

UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

RUDOLPH JOSEPH STROBEL a/k/a Lee  
Harrison, individually and doing business as  
Lee Harrison Credit Restoration, Credit  
Restoration, and Lee Harrison Associates  
Credit Restoration,

and

LEANNA RUTH HARRISON, individually  
and doing business as Lee Harrison Credit  
Restoration, Credit Restoration, and Lee  
Harrison Associates Credit Restoration,

Defendants.

Civil Action No. 2:08-CV-326

Judge T. John Ward

Magistrate Judge Charles Everingham IV

STIPULATED FINAL JUDGMENT  
AND ORDER FOR  
PERMANENT INJUNCTION

Plaintiff, Federal Trade Commission (“Commission”), filed a Complaint for Injunctive and Other Equitable Relief under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), to obtain temporary, preliminary, and permanent injunctive relief, rescission of contracts and restitution, disgorgement of ill-gotten gains, and other equitable relief against Defendants Rudolph Joseph Strobel a/k/a Lee Harrison, individually and doing business as Lee Harrison Credit Restoration, Credit Restoration, and Lee Harrison Associates Credit

Restoration, and Leanna Ruth Harrison, individually and doing business as Lee Harrison Credit Restoration, Credit Restoration, and Lee Harrison Associates Credit Restoration, for engaging in deceptive acts or practices in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services in violation of Section 5(a) of the FTC Act, 15 U.S.C.

§ 45(a), and in violation of multiple sections of the Credit Repair Organizations Act, 15 U.S.C.

§§ 1679-1679j.

Plaintiff and Defendants Rudolph Joseph Strobel a/k/a Lee Harrison, individually and doing business as Lee Harrison Credit Restoration, Credit Restoration, and Lee Harrison Associates Credit Restoration, and Leanna Ruth Harrison, individually and doing business as Lee Harrison Credit Restoration, Credit Restoration, and Lee Harrison Associates Credit Restoration, by and through their attorneys, have agreed to entry of this Stipulated Final Judgment and Order for Permanent Injunction (“Order”) by this Court in order to resolve all claims against Defendants in this action. Plaintiff and Defendants have consented to entry of this Order without trial or adjudication of any issue of law or fact herein and without Defendants admitting liability for any of the violations alleged in the Complaint.

Being fully advised in the premises and acting upon the joint motion of the parties to enter this Order,

**IT IS ORDERED, ADJUDGED, AND DECREED** as follows:

1. This Court has jurisdiction over the subject matter of this case and personal jurisdiction over Defendants.
2. The Complaint states a claim upon which relief may be granted against Defendants under Sections 5, 13(b), and 19 of the FTC Act, 15 U.S.C. §§ 45, 53(b), and 57b, and Section 410(b) of the Credit Repair Organizations Act, 15

U.S.C. § 1679h(b). Defendants operated a “credit repair organization,” as that term is defined in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3).

3. Venue in this district is proper under 28 U.S.C. § 1391(b) and 15 U.S.C. § 53(b);
4. The activities of Defendants are “in or affecting commerce” as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
5. Defendants have read and fully understand the Complaint against them and the provisions of this Order, and they freely enter into this Order.
6. Defendants waive: (a) all rights to seek judicial review or otherwise challenge or contest the validity of this Order; (b) any claim that they may have against the Commission, its employees, representatives, or agents; (c) all claims under the Equal Access to Justice Act, 28 U.S.C. § 2412, *as amended by* Pub. L. 104-121, 110 Stat. 847, 863-64 (1996); and (d) any rights to attorney’s fees that may arise under the provision(s) of law cited above. The Commission and Defendants shall each bear their own costs and attorney’s fees incurred in this action.
7. This Order is in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law.
8. To ensure an expeditious liquidation of any real property involved in this Order, the appointment of a liquidation agent is appropriate.

9. Defendants stipulate that the personal and real property identified in the Section titled “Monetary Judgment” is derived from payments made by consumers, attributable to the acts and practices alleged in the Complaint. Therefore, the property is being held by Defendants subject to a constructive trust for consumers, in which Defendants hold only legal title and not an equitable interest.
10. Entry of this Order is in the public interest.

### DEFINITIONS

For the purpose of this Order, the following definitions shall apply:

- A. “**Assets**” means any legal or equitable interest in, right to, or claim to, any real and personal property, including, but not limited, to “goods,” “instruments,” “equipment,” “fixtures,” “general intangibles,” “inventory,” “checks,” “notes” (as these terms are defined in the Uniform Commercial Code), and all chattels, leaseholds, contracts, mail or other deliveries, shares of stock, lists of consumer names, accounts, credits, premises, receivables, funds, and cash, wherever located.
- B. “**Assisting others**” includes but is not limited to: (1) performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; (2) formulating or providing, or arranging for the formulation or provision of, any marketing material; (3) providing names of, or assisting in the generation of, potential customers; or (4) performing marketing or billing services of any kind.
- C. “**Credit repair organization**” shall have the meaning ascribed to that term in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3). A

complete copy of the Credit Repair Organizations Act, 15 U.S.C. §§ 1679-1679j, is attached as Attachment A.

- D. **“Credit repair service”** means any service, in return for payment of money or other valuable consideration, for the express or implied purpose of: (1) improving any consumer’s credit record, credit history, or credit rating; or (2) providing advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer’s credit record, credit history, or credit rating.
- E. **“Customer”** means any person who has paid, or may be required to pay, for goods or services offered for sale or sold by the Defendants.
- F. **“Individual Defendants”** means Rudolph Joseph Strobel a/k/a Lee Harrison, individually and doing business as Lee Harrison Credit Restoration, Credit Restoration, and Lee Harrison Associates Credit Restoration, and Leanna Ruth Harrison, individually and doing business as Lee Harrison Credit Restoration, Credit Restoration, and Lee Harrison Associates Credit Restoration.
- G. **“Defendants”** means both of the Individual Defendants, individually, collectively, or in any combination.
- H. **“Document”** is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which the information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

- I. **“Money orders or other negotiable instruments”** means all money orders or other negotiable instruments of any kind received by Defendants, directly or indirectly, on accounts arising from contracts, agreements, or understandings between Defendants and consumers relating to Defendants’ marketing or offering of credit repair services.
- J. **“Net Proceeds”** means the gross sales price of the property minus any mortgages or liens.
- K. **“Person”** means a natural person, an organization or other legal entity, including a corporation, partnership, sole proprietorship, limited liability company, association, cooperative, or any other group or combination acting as an entity.
- L. **“Plaintiff”** means the Federal Trade Commission.

**ORDER**

**I. PROHIBITED BUSINESS ACTIVITIES UNDER THE FEDERAL TRADE COMMISSION ACT**

**IT IS ORDERED** that, in connection with the advertising, marketing, promotion, offering for sale, or sale of any good or service, including, but not limited to, any credit repair service, Defendants, and each of their agents, servants, employees, and those persons in active concert or participation with Defendants, who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, affiliate, or other device, are permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including, but not limited to:

- A. That Defendants can improve substantially consumers' credit reports or profiles by permanently removing negative information from consumers' credit reports, even where such information is accurate and not obsolete;
- B. The ability to otherwise improve or otherwise affect a consumer's credit report or profile or ability to obtain credit;
- C. The total cost to purchase, receive, or use the goods or services;
- D. Any material restrictions, limitations, or conditions to purchase, receive, or use the goods or services;
- E. Any material aspect of the nature or terms of a refund, cancellation, exchange, or repurchase policy for the goods or services; or
- F. Any material aspect of the performance, efficacy, nature, or central characteristics of the goods or services.

**II. PROHIBITED BUSINESS ACTIVITIES UNDER THE CREDIT REPAIR ORGANIZATIONS ACT**

**IT IS FURTHER ORDERED** that, in connection with the advertising, marketing, promotion, offering for sale, or sale of any credit repair service to consumers, Defendants, and each of their agents, servants, employees, and those persons in active concert or participation with Defendants, who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, affiliate, or other device, are permanently restrained and enjoined from violating, or assisting others in violating, the Credit Repair Organizations Act, 15 U.S.C. §§ 1679-1679j, including, but not limited to:

- A. By making or using untrue or misleading representations to induce consumers to purchase their services, including, but not limited to, misrepresenting that a credit repair organization can improve substantially consumers' credit reports or profiles by permanently removing negative information from consumers' credit reports, even where the information is accurate and not obsolete, in violation of Section 404(a)(3), 15 U.S.C. § 1679b(a)(3);
- B. By charging or receiving money or other valuable consideration for the performance of credit repair services before the services are fully performed, in violation of Section 404(b), 15 U.S.C. § 1679b(b);
- C. By failing to provide a written statement of a consumer's credit file rights, in the form and manner required by the Credit Repair Organizations Act, to each consumer before any contract or agreement is executed, in violation of Section 405, 15 U.S.C. § 1679c;



- D. By failing to include on their consumer contract a full and detailed description of the services to be performed for the consumer, including all guarantees of performance and an estimate of the date by which the performance of the services will be completed or the length of period necessary to perform the services, in violation of Section 406(b)(2), 15 U.S.C. § 1679d(b)(2); or
- E. By failing to include in their contract or agreement conspicuous statements regarding the consumer's right to cancel the contract without penalty or obligation at any time before the third business day after the date on which the consumer signed the contract or agreement, in violation of Section 406(b)(4), 15 U.S.C. § 1679d(b)(4).

### **III. PROHIBITION ON COLLECTING ACCOUNTS**

**IT IS FURTHER ORDERED** that Defendants, and each of their agents, servants, employees, and those persons in active concert or participation with Defendants, who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, affiliate or other device, are permanently restrained and enjoined from attempting to collect, collecting, selling, assigning, or otherwise transferring any right to collect payment for any credit repair services from any consumer who purchased or agreed to purchase credit repair services from either Defendant prior to the entry of the August 28, 2008 Temporary Restraining Order With Asset Freeze, Order Permitting Expedited Discovery, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (Rec. Doc. No. 13) ("TRO").

**IV. PROHIBITION ON DISCLOSING CUSTOMER INFORMATION**

**IT IS FURTHER ORDERED** that Defendants, and each of their agents, servants, employees, and those persons in active concert or participation with Defendants, who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, affiliate or other device, are permanently restrained and enjoined from:

- A. Selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, Social Security number, credit card number(s), bank account number(s), date of birth, or other identifying or financial information of any person about whom either Defendant obtained the information in connection with the activities alleged in the Complaint; and
- B. Benefitting from or using the name, address, telephone number, email address, Social Security number, credit card number(s), bank account number(s), date of birth, or other identifying or financial information of any person about whom any Defendant obtained the information in connection with the activities alleged in the Complaint.

*Provided, however,* that Defendants may disclose identifying information to a law enforcement agency or as required by any law, regulation, or court order.

**V. DISPOSAL OF SENSITIVE CONSUMER INFORMATION**

**IT IS FURTHER ORDERED** that Defendants, and their agents, servants, employees, and those persons in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, affiliate or other device, are permanently restrained and

enjoined from failing to take reasonable measures to protect against unauthorized access to or use of sensitive consumer information when disposing of information obtained in connection with the advertising, marketing, promotion, offering for sale, or sale of any credit repair services or other credit-related services. Reasonable measures include, but are not limited to:

- A. Burning, pulverizing, or shredding of papers containing sensitive consumer information so that the information cannot practicably be read or reconstructed; and
- B. Destroying or erasing electronic media containing sensitive consumer information so that the information cannot practicably be read or reconstructed.

For purposes of this Section, “sensitive consumer information” shall mean (i) an individual’s Social Security number; financial account number; or any other information that enables a person to access another person’s account (such as credit card, debit card, checking, savings, money market, stock, commodities, share or similar account, utility bill, or mortgage loan account); or (ii) individual’s name or address or phone number **in combination with** the individual’s date of birth, driver’s license number or other state identification number or a foreign country equivalent, or passport number.

## **VI. RETURN OF MONEY ORDERS AND OTHER NEGOTIABLE INSTRUMENTS**

**IT IS FURTHER ORDERED** that Defendants, whether acting directly or through any entity, corporation, subsidiary, division, affiliate or other device, shall return to consumers all money orders or other negotiable instruments in the possession of Defendants as of the date this Order is entered, as well as any money orders or other negotiable instruments that are received after the date of entry of this Order and are from consumers who purchased Defendants’ credit

repair services prior to the entry of the August 28, 2008 TRO against Defendants, in the manner described below.

**A. Timing of Return of Money Orders and Other Negotiable Instruments.**

Any money order or other negotiable instrument received by Defendants from any consumer who purchased Defendants' credit repair services prior to the Court's entry of the August 28, 2008 TRO shall be returned to the consumer within ten (10) days of the date on which the money order or other negotiable instrument is received by Defendants. Defendants shall endorse each returned money order or other negotiable instrument as payable to the consumer from whom it was received.

**B. Notices to Consumers.** Defendants shall include with each returned money order or negotiable instrument a notice to the consumer stating:

As a result of an agreement settling a lawsuit related to the marketing or offering of credit repair services by Rudolph Joseph Strobel a/k/a Lee Harrison, and/or Leanna Ruth Harrison, both individually and doing business as Lee Harrison Credit Restoration, Credit Restoration, and Lee Harrison Associates Credit Restoration, your contract has been rescinded. *See FTC v. Rudolph Joseph Strobel, et al.*, U.S. District Court for the Eastern District of Texas, Civil Action No. 2:08-cv-32. The enclosed money order or other negotiable instrument has been endorsed as payable to you.

**C. Written Notification to the Commission.** Within thirty (30) days of the date of entry of this Order, Defendants shall notify the Commission in writing that all money orders or other negotiable instruments in Defendants' possession on the date of entry of this Order have been returned to consumers. On the first day of every month thereafter, Defendants shall notify the Commission in writing of any

and all additional returns of money orders or negotiable instruments pursuant to this Section, if additional money orders or other negotiable instruments as described in Subsection A of this Section are received by Defendants. All written notifications to the Commission required in this Subsection shall include each remitting consumer's first and last name, mailing address, and the amount returned to each consumer. The written notifications shall be sent to the Commission pursuant to Subsection D of the Section titled "Compliance Reporting."

## **VII. MONETARY JUDGMENT**

**IT IS FURTHER ORDERED** that:

- A. Judgment for equitable monetary relief is entered jointly and severally against Defendants, in the amount of TWO-MILLION, FOUR HUNDRED SIXTY-SIX THOUSAND DOLLARS (\$2,466,000.00). *Provided, however,* that this judgment shall be suspended upon Defendants' fulfillment of the obligations in Subsections B, C, and D of this Section, titled "Monetary Judgment," and subject to the provisions of the Section titled "Right to Reopen," shall be deemed fully satisfied upon completion of Subsections B, C, and D of this Section;
- B. Defendants represent that they are the sole owners of the personal property identified below. Defendants represent and warrant that since August 28, 2008, they have not directly encumbered the personal property identified below with any other lien, mortgage, deed of trust, assignment, pledge, security interest, or other interest, except for the liens and security interests identified in the sworn financial statements submitted to the Plaintiff pursuant to the Temporary

Restraining Order with Asset Freeze, Order Permitting Expedited Discovery, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (Rec. Doc. No. 13) and the Stipulated Preliminary Injunction with Asset Freeze and Other Equitable Relief (Rec. Doc. No. 21). Defendants shall immediately take the specific steps, as set forth below, to sell the personal property identified below, for not less than fair market value, or an amount approved by counsel for Plaintiff, to a third-party buyer:

1. The personal property referred to in Subsection B of this Section includes the following:
  - (a) 1977 Chevrolet Corvette, Vehicle Identification No. 1Z37L7S432014 (Texas License Plate HZL294);
  - (b) 2003 Honda ATV, Vehicle Identification No. 478TE28043A009144;
  - (c) Suntracker Pontoon boat, Hull Identification No. BUJ25638L596 (Texas Registration No. TX 5180FB) and associated motor;
  - (d) Flat Bottom Redfin boat, Hull Identification No. ULCR0848K293 (Texas Registration No. TX 5561ES), with Evinrude outboard motor;
  - (e) Trailer for Redfin boat (Texas License Plate 96XNTD);
  - (f) Trailer for pontoon boat (Texas License Plate 31YPDS).
2. Defendants shall tender the vehicle(s) and boat(s) to a used-car, used-motorcycle, or used-boat retailer, broker or listing service (“Selling Agent”), chosen upon agreement between the parties, for immediate sale.
3. Within three (3) business days of receipt of the net proceeds from the sale of each item of personal property identified above, the Selling Agent shall

remit the net proceeds of each sale, less any costs for sales commission, advertising, insurance, and payment of priority liens, to the Commission in the form of electronic funds transfers or certified or cashier's checks made payable to the Commission, or an agent as the Commission may direct, and provide a copy of each bill of sale and evidence of the sales commission, advertising, and insurance costs, and priority lien payments to the Commission pursuant to the notification instructions contained in Subsection D of the Section titled "Compliance Reporting." The payment in this Subsection B is in addition to the assets transferred to the Commission pursuant to Subsection D of this Section.

4. Defendants, through the Selling Agent, shall sell the above-listed personal property "as is."

C. To secure performance of this Section, Defendants grant individually and collectively to the Commission a lien on and a security interest in each personal property and real property listed in Subsections B.1., (a) through (f), and Subsection D of this Section titled "Monetary Judgment," each of which shall terminate upon sale or auction of each respective personal or real property listed. Defendants shall cooperate fully with the Commission in the preparation, execution, and recording of the necessary documents and doing whatever else the Commission deems reasonably necessary to perfect, evidence, and effectuate its liens and security interests granted herein. No later than five (5) business days after the date on which the Commission authorizes staff to sign this Order, Defendants shall cooperate in the preparation, execution, and delivery to the

Commission of title liens in form and substance satisfactory to the Commission (the "Security Documents") and take all other steps as the Commission may reasonably require to perfect, evidence, and effectuate its liens, security interests, and assignments and to carry out the purpose of this Order. The Commission shall refrain from recording the Security Documents until after the Court's Entry of this Order. In the event the Court does not enter this Order, the Commission shall return the Security Documents to Defendants.

- D. Defendants authorize the sale of the real property and all improvements, and all contents within the improvements, located at 4555 Cypress Village Road, Karnack, Harrison County, Texas, 75661 (the "lake house"), to be conducted in the manner described in this Section, with all proceeds of that sale, after payment of all lake house-related priority liens, debts and mortgages, to be paid to the Commission. Defendants shall immediately on entry of this Order take all steps necessary to assist the Liquidation Agent, appointed by the Court in the Section titled "Duties of Liquidation Agent," in the sale of the lake house. Defendants represent that they are the sole owners of the above listed real property. Defendants represent and warrant that since August 28, 2008, they have not directly encumbered the real property identified above with any other lien, mortgage, deed of trust, assignment, pledge, security interest, or other interest, except for the liens, mortgages, or security interests identified in the sworn financial statements submitted to the Plaintiff pursuant to the Temporary Restraining Order with Asset Freeze, Order Permitting Expedited Discovery, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (Rec. Doc.



No. 13) and the Stipulated Preliminary Injunction with Asset Freeze and Other Equitable Relief (Rec. Doc. No. 21).

1. Upon sale of the lake house, Defendants forever waive, release, discharge, and disclaim all right, title, and interest, including any homestead, in the property described in this Section.
  2. All ad valorem taxes, any transfer fees, recording fees, other fees, and any commissions associated with or resulting from the sale of the lake house shall be paid from the proceeds of the sale at the time the lake house is sold.
- E. All funds paid pursuant to this Order shall be deposited into a fund administered by the Commission or its agent to be used for equitable relief, including, but not limited to, restitution and any attendant expenses for the administration of the equitable relief. Defendants shall cooperate fully to assist the Commission in identifying consumers who may be entitled to restitution under this Order. In the event that direct restitution to consumers is wholly or partially impracticable or funds remain after restitution is completed, the Commission may apply any remaining funds for the other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Complaint. Any funds not used for the equitable relief shall be deposited to the United States Treasury as disgorgement. Defendants shall have no right to challenge the Commission's choice of remedies under this Section and

shall have no right to contest the manner of distribution chosen by the Commission.

- F. In the event of any default on Defendants' obligations in Subsections B and D of this Section, titled "Monetary Judgment," interest, computed pursuant to 28 U.S.C. § 1961, as amended, shall accrue from the date of default to the date of payment, and shall immediately become due and payable;
- G. Defendants relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law. Defendants shall make no claim to or demand return of the funds, directly or indirectly, through counsel or otherwise.
- H. Defendants agree that the facts as alleged in the Complaint filed in this action shall be taken as true without further proof in any bankruptcy case or subsequent civil litigation pursued by the Commission to enforce its rights to any payment or money judgment pursuant to this Order, including, but not limited to, a nondischargeability complaint in any bankruptcy case. Defendants further stipulate and agree that the facts alleged in the Complaint establish all elements necessary to sustain an action pursuant to, and that this Order shall have collateral estoppel effect for purposes of, Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A).
- I. In accordance with 31 U.S.C. § 7701, Defendants are required, unless they already have done so, to furnish the Commission with taxpayer identifying numbers (social security numbers or employer identification numbers), which shall be used for purposes of collecting and reporting on any delinquent amount

arising out of their relationship with the government. Defendants are further required, unless they already have done so, to provide the Commission with clear, legible, and full-size photocopies of all valid driver's licenses that they possess, which will be used for reporting and compliance purposes;

- J. This judgment for equitable monetary relief is solely remedial in nature. No portion of any payments made under the judgment shall be deemed a payment of any fine, penalty, punitive assessment, or forfeiture; and
- K. Proceedings instituted under this Section are in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law, including any other proceedings the Commission may initiate to enforce this Order.
- L. Any and all funds, including the principle sum and any accrued interest, held in the registry of the Court related to this lawsuit at the time of the entry of this Order, or deposited into or held in the registry of the Court related to this lawsuit at any time after the entry of this Order, shall be immediately released and turned over to the Commission without further Order of the Court. The funds held in the registry of the Court shall be disbursed in the form of a U.S. Treasury check made payable to the Federal Trade Commission and sent by FedEx overnight delivery to the following address: 1999 Bryan Street, Suite 2150, Dallas, Texas 75248, Attention: Ann LeJeune. The Commission will bear the costs of the overnight delivery. Defendants relinquish all right, claim, and demand to any and all funds, including the principle sum and any accrued interest, deposited or held, now or in the future, in the registry of the Court related to this lawsuit.

### VIII. DUTIES OF LIQUIDATION AGENT

IT IS FURTHER ORDERED that Dorothy P. Grant, Century 21 A Select Group, is appointed as Liquidation Agent, for the sole purpose of selling the lake house described in Subsection D of the Section titled "Monetary Judgment," above, with directions and authority to accomplish the following:

- A. Perform all acts necessary to protect, conserve, preserve, and prevent waste or dissipation of the lake house until its sale, including, but not limited to, ensuring that the lawn is mowed and the utilities (*i.e.*, gas, electricity, and water) are operable;
- B. Sell the lake house;
- C. Execute all documentation necessary for or relating to the sale of the lake house;
- D. Enter into agreements in connection with the reasonable and necessary performance of the Liquidation Agent's duties, including, but not limited to, the retention of assistance, agents, or other professionals to assist in the sale of the lake house;
- E. Prepare and submit periodic reports, as requested, to this Court and to the Plaintiff, describing the Liquidation Agent's efforts to comply with the terms of this Order, and recommending any additional action required by this Court;
- F. Distribute to the Commission, without further order of the Court, a copy of the related HUD-1 statement and the funds received from the sale of the lake house, less the Liquidation Agent's commission and any ad valorem taxes, transfer fees, recording fees, or other fees resulting from the sale of the lake house, and

reasonable costs required by the duties enumerated in Subsection A of this Section titled "Duties of Liquidation Agent," above, and less the payment of any lake house-related priority liens, mortgages, any equity lines of credit, or other priority debts. The Liquidation Agent's commission and any transfer fees, ad valorem taxes, recording fees, and other fees resulting from the sale of the lake house and the aforementioned reasonable costs shall be paid from the proceeds of the sale at the time the lake house is sold if the lake house is sold through the efforts of the Liquidation Agent. The payment in this Subsection F is in addition to the assets transferred to the Commission pursuant to Subsections B and D of the Section titled "Monetary Judgment," above;

- G. If the lake house is not sold within four months of the date on which the Liquidation Agent enters the house into the Multi-Listing Service, the lake house shall be auctioned. The auction shall occur by the sixth month from the date on which the Liquidation Agent enters the lake house into the Multi-Listing Service. Such auction shall be accomplished by requiring a minimum bid to be set by the Commission. The lake house's minimum auction bid price shall be set at least \$1,000 greater than the total of all lake house-related priority liens, mortgages, any equity lines of credit, or other priority debts (collectively "priority liens"), and reasonable costs incurred and required by the duties enumerated in Subsection A of this Section titled "Duties of Liquidation Agent," above, and all costs of auction. All remaining funds after auction and payment of lake house-related priority liens, all ad valorem taxes, and any transfer fees, recording fees,

other fees, and any commissions associated with or resulting from the sale of the lake house, and reasonable costs incurred and required by the duties enumerated in Subsection A of this Section titled "Duties of Liquidation Agent," above, shall be paid to the Commission. If the lake house remains unsold after auction, the lake house will be marketed and re-auctioned until sold;

- H. The Liquidation Agent is entitled to reasonable compensation for the performance of her duties pursuant to this Order as follows: the Liquidation Agent shall be entitled to a commission equal to 6% of the sales price of the lake house if the lake house is sold through the Liquidation Agent's efforts. Any fees incurred by the Liquidation Agent, such as the retention of assistants, agents, or other professionals to assist in the sale of the lake house, shall come out of the 6% commission paid to the Liquidation Agent upon the sale of the lake house. Any reasonable costs required to be incurred by the Liquidation Agent under Subsection A of this Section, titled "Duties of Liquidation Agent," shall be paid from the proceeds of the sale of the lake house. The Liquidation Agent's compensation is to be paid solely from the proceeds of the sale of the lake house, and to the extent allowed by state law, such payments shall have priority over all other distributions from the lake house except for any transfer fees, ad valorem taxes, recording fees, or other fees resulting from the sale of the lake house; and
- I. Upon the final transfer of funds to the Commission pursuant to this Section, the duties of the Liquidation Agent shall terminate.

**IX. RIGHT TO REOPEN**

**IT IS FURTHER ORDERED** that:

- A. Within ten (10) business days after the date of entry of this Order, Defendants shall submit to the Commission a truthful sworn statement (in the form shown on Attachment B of this Order) that shall acknowledge receipt of this Order and shall reaffirm and attest to the truthfulness, accuracy, and completeness of the financial statements and supporting documents submitted by Defendants to the Commission on May 30, 2009, and on August 31, 2008, as amended and supplemented on October 1 and October 10, 2008 (collectively “Financial Statements”). The Commission’s agreement to this Order is expressly premised upon the truthfulness, accuracy, and completeness of Defendants’ report of financial condition, as represented in the Financial Statements referenced above, which contain material information upon which the Commission relied in negotiating and agreeing to the terms of this Order.
- B. If, upon motion by the Commission to the Court, the Court finds that any Defendant failed to disclose any material asset, materially misrepresented the value of any asset, or made any other material misrepresentation or omission in Defendant’s Financial Statement, the suspension of the monetary judgment will be terminated and the entire judgment amount of TWO-MILLION, FOUR HUNDRED SIXTY-SIX THOUSAND DOLLARS (\$2,466,000.00), less the sum of transfers made pursuant to the Section titled “Monetary Judgment,” above, shall become immediately due and payable by Defendants, and interest computed

at the rate prescribed under 28 U.S.C. § 1961, as amended, shall begin immediately to accrue on the unpaid balance; and

- C. Proceedings instituted under this Section are in addition to, and not in lieu of, any other civil or criminal remedies as may be provided by law, including any other proceedings that the Commission may initiate to enforce this Order.

**X. COMPLIANCE MONITORING**

**IT IS FURTHER ORDERED** that, for the purpose of (i) monitoring and investigating compliance with any provision of this Order, and (ii) investigating the accuracy of any Defendants' financial statements upon which the Commission's agreement to this Order is expressly premised:

- A. Within ten (10) days of receipt of written notice from a representative of the Commission, Defendants each shall submit additional written reports, which are true and accurate and sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and provide entry during normal business hours to any business location in each Defendants' possession or direct or indirect control to inspect the business operation;
- B. In addition, the Commission is authorized to use all other lawful means, including but not limited to:
  - 1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45, and 69;



2. posing as consumers and suppliers to Defendants, their employees, or any other entity managed or controlled in whole or in part by any Defendant, without the necessity of identification or prior notice; and
- C. Defendants each shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

*Provided, however,* that nothing in this Order shall limit 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, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

## **XI. COMPLIANCE REPORTING**

**IT IS FURTHER ORDERED** that, in order that compliance with the provisions of this Order may be monitored:

- A. For a period of seven (7) years from the date of entry of this Order,
  1. Each Individual Defendant shall notify the Commission of the following:
    - a. Any changes in Defendant's residence, mailing addresses, and telephone numbers, within ten (10) days of the date of the change;
    - b. Any changes in Defendant's employment status (including self-employment), and any change in Defendant's ownership in any business entity, within ten (10) days of the date of the change. The

notice shall include the name and address of each business that Defendant is affiliated with, employed by, creates or forms, or performs services for; a detailed description of the nature of the business; and a detailed description of Defendant's duties and responsibilities in connection with the business or employment; and

c. Any changes in Defendant's name or use of any aliases or fictitious names.

2. Defendants shall notify the Commission of any changes in structure of any business entity that any Defendant directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order, including, but not limited to: incorporation or other organization; a dissolution, assignment, sale, merger, or other action; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; or a change in the business name or address, at least thirty (30) days prior to the change, *provided* that, with respect to any proposed change in the business entity about which a Defendant learns less than thirty (30) days prior to the date the action is to take place, Defendant shall notify the Commission as soon as is practicable after obtaining such knowledge.

B. One hundred eighty (180) days after the date of entry of this Order, and annually thereafter for a period of seven (7) years, Defendants each shall provide a written

report to the Commission, which is true and accurate and sworn to under penalty of perjury, setting forth in detail the manner and form in which they have complied and are complying with this Order. This report shall include, but not be limited to:

1. For each Individual Defendant:
  - a. Defendant's then-current residence address, mailing addresses, and telephone numbers;
  - b. Defendant's then-current employment status (including self-employment), including the name, addresses, and telephone numbers of each business that Defendant is affiliated with, employed by, or performs services for; a detailed description of the nature of the business; and a detailed description of Defendant's duties and responsibilities in connection with the business or employment;
  - c. Any other changes required to be reported under Subsection A of this Section; and
  - d. A copy of each acknowledgment of receipt of this Order, obtained pursuant to the Section titled "Distribution of Order."
- C. Each Defendant shall notify the Commission of the filing of a bankruptcy petition by Defendant within fifteen (15) days of filing.

- D. For the purposes of this Order, Defendants shall, unless otherwise directed by the Commission's authorized representatives, send by overnight courier all reports and notifications required by this Order to the Commission, to the following address:

Associate Director for Enforcement  
Federal Trade Commission  
600 Pennsylvania Avenue, N.W., Room NJ-2122  
Washington, D.C. 20580  
Re: *FTC v. Rudolph Joseph Strobel and Leanna Ruth Harrison*,  
Civil Action No. 2:08-CV-326

*Provided*, that, in lieu of overnight courier, Defendants may send reports or notifications by first-class mail, but only if Defendants contemporaneously send an electronic version of the report or notification to the Commission at:

*DEBrief@ftc.gov*.

- E. For purposes of the compliance reporting and monitoring required by this Order, the Commission is authorized to communicate directly with each Defendant.

## **XII. RECORD KEEPING PROVISIONS**

**IT IS FURTHER ORDERED** that, for a period of ten (10) years from the date of entry of this Order, Defendants in connection with any business for which a Defendant is the majority owner of the business or otherwise controls the business, and their agents, employees, officers, corporations, and those persons in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise, are restrained and enjoined from failing to create and retain the following records:

- A. Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of revenues;

- B. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by the business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
- C. Customer files containing the names, addresses, telephone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent the information is obtained in the ordinary course of business;
- D. Complaints and refund requests (whether received directly, indirectly, or through any third party) and any responses to those complaints or requests;
- E. Copies of all sales scripts, training materials, advertisements, direct mail solicitations, contracts sent to consumers, or other marketing materials; and
- F. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of acknowledgments of receipt of this Order required by the Sections titled "Distribution of Order" and "Acknowledgment of Receipt of Order," and all reports submitted to the Commission pursuant to the Section titled "Compliance Reporting."

### **XIII. DISTRIBUTION OF ORDER**

**IT IS FURTHER ORDERED** that, for a period of seven (7) years from the date of entry of this Order, Defendants shall deliver copies of this Order as directed below:

- A. **Individual Defendant as Control Person:** For any business that an Individual Defendant controls, directly or indirectly, or in which Defendant has a majority ownership interest, Defendant must deliver a copy of this Order to (1) all principals, officers, directors, and managers of that business; (2) all employees, agents, and representatives of that business who engage in conduct related to the subject matter of this Order; (3) any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled “Compliance Reporting.” For current personnel, delivery shall be within five (5) days of service of this Order upon Defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities. For any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled “Compliance Reporting,” delivery shall be at least ten (10) days prior to the change in structure.
- B. **Individual Defendant as employee or non-control persons:** For any business where an Individual Defendant is not a controlling person of the business but otherwise engages in conduct related to the subject matter of this Order, Defendant must deliver a copy of this Order to all principals and managers of the business before engaging in such conduct.

- C. Defendants must secure a signed and dated statement acknowledging receipt of this Order, within thirty (30) days of delivery, from all persons receiving a copy of this Order pursuant to this Section.

#### **XIV. ACKNOWLEDGMENT OF RECEIPT OF ORDER**

**IT IS FURTHER ORDERED** that Defendants, within five (5) business days of receipt of this Order as entered by the Court, must submit to the Commission a truthful sworn statement acknowledging receipt of this Order.

#### **XV. DISSOLUTION OF ASSET FREEZE**

**IT IS FURTHER ORDERED** that the freeze against the assets of Defendants imposed by the Stipulated Preliminary Injunction With Asset Freeze and Equitable Relief, entered in this case on September 10, 2008, shall be lifted permanently as to Defendants' assets that are not identified in Subsections B and D of the Section titled "Monetary Judgment" upon the entry of this Order.

The asset freeze shall remain in effect with regard to the assets identified in Subsections B and D of the Section titled "Monetary Judgment" of this Order until the Defendants have taken all the actions required by the Section titled "Monetary Judgment" of this Order; *provided, however,* that Defendants, with the express written consent of counsel for the Commission, may transfer funds and liquidate assets in order to make the payments and conduct the transactions required by the Section titled "Monetary Judgment" of this Order. Once Defendants have fully complied with the requirements of the Section titled "Monetary Judgment" of this Order, and upon the filing of a Notice by counsel for the Commission stating Defendants' compliance, the freeze against the assets of Defendants identified in Subsections B and D of the Section titled

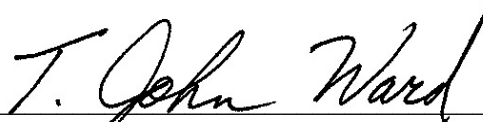
“Monetary Judgment” of this Order shall be lifted permanently. A financial institution shall be entitled to rely upon a letter from Plaintiff stating that the freeze on the assets of Defendants identified in Subsections B and D of the Section titled “Monetary Judgment” of this Order has been lifted.

**XVI. RETENTION OF JURISDICTION**

**IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

**IT IS SO ORDERED.**

SIGNED this 10th day of August, 2009.

A handwritten signature in black ink that reads "T. John Ward". The signature is written in a cursive style with a horizontal line underneath it.

T. JOHN WARD  
UNITED STATES DISTRICT JUDGE



**SO STIPULATED AND AGREED:**

**FOR DEFENDANTS**


**DEFENDANT RUDOLPH JOSEPH STROBEL**

  
\_\_\_\_\_

RUDOLPH JOSEPH STROBEL,  
A/K/A LEE HARRISON, INDIVIDUALLY  
AND DOING BUSINESS AS  
LEE HARRISON CREDIT RESTORATION,  
CREDIT RESTORATION, AND  
LEE HARRISON ASSOCIATES CREDIT RESTORATION

Date: 7-1-9

**FOR DEFENDANT LEANNA RUTH HARRISON**

  
\_\_\_\_\_

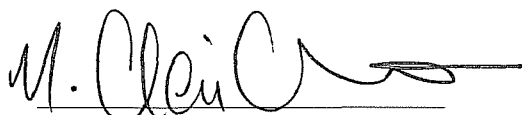
LEANNA RUTH HARRISON,  
INDIVIDUALLY AND DOING BUSINESS AS  
LEE HARRISON CREDIT RESTORATION,  
CREDIT RESTORATION, AND  
LEE HARRISON ASSOCIATES CREDIT RESTORATION

Date: 7-1-9

**FOR DEFENDANTS,**

**RUDOLPH JOSEPH STROBEL**

**AND LEANNA RUTH HARRISON**



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State Bar No. 24053063  
CAPSHAW DERIEUX, L.L.P.  
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Date: 7-1-09

ATTORNEY FOR DEFENDANTS  
RUDOLPH JOSEPH STROBEL  
AND LEANNA RUTH HARRISON

**FOR PLAINTIFF FEDERAL TRADE COMMISSION**



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[lgallegos@ftc.gov](mailto:lgallegos@ftc.gov)

[gkennedy@ftc.gov](mailto:gkennedy@ftc.gov)

Date: August 6, 2009

subjected to garnishment for any one indebtedness.

**(b) Penalties**

Whoever willfully violates subsection (a) of this section shall be fined not more than \$1,000, or imprisoned not more than one year, or both. (Pub. L. 90-321, title III, §304, May 29, 1968, 82 Stat. 163.)

**§ 1675. Exemption for State-regulated garnishments**

The Secretary of Labor may by regulation exempt from the provisions of section 1673(a) and (b)(2) of this title garnishments issued under the laws of any State if he determines that the laws of that State provide restrictions on garnishment which are substantially similar to those provided in section 1673(a) and (b)(2) of this title.

(Pub. L. 90-321, title III, §305, May 29, 1968, 82 Stat. 164; Pub. L. 95-30, title V, §501(e)(4), May 23, 1977, 91 Stat. 162.)

**AMENDMENTS**

1977—Pub. L. 95-30 substituted “section 1673(a) and (b)(2) of this title” for “section 1673(a) of this title” in two places.

**§ 1676. Enforcement by Secretary of Labor**

The Secretary of Labor, acting through the Wage and Hour Division of the Department of Labor, shall enforce the provisions of this subchapter.

(Pub. L. 90-321, title III, §306, May 29, 1968, 82 Stat. 164.)

**§ 1677. Effect on State laws**

This subchapter does not annul, alter, or affect, or exempt any person from complying with, the laws of any State

- (1) prohibiting garnishments or providing for more limited garnishment than are allowed under this subchapter, or
- (2) prohibiting the discharge of any employee by reason of the fact that his earnings have been subjected to garnishment for more than one indebtedness.

(Pub. L. 90-321, title III, §307, May 29, 1968, 82 Stat. 164.)

**SUBCHAPTER II-A—CREDIT REPAIR ORGANIZATIONS**

**§ 1679. Findings and purposes**

**(a) Findings**

The Congress makes the following findings:

(1) Consumers have a vital interest in establishing and maintaining their credit worthiness<sup>1</sup> and credit standing in order to obtain and use credit. As a result, consumers who have experienced credit problems may seek assistance from credit repair organizations which offer to improve the credit standing of such consumers.

(2) Certain advertising and business practices of some companies engaged in the busi-

ness of credit repair services have worked a financial hardship upon consumers, particularly those of limited economic means and who are inexperienced in credit matters.

**(b) Purposes**

The purposes of this subchapter are—

- (1) to ensure that prospective buyers of the services of credit repair organizations are provided with the information necessary to make an informed decision regarding the purchase of such services; and
- (2) to protect the public from unfair or deceptive advertising and business practices by credit repair organizations.

(Pub. L. 90-321, title IV, §402, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-455.)

**PRIOR PROVISIONS**

A prior title IV of Pub. L. 90-321, May 29, 1968, 82 Stat. 164, as amended by Pub. L. 91-344, July 20, 1970, 84 Stat. 440; Pub. L. 92-321, June 30, 1972, 86 Stat. 382, which was set out as a note under section 1601 of this title, established a bipartisan National Commission on Consumer Finance to study the functioning and structure of the consumer finance industry as well as consumer credit transactions generally. The Commission was to submit a final report by Dec. 31, 1972, and was to cease to exist thereafter.

**EFFECTIVE DATE OF SUBCHAPTER**

Section 413 of title IV of Pub. L. 90-321, as added by Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-462, provided that: “This title [enacting this subchapter] shall apply after the end of the 6-month period beginning on the date of the enactment of the Credit Repair Organizations Act [Sept. 30, 1996], except with respect to contracts entered into by a credit repair organization before the end of such period.”

**§ 1679a. Definitions**

For purposes of this subchapter, the following definitions apply:

**(1) Consumer**

The term “consumer” means an individual.

**(2) Consumer credit transaction**

The term “consumer credit transaction” means any transaction in which credit is offered or extended to an individual for personal, family, or household purposes.

**(3) Credit repair organization**

The term “credit repair organization”—

(A) means any person who uses any instrumentality of interstate commerce or the mails to sell, provide, or perform (or represent that such person can or will sell, provide, or perform) any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of—

- (i) improving any consumer's credit record, credit history, or credit rating; or
- (ii) providing advice or assistance to any consumer with regard to any activity or service described in clause (i); and

(B) does not include—

- (i) any nonprofit organization which is exempt from taxation under section 501(c)(3) of title 26;

<sup>1</sup>So in original. Probably should be “creditworthiness”.

(ii) any creditor (as defined in section 1602 of this title), with respect to any consumer, to the extent the creditor is assisting the consumer to restructure any debt owed by the consumer to the creditor; or

(iii) any depository institution (as that term is defined in section 1813 of title 12) or any Federal or State credit union (as those terms are defined in section 1752 of title 12), or any affiliate or subsidiary of such a depository institution or credit union.

#### (4) Credit

The term "credit" has the meaning given to such term in section 1602(e) of this title.

(Pub. L. 90-321, title IV, § 403, as added Pub. L. 104-208, div. A, title II, § 2451, Sept. 30, 1996, 110 Stat. 3009-455.)

#### PRIOR PROVISIONS

For a prior section 403 of Pub. L. 90-321, see note set out under section 1679 of this title.

#### § 1679b. Prohibited practices

##### (a) In general

No person may—

(1) make any statement, or counsel or advise any consumer to make any statement, which is untrue or misleading (or which, upon the exercise of reasonable care, should be known by the credit repair organization, officer, employee, agent, or other person to be untrue or misleading) with respect to any consumer's credit worthiness,<sup>1</sup> credit standing, or credit capacity to—

(A) any consumer reporting agency (as defined in section 1681a(f) of this title); or

(B) any person—

(i) who has extended credit to the consumer; or

(ii) to whom the consumer has applied or is applying for an extension of credit;

(2) make any statement, or counsel or advise any consumer to make any statement, the intended effect of which is to alter the consumer's identification to prevent the display of the consumer's credit record, history, or rating for the purpose of concealing adverse information that is accurate and not obsolete to—

(A) any consumer reporting agency;

(B) any person—

(i) who has extended credit to the consumer; or

(ii) to whom the consumer has applied or is applying for an extension of credit;

(3) make or use any untrue or misleading representation of the services of the credit repair organization; or

(4) engage, directly or indirectly, in any act, practice, or course of business that constitutes or results in the commission of, or an attempt to commit, a fraud or deception on any person in connection with the offer or sale of the services of the credit repair organization.

##### (b) Payment in advance

No credit repair organization may charge or receive any money or other valuable consider-

ation for the performance of any service which the credit repair organization has agreed to perform for any consumer before such service is fully performed.

(Pub. L. 90-321, title IV, § 404, as added Pub. L. 104-208, div. A, title II, § 2451, Sept. 30, 1996, 110 Stat. 3009-456.)

#### PRIOR PROVISIONS

For a prior section 404 of Pub. L. 90-321, see note set out under section 1679 of this title.

#### § 1679c. Disclosures

##### (a) Disclosure required

Any credit repair organization shall provide any consumer with the following written statement before any contract or agreement between the consumer and the credit repair organization is executed:

##### "Consumer Credit File Rights Under State and Federal Law

"You have a right to dispute inaccurate information in your credit report by contacting the credit bureau directly. However, neither you nor any 'credit repair' company or credit repair organization has the right to have accurate, current, and verifiable information removed from your credit report. The credit bureau must remove accurate, negative information from your report only if it is over 7 years old. Bankruptcy information can be reported for 10 years.

"You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must provide someone to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud.

"You have a right to sue a credit repair organization that violates the Credit Repair Organization Act. This law prohibits deceptive practices by credit repair organizations.

"You have the right to cancel your contract with any credit repair organization for any reason within 3 business days from the date you signed it.

"Credit bureaus are required to follow reasonable procedures to ensure that the information they report is accurate. However, mistakes may occur.

"You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate or incomplete information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the credit bureau.

"If the credit bureau's reinvestigation does not resolve the dispute to your satisfaction, you

<sup>1</sup>So in original. Probably should be "creditworthiness."

may send a brief statement to the credit bureau, to be kept in your file, explaining why you think the record is inaccurate. The credit bureau must include a summary of your statement about disputed information with any report it issues about you.

"The Federal Trade Commission regulates credit bureaus and credit repair organizations. For more information contact:

"The Public Reference Branch  
"Federal Trade Commission  
"Washington, D.C. 20580".

**(b) Separate statement requirement**

The written statement required under this section shall be provided as a document which is separate from any written contract or other agreement between the credit repair organization and the consumer or any other written material provided to the consumer.

**(c) Retention of compliance records**

**(1) In general**

The credit repair organization shall maintain a copy of the statement signed by the consumer acknowledging receipt of the statement.

**(2) Maintenance for 2 years**

The copy of any consumer's statement shall be maintained in the organization's files for 2 years after the date on which the statement is signed by the consumer.

(Pub. L. 90-321, title IV, §405, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-457.)

REFERENCES IN TEXT

The Credit Repair Organization Act, referred to in subsec. (a), probably means the Credit Repair Organizations Act, Pub. L. 90-321, title IV, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-454, which is classified generally to this subchapter. For complete classification of this Act to the Code, see Short Title note set out under section 1501 of this title and Tables.

PRIOR PROVISIONS

For a prior section 405 of Pub. L. 90-321, see note set out under section 1679 of this title.

**§ 1679d. Credit repair organizations contracts**

**(a) Written contracts required**

No services may be provided by any credit repair organization for any consumer—

(1) unless a written and dated contract (for the purchase of such services) which meets the requirements of subsection (b) of this section has been signed by the consumer; or

(2) before the end of the 3-business-day period beginning on the date the contract is signed.

**(b) Terms and conditions of contract**

No contract referred to in subsection (a) of this section meets the requirements of this subsection unless such contract includes (in writing)—

(1) the terms and conditions of payment, including the total amount of all payments to be made by the consumer to the credit repair organization or to any other person;

(2) a full and detailed description of the services to be performed by the credit repair organization for the consumer, including—

(A) all guarantees of performance; and  
(B) an estimate of—

(i) the date by which the performance of the services (to be performed by the credit repair organization or any other person) will be complete; or

(ii) the length of the period necessary to perform such services;

(3) the credit repair organization's name and principal business address; and

(4) a conspicuous statement in bold face type, in immediate proximity to the space reserved for the consumer's signature on the contract, which reads as follows: "You may cancel this contract without penalty or obligation at any time before midnight of the 3rd business day after the date on which you signed the contract. See the attached notice of cancellation form for an explanation of this right."

(Pub. L. 90-321, title IV, §406, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-458.)

PRIOR PROVISIONS

For a prior section 406 of Pub. L. 90-321, see note set out under section 1679 of this title.

**§ 1679e. Right to cancel contract**

**(a) In general**

Any consumer may cancel any contract with any credit repair organization without penalty or obligation by notifying the credit repair organization of the consumer's intention to do so at any time before midnight of the 3rd business day which begins after the date on which the contract or agreement between the consumer and the credit repair organization is executed or would, but for this subsection, become enforceable against the parties.

**(b) Cancellation form and other information**

Each contract shall be accompanied by a form, in duplicate, which has the heading "Notice of Cancellation" and contains in bold face type the following statement:

"You may cancel this contract, without any penalty or obligation, at any time before midnight of the 3rd day which begins after the date the contract is signed by you.

"To cancel this contract, mail or deliver a signed, dated copy of this cancellation notice, or any other written notice to [ name of credit repair organization ] at [ address of credit repair organization ] before midnight on [ date ]

"I hereby cancel this transaction,  
[ date ]

[ purchaser's signature ]."

**(c) Consumer copy of contract required**

Any consumer who enters into any contract with any credit repair organization shall be given, by the organization—

(1) a copy of the completed contract and the disclosure statement required under section 1679c of this title; and

(2) a copy of any other document the credit repair organization requires the consumer to sign,

at the time the contract or the other document is signed.

(Pub. L. 90-321, title IV, §407, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-459.)

#### PRIOR PROVISIONS

For a prior section 407 of Pub. L. 90-321, see note set out under section 1679 of this title.

### § 1679f. Noncompliance with this subchapter

#### (a) Consumer waivers invalid

Any waiver by any consumer of any protection provided by or any right of the consumer under this subchapter—

- (1) shall be treated as void; and
- (2) may not be enforced by any Federal or State court or any other person.

#### (b) Attempt to obtain waiver

Any attempt by any person to obtain a waiver from any consumer of any protection provided by or any right of the consumer under this subchapter shall be treated as a violation of this subchapter.

#### (c) Contracts not in compliance

Any contract for services which does not comply with the applicable provisions of this subchapter—

- (1) shall be treated as void; and
- (2) may not be enforced by any Federal or State court or any other person.

(Pub. L. 90-321, title IV, §408, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-459.)

### § 1679g. Civil liability

#### (a) Liability established

Any person who fails to comply with any provision of this subchapter with respect to any other person shall be liable to such person in an amount equal to the sum of the amounts determined under each of the following paragraphs:

##### (1) Actual damages

The greater of—

- (A) the amount of any actual damage sustained by such person as a result of such failure; or
- (B) any amount paid by the person to the credit repair organization.

##### (2) Punitive damages

###### (A) Individual actions

In the case of any action by an individual, such additional amount as the court may allow.

###### (B) Class actions

In the case of a class action, the sum of—

- (i) the aggregate of the amount which the court may allow for each named plaintiff; and
- (ii) the aggregate of the amount which the court may allow for each other class member, without regard to any minimum individual recovery.

##### (3) Attorneys' fees

In the case of any successful action to enforce any liability under paragraph (1) or (2),

the costs of the action, together with reasonable attorneys' fees.

#### (b) Factors to be considered in awarding punitive damages

In determining the amount of any liability of any credit repair organization under subsection (a)(2) of this section, the court shall consider, among other relevant factors—

- (1) the frequency and persistence of noncompliance by the credit repair organization;
- (2) the nature of the noncompliance;
- (3) the extent to which such noncompliance was intentional; and
- (4) in the case of any class action, the number of consumers adversely affected.

(Pub. L. 90-321, title IV, §409, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-459.)

### § 1679h. Administrative enforcement

#### (a) In general

Compliance with the requirements imposed under this subchapter with respect to credit repair organizations shall be enforced under the Federal Trade Commission Act [15 U.S.C. 41 et seq.] by the Federal Trade Commission.

#### (b) Violations of this subchapter treated as violations of Federal Trade Commission Act

##### (1) In general

For the purpose of the exercise by the Federal Trade Commission of the Commission's functions and powers under the Federal Trade Commission Act [15 U.S.C. 41 et seq.], any violation of any requirement or prohibition imposed under this subchapter with respect to credit repair organizations shall constitute an unfair or deceptive act or practice in commerce in violation of section 5(a) of the Federal Trade Commission Act [15 U.S.C. 45(a)].

##### (2) Enforcement authority under other law

All functions and powers of the Federal Trade Commission under the Federal Trade Commission Act shall be available to the Commission to enforce compliance with this subchapter by any person subject to enforcement by the Federal Trade Commission pursuant to this subsection, including the power to enforce the provisions of this subchapter in the same manner as if the violation had been a violation of any Federal Trade Commission trade regulation rule, without regard to whether the credit repair organization—

- (A) is engaged in commerce; or
- (B) meets any other jurisdictional tests in the Federal Trade Commission Act.

#### (c) State action for violations

##### (1) Authority of States

In addition to such other remedies as are provided under State law, whenever the chief law enforcement officer of a State, or an official or agency designated by a State, has reason to believe that any person has violated or is violating this subchapter, the State—

- (A) may bring an action to enjoin such violation;
- (B) may bring an action on behalf of its residents to recover damages for which the

person is liable to such residents under section 1679g of this title as a result of the violation; and

(C) in the case of any successful action under subparagraph (A) or (B), shall be awarded the costs of the action and reasonable attorney fees as determined by the court.

## (2) Rights of Commission

### (A) Notice to Commission

The State shall serve prior written notice of any civil action under paragraph (1) upon the Federal Trade Commission and provide the Commission with a copy of its complaint, except in any case where such prior notice is not feasible, in which case the State shall serve such notice immediately upon instituting such action.

### (B) Intervention

The Commission shall have the right—

(i) to intervene in any action referred to in subparagraph (A);

(ii) upon so intervening, to be heard on all matters arising in the action; and

(iii) to file petitions for appeal.

## (3) Investigatory powers

For purposes of bringing any action under this subsection, nothing in this subsection shall prevent the chief law enforcement officer, or an official or agency designated by a State, from exercising the powers conferred on the chief law enforcement officer or such official by the laws of such State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence.

## (4) Limitation

Whenever the Federal Trade Commission has instituted a civil action for violation of this subchapter, no State may, during the pendency of such action, bring an action under this section against any defendant named in the complaint of the Commission for any violation of this subchapter that is alleged in that complaint.

(Pub. L. 90-321, title IV, §410, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-460.)

#### REFERENCES IN TEXT

The Federal Trade Commission Act, referred to in subsecs. (a) and (b), is act Sept. 26, 1914, ch. 311, 38 Stat. 717, as amended, which is classified generally to subchapter I (§41 et seq.) of chapter 2 of this title. For complete classification of this Act to the Code, see section 58 of this title and Tables.

## § 1679i. Statute of limitations

Any action to enforce any liability under this subchapter may be brought before the later of—

(1) the end of the 5-year period beginning on the date of the occurrence of the violation involved; or

(2) in any case in which any credit repair organization has materially and willfully misrepresented any information which—

(A) the credit repair organization is required, by any provision of this subchapter, to disclose to any consumer; and

(B) is material to the establishment of the credit repair organization's liability to the consumer under this subchapter,

the end of the 5-year period beginning on the date of the discovery by the consumer of the misrepresentation.

(Pub. L. 90-321, title IV, §411, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-461.)

## § 1679j. Relation to State law

This subchapter shall not annul, alter, affect, or exempt any person subject to the provisions of this subchapter from complying with any law of any State except to the extent that such law is inconsistent with any provision of this subchapter, and then only to the extent of the inconsistency.

(Pub. L. 90-321, title IV, §412, as added Pub. L. 104-208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009-462.)

### SUBCHAPTER III—CREDIT REPORTING AGENCIES

## § 1681. Congressional findings and statement of purpose

### (a) Accuracy and fairness of credit reporting

The Congress makes the following findings:

(1) The banking system is dependent upon fair and accurate credit reporting. Inaccurate credit reports directly impair the efficiency of the banking system, and unfair credit reporting methods undermine the public confidence which is essential to the continued functioning of the banking system.

(2) An elaborate mechanism has been developed for investigating and evaluating the credit worthiness,<sup>1</sup> credit standing, credit capacity, character, and general reputation of consumers.

(3) Consumer reporting agencies have assumed a vital role in assembling and evaluating consumer credit and other information on consumers.

(4) There is a need to insure that consumer reporting agencies exercise their grave responsibilities with fairness, impartiality, and a respect for the consumer's right to privacy.

### (b) Reasonable procedures

It is the purpose of this subchapter to require that consumer reporting agencies adopt reasonable procedures for meeting the needs of commerce for consumer credit, personnel, insurance, and other information in a manner which is fair and equitable to the consumer, with regard to the confidentiality, accuracy, relevancy, and proper utilization of such information in accordance with the requirements of this subchapter.

(Pub. L. 90-321, title VI, §602, as added Pub. L. 91-508, title VI, §601, Oct. 26, 1970, 84 Stat. 1128.)

#### EFFECTIVE DATE OF 2003 AMENDMENT

Pub. L. 108-159, §3, Dec. 4, 2003, 117 Stat. 1953, provided that: "Except as otherwise specifically provided in this Act [see Short Title of 2003 Amendment note set out under section 1601 of this title] and the amendments made by this Act—

<sup>1</sup> So in original. Probably should be "creditworthiness."



UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION

FEDERAL TRADE COMMISSION,  
Plaintiff,

v.

RUDOLPH JOSEPH STROBEL a/k/a Lee  
Harrison, individually and doing business as  
Lee Harrison Credit Restoration, Credit  
Restoration, and Lee Harrison Associates  
Credit Restoration,  
and

LEANNA RUTH HARRISON, individually  
and doing business as Lee Harrison Credit  
Restoration, Credit Restoration, and Lee  
Harrison Associates Credit Restoration,

Defendants.

S

A

M

Civil Action No. 2:08-CV-326

Judge T. John Ward

Magistrate Judge Charles Everingham IV

**AFFIDAVIT OF DEFENDANT [LIST DEFENDANTS AS NECESSARY]  
ATTESTING TO TRUTHFULNESS OF INDIVIDUAL  
FINANCIAL STATEMENTS**

I, \_\_\_\_\_, state that the information contained in the Financial  
Statement of Defendant \_\_\_\_\_ dated \_\_\_\_\_ was to the best of  
my information, knowledge, and belief, true, accurate, and complete at such time.

I declare under penalty of perjury under the laws of the United States that the foregoing  
is true and correct. Executed on \_\_\_\_\_ [date], at \_\_\_\_\_  
[city and state].

\_\_\_\_\_  
[Signature of Defendant]

\_\_\_\_\_  
[Print Full Name]

State of \_\_\_\_\_, City of \_\_\_\_\_

Subscribed and sworn to before me

this \_\_\_\_\_ day of \_\_\_\_\_, 200 \_\_\_\_.

S

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

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