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8 **UNITED STATES DISTRICT COURT**
9 **DISTRICT OF NEVADA**

10
11 FEDERAL TRADE COMMISSION

12 Plaintiff,

13 v.

14 SUPERIOR SERVICING LLC, a limited liability
company;

15 SUNRISE SOLUTIONS USA LLC, a limited
16 liability company;

17 ALUMNI ADVANTAGE LLC, a limited liability
company;

18 STUDENT PROCESSING CENTER GROUP LLC,
19 a limited liability company;

20 SPCTWO LLC, a limited liability company;

21 ACCREDIT LLC, a limited liability company;

22 DENNISE MERDJANIAN, aka Dennise Correa,
individually and as managing member of
23 SUPERIOR SERVICING LLC;

Case No. 24-cv-2163-GMN-MDC

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

1 ERIC CALDWELL, individually and as owner,
2 officer, or manager of SUPERIOR SERVICING
3 LLC, SUNRISE SOLUTIONS USA LLC,
4 ALUMNI ADVANTAGE LLC, STUDENT
5 PROCESSING CENTER GROUP LLC, SPCTWO
6 LLC, and ACCREDIT LLC; and

7 DAVID HERNANDEZ, individually and as owner,
8 officer, or manager of SUPERIOR SERVICING
9 LLC, SUNRISE SOLUTIONS USA LLC,
10 ALUMNI ADVANTAGE LLC, STUDENT
11 PROCESSING CENTER GROUP LLC, SPCTWO
12 LLC, and ACCREDIT LLC,

13 Defendants.

14 Plaintiff, the Federal Trade Commission (“FTC” or “Commission”), for its Complaint
15 alleges:

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

1 **SUMMARY OF THE CASE**

2 2. Dennise Merdjanian, Eric Caldwell, and David Hernandez (collectively,
3 “Individual Defendants”) operate an unlawful debt relief scheme through a maze of shifting
4 corporate entities that preys on consumers with student loan debt. Defendants have seized on
5 consumers’ anxiety arising from the end of a three-year pause in federal student loan payments,
6 claiming that they can help consumers erase their student-loan debt. In fact, Defendants take
7 hundreds of dollars from consumers in illegal advance payments in exchange for virtually
8 nothing, often leaving consumers even further in debt.

9 3. Defendants’ deceptive practices begin with the delivery of a mailer that, based on
10 its contents and appearance, leads consumers to believe it has been sent by a government agency
11 or a government-affiliated student-loan servicer. The mailer lures consumers into calling
12 Defendants by promising savings of thousands of dollars a year through interest rate reductions,
13 lower monthly payments, and loan forgiveness. On the phone, Defendants’ representatives
14 confirm consumers’ beliefs that Defendants are a government agency or a government-affiliated
15 student loan servicer. Defendants then represent that they will enroll consumers in a federal
16 student debt relief program that will reduce their monthly payments to \$49 and, after making
17 these payments to Defendants for several years, will forgive consumers’ student loan balance.

18 4. Defendants collect an initial advance fee of up to \$899, in some cases
19 representing that it will go towards the consumer’s student loan balance. Defendants further
20 represent that the monthly \$49 payments will also pay down their balances.

21 5. In fact, Defendants do not provide the benefits they promise. They do not enroll
22 consumers in federal debt relief programs, reduce or eliminate their student loan payments or
23 balance, or apply payments to consumers’ loans. And because Defendants often misrepresent
24 themselves as loan servicers, consumers cease payments to their actual servicers, often at the

1 explicit direction of Defendants. As a result, consumers are left in even more debt. Meanwhile,
2 Defendants collect hundreds of dollars—in some cases over \$1,000—in illegal advance fees
3 from consumers. The FTC brings this action to put a stop to Defendants’ illegal scheme.

4 **JURISDICTION AND VENUE**

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

7 7. Venue is proper in this District under 28 U.S.C. §§ 1391(b)(2), (b)(3), and (c)(2),
8 and 15 U.S.C. § 53(b).

9 **PLAINTIFF**

10 8. The FTC is an independent agency of the United States Government created by
11 the FTC Act, which authorizes the FTC to commence this district court civil action by its own
12 attorneys. 15 U.S.C. §§ 41–58. The FTC enforces Section 5(a) of the FTC Act,
13 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce.
14 The FTC also enforces the Telemarketing Act, 15 U.S.C. §§ 6101-6108. Pursuant to the
15 Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which
16 prohibits deceptive and abusive telemarketing acts or practices in or affecting commerce. The
17 FTC also enforces Section 521(a) of the GLB Act, 15 U.S.C. § 6821, which prohibits any person
18 from obtaining or attempting to obtain customer information of a financial institution relating to
19 another person by making a false, fictitious, or fraudulent statement or representation to a
20 customer of a financial institution. Additionally, the FTC promulgated and enforces the
21 Impersonation Rule, 16 C.F.R. Part 461, which prohibits the impersonation of government,
22 businesses, and their officials or agents in interstate commerce.

DEFENDANTS

1
2 9. Superior Servicing LLC (“Superior Servicing”) is a Nevada limited liability
3 company. Superior Servicing transacts or has transacted business in this District and throughout
4 the United States. At all times relevant to this Complaint, acting alone or in concert with others,
5 Superior Servicing has advertised, marketed, distributed, or sold student loan servicing and debt
6 relief services to consumers throughout the United States.

7 10. Sunrise Solutions LLC (“Sunrise”) is a Nevada limited liability company. Sunrise
8 transacts or has transacted business in this District and throughout the United States. At all times
9 relevant to this Complaint, acting alone or in concert with others, Sunrise has advertised,
10 marketed, distributed, or sold student loan servicing and debt relief services to consumers
11 throughout the United States.

12 11. Alumni Advantage LLC (“Alumni Advantage”), sometimes referred to as Alumni
13 Advantages, is a Nevada limited liability company. Alumni Advantage transacts or has
14 transacted business in this District and throughout the United States. At all times relevant to this
15 Complaint, acting alone or in concert with others, Alumni Advantage has advertised, marketed,
16 distributed, or sold student loan servicing and debt relief services to consumers throughout the
17 United States.

18 12. Student Processing Center Group LLC (“SPC”) is a Nevada limited liability
19 company. SPC transacts or has transacted business in this District and throughout the United
20 States. At all times relevant to this Complaint, acting alone or in concert with others, SPC has
21 advertised, marketed, distributed, or sold student loan servicing and debt relief services to
22 consumers throughout the United States.

23 13. SPCTWO LLC (“SPCTWO”) is a Nevada limited liability company. SPCTWO
24 transacts or has transacted business in this District and throughout the United States. At all times

1 relevant to this Complaint, acting alone or in concert with others, SPCTWO has advertised,
2 marketed, distributed, or sold student loan servicing and debt relief services to consumers
3 throughout the United States.

4 14. Accredit LLC (“Accredit”) is a Nevada limited liability company. Accredit
5 transacts or has transacted business in this District and throughout the United States. At all times
6 relevant to this Complaint, acting alone or in concert with others, Accredit has advertised,
7 marketed, distributed, or sold student loan servicing and debt relief services to consumers
8 throughout the United States.

9 15. Defendant Dennise Merdjanian, also known as Dennise Correa (“Merdjanian”), is
10 the managing member of Superior Servicing and an owner of Defendants SPC, SPCTWO, and
11 Accredit. At all times relevant to this Complaint, acting alone or in concert with others, she has
12 formulated, directed, controlled, had the authority to control, or participated in the acts and
13 practices described in this Complaint. Merdjanian personally established Superior Servicing and
14 Accredit. She is a signatory on the bank accounts of Superior Servicing, Sunrise, Alumni
15 Advantage, and Accredit and directed the employees of these entities as well as SPC and
16 SPCTWO. She has served as the customer contact for Superior Servicing’s internet domain,
17 payment processing, and communications providers. Defendant Merdjanian, in connection with
18 the matters alleged herein, transacts or has transacted business in this District and throughout the
19 United States.

20 16. Defendant Eric Caldwell is an owner of SPC, SPCTWO, and Accredit. At all
21 times relevant to this Complaint, acting alone or in concert with others, he has formulated,
22 directed, controlled, had the authority to control, or participated in the acts and practices of each
23 of Superior Servicing, Sunrise Solutions, Alumni Advantage, SPC, SPCTWO, and Accredit
24 (collectively, “Corporate Defendants” and collectively with Individual Defendants,

1 “Defendants”), including the acts and practices described in this Complaint. Caldwell is a
2 founder, owner, and manager of SPC and SPCTWO. He directed the creation and management
3 of Superior Servicing, Sunrise, and Accredited. He has received funds generated by the illegal
4 practices alleged in this Complaint. Defendant Caldwell, in connection with the matters alleged
5 herein, transacts or has transacted business in this District and throughout the United States.

6 17. Defendant David Hernandez is an owner of SPC, SPCTWO, and Accredited. At all
7 times relevant to this Complaint, acting alone or in concert with others, he has formulated,
8 directed, controlled, had the authority to control, or participated in the acts and practices of each
9 of the Corporate Defendants, including the acts and practices described in this Complaint.
10 Hernandez was responsible for formulating the operation of the scheme, including managing the
11 marketing materials and sales scripts shared by each of the Corporate Defendants. He has
12 received funds generated by the illegal practices alleged in this Complaint. Defendant
13 Hernandez, in connection with the matters alleged herein, transacts or has transacted business in
14 this District and throughout the United States.

15 **COMMON ENTERPRISE**

16 18. Corporate Defendants have operated as a common enterprise while engaging in
17 the unlawful acts and practices and other violations of law alleged below. Corporate Defendants
18 have conducted the business practices described below through an interrelated network of
19 companies that have common ownership, management, business functions, employees, and
20 office locations, and that commingled funds. Because these Corporate Defendants have operated
21 as a common enterprise, each of them is liable for the acts and practices alleged below.

1 **COMMERCE**

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

5 **DEFENDANTS’ DECEPTIVE STUDENT LOAN DEBT RELIEF OPERATION**

6 20. Since at least January 2023, Defendants have operated an unlawful debt relief
7 enterprise that preys on consumers with student loan debt. Defendants promise loan
8 consolidation, reduced student loan payments, and loan forgiveness in exchange for consumers’
9 commitment to pay thousands of dollars in initial and recurring fees. In many instances,
10 Defendants, who represent themselves as affiliated with the government or loan servicers,
11 convince consumers that Defendants will apply consumers’ payments to their student loan
12 balances and that Defendants will assume responsibility for servicing their student loans. But
13 Defendants do not deliver on their promises. As a result, consumers often find themselves
14 further in debt while Defendants take in hundreds of dollars in illegal advance and recurring
15 fees—in some cases well over \$1,000—from those consumers.

16 **Background on Student Loan Relief Programs**

17 21. Student loan debt is the second largest class of consumer debt, with over 43
18 million borrowers owing approximately \$1.74 trillion. Student loan debt is also one of the most
19 distressed classes of debt: roughly one in ten Americans has defaulted on a student loan, and
20 nearly a quarter of borrowers default within their first five years of repayment.

21 22. The federal government administers several student loan forgiveness and
22 discharge programs. These include the Income-Driven Repayment program, which provides for
23 reduced payments and forgiveness for some consumers, and Public Service Loan Forgiveness
24 (PSLF), which provides for forgiveness for consumers in certain public service jobs. These

1 programs are available only to consumers who meet specific criteria, and eligibility is judged by
2 the government following an application process.

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

6 24. In recent years, the federal government has attempted to implement several new,
7 highly publicized student debt relief programs, including the cancellation of debt for hundreds of
8 thousands of consumers and the Saving on a Valuable Education repayment plan (“SAVE
9 Plan”), which sought to allow for the elimination of interest charges, reduction of payments to
10 \$0, or early forgiveness in some cases.

11 25. Previously, the original coronavirus relief bill, the Coronavirus Aid, Relief, and
12 Economic Security Act, signed into law in March 2020, temporarily paused payments,
13 involuntary collections, and the accrual of interest on federally held student loans in light of the
14 COVID-19 pandemic. The pause ended in October 2023, and most borrowers were required to
15 resume payments beginning that month. To help borrowers successfully return to repayment, the
16 U.S. Department of Education created a temporary on-ramp period through September 30, 2024,
17 during which it would not report missed, late, or partial payments as delinquent.

18 26. With the end of the COVID pause, consumers saddled with student debt have
19 been eager to avail themselves of federal student loan relief programs.

20 **Defendants’ Misrepresentations to Consumers**

21 27. Defendants advertise, market, and sell their student loan scheme through mailers
22 and telemarketing calls. Through these calls or mailers, Defendants claim:
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24

- 1 a. Consumers who pay for Defendants’ services will be enrolled in a loan
2 repayment program that will consolidate their student loans and reduce
3 their monthly loan payments;
- 4 b. Consumers who pay for Defendants’ services will receive loan
5 forgiveness;
- 6 c. Consumers’ monthly payments to Defendants will be applied towards
7 consumers’ student loans;
- 8 d. Defendants are affiliated with the Department of Education or its approved
9 loan servicers; and
- 10 e. Defendants will assume responsibility for the servicing of consumers’
11 student loans.

12 **Defendants’ Deceptive Mailers**

13 28. Defendants lure consumers with deceptive mailers, as shown below. Defendants
14 label these mailers “**Final Notice**” in bold and purport to include a “Student Loan Consolidation
15 & Payment Reduction Program Prepared For” the specific consumer. The mailer is personally
16 addressed to the consumer and includes a purported “BENEFIT ID” number.

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

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

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

9 33. 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 34. 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 35. 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]."

24

Defendants' Deceptive Representations During Telemarketing Calls

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2 36. 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 37. 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.

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

17 39. 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.

20 40. In many instances, Defendants assure consumers that they qualify for federal
21 student loan reduction programs, including highly publicized new initiatives that offer
22 consolidation, reduced payments, and even complete forgiveness. In at least one instance,
23 Defendants represented that loan consolidation benefits were available to a consumer under the
24

1 SAVE Plan. In another instance, Defendants promised a consumer that his monthly loan
2 payment would be reduced by \$190 under the PSLF program.

3 41. Defendants represent that, by enrolling in Defendants' services, consumers will be
4 enrolled in these government programs.

5 42. 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 43. 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 44. 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.

17 45. In many instances, Defendants represent an affiliation with the Department of
18 Education, a loan servicer affiliated with the government, or even with the consumer's then-
19 existing loan servicer. Defendants bolster these representations at the outset of the call by
20 revealing that they already possess detailed personal information about the consumers and their
21 student loans. Defendants' representations lead many consumers to trust that Defendants are
22 affiliated with the federal government.

23 46. In some cases, Defendants' telemarketers explicitly represent that Superior
24 Servicing is affiliated with consumers' loan servicers.

1 47. 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 48. 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."

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

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

22 51. Defendants then rush consumers through signing the electronic contract while on
23 the initial call, thereby preventing consumers from adequately reviewing the contract's terms.
24

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

7 53. 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.

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

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

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

4 **Defendants' Worthless Debt Relief Services**

5 57. 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 58. 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 59. 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.

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

- 1 c. 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 68. Defendants' representations as described in Paragraph 67. are false or misleading,
8 or were not substantiated at the time the representations were made.

9 69. Therefore, Defendants' representations as described in Paragraph 67 constitute
10 deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

11 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

12 70. In 1994, Congress directed the FTC to prescribe rules prohibiting abusive and
13 deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §§ 6101–
14 6108. The FTC adopted the original TSR in 1995, extensively amended it in 2003, and amended
15 certain sections thereafter.

16 71. Defendants 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 telemarketing transaction, provides, offers to provide, or arranges for others to
19 provide goods or services to a customer in exchange for consideration. 16 C.F.R. § 310.2(ee). A
20 “telemarketer” means 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 campaign which is conducted to induce the purchase of goods or services or
23 a charitable contribution, 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 72. 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 73. 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 74. 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

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 75. 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**

22 76. In numerous instances, Defendants have, in connection with the telemarketing of
23 student loan debt relief services, requested or received payment of a fee or consideration for debt
24 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 77. Therefore, Defendants' acts or practices as described in Paragraph 76 violate
9 Section 310.4(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. § 45(a).

11 **Count III – Material Debt Relief Misrepresentations**

12 78. In numerous instances, Defendants have, in connection with the telemarketing of
13 student loan debt relief services, misrepresented, directly or indirectly, expressly or by
14 implication, material 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.

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

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

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

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

1 e. Defendants will assume responsibility for servicing the repayment of
2 consumers' loans.

3 84. Therefore, Defendants' acts or practices as described in Paragraph 83 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**
7 **GOVERNMENT AND BUSINESSES**

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

11 86. Part 461.2(b) of the Impersonation Rule prohibits "materially misrepresent[ing],
12 directly or by implication, affiliation with, including endorsement or sponsorship by, a
13 government entity or officer thereof, in or affecting commerce as commerce is defined in the
14 Federal Trade Commission Act (15 U.S.C. 44)."

15 87. Part 461.3(b) of the Impersonation Rule prohibits "materially misrepresent[ing],
16 directly or by implication, affiliation with, including endorsement or sponsorship by, a business
17 or officer thereof, in or affecting commerce as commerce is defined in the Federal Trade
18 Commission Act (15 U.S.C. 44)."

19 88. The Impersonation Rule defines "materially" to mean "likely to affect a person's
20 choice of, or conduct regarding, goods or services." 16 C.F.R. § 461.1. The Impersonation Rule
21 defines "government" to include "federal, state, local, and tribal governments as well as agencies
22 and departments thereof." *Id.*

23 89. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of
24 the Impersonation Rule constitutes an unfair or deceptive act or practice in or affecting

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.”

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

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

14 91. Therefore, Defendants’ representations as described in Paragraph 90 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 92. In numerous instances on or after April 1, 2024, in connection with the
19 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
21 affiliated with or endorsed by the consumer’s then-existing student loan servicer.

22 93. Therefore, Defendants’ acts or practices as described in Paragraph 92 violate
23 Section 461.3(b) of the Impersonation Rule, 16 C.F.R. § 461.3(b), and Section 5(a) of the FTC
24 Act, 15 U.S.C. § 45(a).

1 **CONSUMER INJURY**

2 94. Consumers are suffering, have suffered, 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 A. Enter a permanent injunction to prevent future violations of the FTC Act, the
9 TSR, the GLB Act, and the Impersonation Rule;

10 B. 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: March 26, 2025

/s/ John R. O’Gorman

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