness;
- Consumers' monthly payments to Defendants will be applied towards c. consumers' student loans:
  - d. Defendants are affiliated with the U.S. Department of Education or its approved loan servicers; and
- 24

1	e. Defendants will assume responsibility for servicing the repayment of
2	consumers' loans.
3	76. Therefore, Defendants' acts or practices as described in Paragraph 75 violate
4	Section 521(a) of the GLB Act, 15 U.S.C. § 6821(a), and Section 5(a) of the FTC Act, 15 U.S.C.
5	§ 45(a).
6	VIOLATIONS OF THE TRADE REGULATION RULE ON IMPERSONATION OF GOVERNMENT AND BUSINESSES
7	77. The Impersonation Rule, promulgated by the FTC under Section 18 of the FTC
8	Act, 15 U.S.C. § 57a, became effective on April 1, 2024, and remains in full force and effect.
9	The Impersonation Rule is codified at 16 C.F.R. Part 461.
10	78. Part 461.2(b) of the Impersonation Rule prohibits "materially misrepresent[ing],
11	directly or by implication, affiliation with, including endorsement or sponsorship by, a
12	government entity or officer thereof, in or affecting commerce as commerce is defined in the
13	Federal Trade Commission Act (15 U.S.C. 44)."
14	79. Part 461.3(b) of the Impersonation Rule prohibits "materially misrepresent[ing],
15	directly or by implication, affiliation with, including endorsement or sponsorship by, a business
16	or officer thereof, in or affecting commerce as commerce is defined in the Federal Trade
17	Commission Act (15 U.S.C. 44)."
18	80. The Impersonation Rule defines "materially" to mean "likely to affect a person's
19	choice of, or conduct regarding, goods or services." 16 C.F.R. § 461.1. The Impersonation Rule
20	defines "government" to include "federal, state, local, and tribal governments as well as agencies
21	and departments thereof." Id.
22	81. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of
23	the Impersonation Rule constitutes an unfair or deceptive act or practice in or affecting
24	

1	commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). Section 19(a)(1) of
2	the FTC Act, 15 U.S.C. § 57b(a)(1), provides that the FTC may commence a civil action against
3	"any person, partnership, or corporation" who "violates any rule respecting unfair or
4	deceptive acts or practices." Section 19(b) of the FTC Act, 15 U.S.C. § 57b(b), provides that in
5	any action commenced under Section 19(a)(1), the court "shall have jurisdiction to grant such
6	relief as the court finds necessary to redress injury to consumers [that] may include, but shall
7	not be limited to, rescission or reformation of contracts, the refund of money or return of
8	property."

## **Count V – False Claims of Government Affiliation**

82. In numerous instances on or after April 1, 2024, in connection with the
advertising, marketing, promotion, offering for sale, or sale of student loan debt relief services,
Defendants have materially misrepresented, directly or by implication, that they are affiliated
with the federal government, including specifically the U.S. Department of Education.

14 83. Therefore, Defendants' representations as described in Paragraph 82 violate
15 Section 461.2(b) of the Impersonation Rule, 16 C.F.R. § 461.2(b), and Section 5(a) of the FTC
16 Act, 15 U.S.C. § 45(a).

17

### **Count VI – False Claims of Business Affiliation**

18 84. In numerous instances on or after April 1, 2024, in connection with the
 advertising, marketing, promotion, offering for sale, or sale of student loan debt relief services,
 20 Defendants have materially misrepresented, directly or by implication, that Defendants were
 affiliated with or endorsed by the consumer's then-existing student loan servicer.

85. Therefore, Defendants' acts or practices as described in Paragraph 84 violate
Section 461.3(b) of the Impersonation Rule, 16 C.F.R. § 461.3(b), and Section 5(a) of the FTC
Act, 15 U.S.C. § 45(a).

1	CONSUMER INJURY		
2	86.	Consumers are suffering, have su	ffered, and will continue to suffer substantial
3	injury as a result of Defendants' violations of the FTC Act, the TSR, the GLB Act, and the		
4	Impersonation Rule. Absent injunctive relief by this Court, Defendants are likely to continue to		
5	injure consumers and harm the public interest.		
6	PRAYER FOR RELIEF		
7	Wherefore, the FTC requests that the Court:		
8	А.	Enter a permanent injunction to p	revent future violations of the FTC Act, the
9	TSR, the GLB Act, and the Impersonation Rule;		
10	В.	Grant preliminary injunctive and	ancillary relief as may be necessary to avert the
11	likelihood of consumer injury during the pendency of this action and to preserve the possibility		
12	of effective final relief, including temporary and preliminary injunctions, an order freezing		
13	assets, immediate access to Defendants' business premises, and the appointment of a receiver;		
14	C.	Award monetary and other relief	within the Court's power to grant, including the
15	rescission or reformation of contracts, the refund of money, or other relief necessary to redress		
16	injury to consumers; and		
17	D.	Award any additional relief as the	Court determines to be just and proper.
18			
19			
20			Respectfully submitted,
21	Dated: Nover	mber 18, 2024	/s/ John R. O'Gorman
22			JOHN R. O'GORMAN Texas Bar No. 24121292
23			LUIS GALLEGOS
24			Oklahoma Bar No. 19098

Page 24 of 25

1	REID TEPFER
2	Texas Bar No. 24079444
3	Federal Trade Commission 1999 Bryan St., Suite 2150
4	Dallas, TX 75201 (202) 758-7704 (O'Gorman) (214) 070 0282 (Callages)
5	(214) 979-9383 (Gallegos) (214) 979-9395 (Tepfer)
6	jogorman@ftc.gov lgallegos@ftc.gov rtepfer@ftc.gov
7	Attorneys for Plaintiff
8	FEDERAL TRADE COMMISSION
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	