

Sealed

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

FILED by \_\_\_\_\_ D.C.  
OCT 02 2017  
STEVEN M. LARMORE  
CLERK U.S. DIST. CT.  
S. D. OF FLA. - TAMPA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

STUDENT DEBT DOCTOR LLC, a Florida  
limited liability company,

and

GARY BRENT WHITE, JR., individually and  
as an officer of Defendant Student Debt Doctor  
LLC,

Defendants.

17-61937

Case No. \_\_\_\_\_

CIV - DIMITROULE

MAGISTRATE JUDGE  
SNOW

**COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission ("FTC"), for its Complaint alleges:

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), and the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. §§ 6101-6108, to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC's Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310, in connection with Defendants' deceptive marketing and sale of student loan debt relief services.

## **JURISDICTION AND VENUE**

2. This Court has subject-matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 6102(c), and 6105(b).

3. Venue is proper in this district under 28 U.S.C. § 1391(b)(1), (b)(2), (c)(1), (c)(2), and (d) and 15 U.S.C. § 53(b).

## **PLAINTIFF**

4. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41–58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the Telemarketing Act, 15 U.S.C. §§ 6101–6108, pursuant to which the FTC has promulgated and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or practices in or affecting commerce.

5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the TSR, and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A), 6102(c), and 6105(b).

## **DEFENDANTS**

6. Defendant Student Debt Doctor LLC (“SDD”), also doing business as the “Student Debt Doctor,” is a Florida limited liability company with its principal place of business at 3221 NW 10<sup>th</sup> Terrace, Suite 507, Fort Lauderdale, Florida 33309. SDD transacts or

has transacted business in this district and throughout the United States. SDD was organized in 2014. At all times material to this Complaint, acting alone or in concert with others, SDD has advertised, marketed, distributed, or sold student loan debt relief services to consumers throughout the United States.

7. Defendant Gary Brent White, Jr. (“White”), is the president, manager, and owner of SDD. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of SDD, including the acts and practices set forth in this Complaint. Defendant White resides in this district and, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

#### **COMMERCE**

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

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

9. Since approximately January 2014, Defendants have operated an unlawful student loan debt relief enterprise that has preyed on consumers’ anxiety in repaying their student loans. Defendants often have promised falsely to reduce or eliminate consumers’ monthly payments and principal balances by enrolling them in repayment or debt-forgiveness programs. In many instances, consumers have discovered that Defendants have failed to enroll them in a program or have otherwise have failed to reduce or eliminate their payments or their

debt. In some instances, consumers have ended up owing more on their student loans than when they first signed up for Defendants' services.

10. In exchange for the promised debt relief, Defendants have required consumers to pay illegal advance fees, typically \$750.

#### **Background on Student-Loan Forgiveness and Repayment Programs**

11. Student-loan debt is the second largest class of consumer debt in the United States; more than 42 million Americans collectively owe approximately \$1.3 trillion in such debt. The student-loan market shows elevated levels of distress relative to other types of consumer debt.

12. To address this mounting level of distressed debt, the Department of Education ("ED") and state government agencies administer a limited number of student-loan forgiveness and discharge programs. Most consumers, however, are not eligible for these programs because of strict eligibility requirements. For example, one program requires the consumer to demonstrate a total and permanent disability; another applies only when a school closes while the consumer is still enrolled. A third program, the Borrower Defense to Repayment ("BDR"), may provide a loan discharge if the school, through an act or omission, violated a state law directly related to the borrower's federal student loan or to the educational services for which the loan was provided.

13. Other forgiveness programs require working in certain professions for a period of years. Teacher Loan Forgiveness applies to teachers who have worked full-time for five years in a low-income elementary or secondary school or educational service agency. Public Service

Loan Forgiveness (“PSLF”) applies to employees of governmental units or non-profit organizations who make timely monthly payments for a period of ten years while employed in the public sector.

14. The federal government also offers loan forgiveness through income-driven repayment (“IDR”) programs that enable borrowers to reduce their monthly payments and have portions of their loans forgiven. No loans have been forgiven yet under any of the IDR programs. IDR programs allow eligible borrowers to limit their monthly payments based on a percentage of their discretionary monthly income. To remain in an IDR program, borrowers must recertify their income and family size annually. Obtaining forgiveness through IDR programs requires a minimum of 20 or 25 years of qualifying payments.

15. Because a borrower’s income is likely to fluctuate over the life of the loan, monthly payments under the IDR programs can vary considerably from year to year. If a borrower’s income were to increase over the repayment period, for example, the monthly payment amount could correspondingly increase to the point where those payments would pay off the loan before any amount could be forgiven at the end of the repayment term.

16. Consumers can apply for BDR, PSLF, IDR, and other loan repayment and forgiveness or discharge programs through ED or their student-loan servicers at no cost; these programs do not require the assistance of a third-party company or payment of application fees.

17. ED will grant a forbearance while processing applications for an alternative repayment plan and in some cases of hardship. During forbearance, unpaid interest usually is added to the principal balance.

## **Defendants' Deceptive Marketing of Student Loan Debt Relief Services**

18. Defendants have promised to enroll consumers in student-loan-repayment programs to reduce or eliminate their payments and principal balances. Defendants have made these claims in online advertising, e-mails, and on telemarketing calls. In some instances, consumers view Defendants' website or online advertising and call Defendants' telemarketers for more information. In other instances, Defendants' telemarketers make outbound calls to consumers to offer SDD's services or convince consumers to sign SDD's standard contract.

19. Since 2014, Defendants have maintained a website at <https://studentdebtdoctor.org/> to promote their debt-relief services and to solicit consumers. The website has included purported client testimonials and numerous statements, made by Defendants, touting their services, such as:

### **Regain Your Credit Worthiness**

We can help you enroll in programs with 0% interest payments! These options allow you to pay off your debt and we reflect positively on your credit profile.

### **Create Manageable Payments**

Our debt relief service offers you numerous programs and get you to payments as low as \$20. You will always be able to afford your payments because many programs are based on your income and how much you earn.

20. SDD's website and social-media pages have emphasized Defendants' ability to provide consumers with student-loan forgiveness. The homepage of <https://studentdebtdoctor.org/> has included the following:



### Who We Are

Student Loans are a major issue facing our clients. We decided to create a complete solution for those with any kind of Student Loans. Finally, there are programs that can provide private and federal solutions. Solutions that can help fight predatory servicers and forgive your loan. Student Debt Doctor has been established to assist with the trillions of dollars in student loans.

We are here to assist you with any of your needs. Give us a call and learn more about our industry leading practices. A solution is only a phone call away.



21. The <https://studentdebtdoctor.org/> website also included the following text:

### Student Loan Forgiveness

There are a multitude of government programs available for our clients with avenues for complete loan forgiveness. Plus simply we can get your payments lowered, many times to \$0 a month. Start your process today.



Below this excerpted text, Defendants' website stated "[w]e ... qualify you instantly over the phone towards the program best suited for your specific situation."

22. Other portions of the <https://studentdebtdoctor.org/> website also have included the following statements or promises:

- "our experts ... can consult your personal situation towards loan forgiveness or substantially lower monthly payments";
- "our clients may typically receive \$0 a month payments with a complete loan forgiveness at the end of the programs. This is what is typical with most federal student loans"; and
- "[t]ypically ... our clients are under a \$0/month payment."

23. Defendants' social-media pages on Facebook, YouTube, and Instagram also have included statements such as:

- "Get started today and escape your student loans with our forgiveness programs!";
- "Tired of paying student loans? Student Loan Forgiveness programs are available now";
- "We can ... solve your student loan problem, 100% guaranteed!"; and
- "That moment the government pays off your student loans. ... [A] moment in time when the impossible becomes possible."

24. In many instances, Defendants' telemarketers have falsely promised consumers loan forgiveness in five years or less.

25. In numerous instances, Defendants' telemarketers have promised to enroll consumers in modified repayment programs that would eliminate or lower their monthly payments, often with the potential for loan forgiveness after 20 or 25 years of regular payments. Eligibility for these repayment programs generally depends on the consumer's annual income and family size, as defined and established by federal laws and regulations. Defendants' claims of eligibility often have been based on false definitions of "family size," inflated family-size numbers, or inaccurate income claims that, if accurate, would have rendered these consumers ineligible under the applicable laws and regulations for the benefits SDD promised.

26. During their sales pitch, Defendants often have created a sense of urgency, claiming consumers needed to enroll with SDD quickly before the promised benefits might



expire. Defendants' telemarketers have e-mailed consumers a link to an online contract to sign electronically and often have pressured consumers into signing the contract quickly, typically while the telemarketer was still waiting on the phone.

27. Defendants have charged fees before Defendants achieved a loan consolidation or modified repayment program for consumers or before consumers made any payments under a new repayment agreement. Defendants' advance fees are reflected in SDD's standard written contract with consumers.

28. In many instances, Defendants have instructed consumers not to contact, work with, make payments to, or respond to contacts from their loan servicers. Instead, Defendants' representatives have told consumers to communicate only with SDD and to send any paperwork or bills they received from their loan servicers to Defendants, and that Defendants would handle these matters for consumers.

29. Consumers often have not received the benefits Defendants promised. In numerous instances, Defendants have failed to obtain a forbearance, lower monthly payments, enrollment into a modified repayment program, or loan forgiveness within the promised time.

30. In some instances, Defendants have not contacted consumers' loan servicers or failed to complete or submit their applications.

31. In other instances, Defendants have contacted consumers' loan servicers, but only to place consumers' loans into a temporary forbearance, which typically delayed consumers' discovery that they had not been enrolled into a new repayment program—all while Defendants continued to collect fees, and consumers' debts continued to accrue interest.

Defendants also have told consumers that their loans were in forbearance when they were not, causing consumers to neglect required payments and to suffer diminished credit scores.

32. When consumers have contacted Defendants to cancel their enrollment, Defendants have refused or ignored requests for refunds by consumers—or have conditioned refunds on the consumer’s withdrawal of a complaint against SDD filed with the Better Business Bureau or a law enforcement agency.

33. Defendants also have falsely claimed or implied on the SDD website that they “are in compliance with FTC regulations.”

#### THE FTC ACT

34. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or deceptive acts or practices in or affecting commerce.

35. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

#### VIOLATIONS OF THE FTC ACT

##### COUNT I

##### **Deceptive Student Loan Debt Relief Representations**

36. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of student loan debt relief services, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who purchase Defendants’ debt-relief services generally will have their monthly payments eliminated or reduced or their loan balances forgiven in whole or in part, often in five years or less.

37. In truth and in fact, in numerous instances in which Defendants have made the representations set forth in Paragraph 36 of this Complaint, such representations were false or not substantiated at the time Defendants made them.

38. Therefore, Defendants' representations as set forth in Paragraph 36 of this Complaint are false or misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### THE TELEMARKETING SALES RULE

39. Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §§ 6101–6108, in 1994. The FTC adopted the original TSR in 1995, extensively amended it in 2003, and amended certain provisions thereafter. 16 C.F.R. Part 310.

40. Defendants are “seller[s]” or “telemarketer[s]” engaged in “telemarketing” as defined by the TSR, 16 C.F.R. § 310.2(dd), (ff), and (gg). A “seller” means any person who, in connection with a telemarketing transaction, provides, offers to provide, or arranges for others to provide goods or services to a customer in exchange for consideration. 16 C.F.R. § 310.2(dd). A “telemarketer” means any person who, in connection with telemarketing, initiates or receives telephone calls to or from a customer or donor. 16 C.F.R. § 310.2(ff). “Telemarketing” means a plan, program, or campaign that is conducted to induce the purchase of goods or services or a charitable contribution, by use of one or more telephones and which involves more than one interstate telephone call. 16 C.F.R. § 310.2(gg).

41. Defendants are sellers or telemarketers of “debt relief services” as defined by the TSR, 16 C.F.R. § 310.2(o). Under the TSR, a “debt relief service” means any program or service represented, directly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a person and one or more unsecured creditors, including, but not limited to, a reduction in the balance, interest rate, or fees owed by a person to an unsecured creditor or debt collector. 16 C.F.R. § 310.2(o).

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

- a. The seller or telemarketer has renegotiated, settled, reduced, or otherwise altered the terms of at least one debt pursuant to a settlement agreement, debt-management plan, or other such valid contractual agreement executed by the customer;
- b. The customer has made at least one payment pursuant to that settlement agreement, debt-management plan, or other valid contractual agreement between the customer and the creditor; and
- c. to the extent that debts enrolled in a service are renegotiated, settled, reduced, or otherwise altered individually, the fee or consideration either:
  - i. Bears the same proportional relationship to the total fee for renegotiating, settling, reducing, or altering the terms of the entire debt balance as the individual debt amount bears to the entire debt amount. The individual

debt amount and the entire debt amount are those owed at the time the debt was enrolled in the service; or

- ii. Is a percentage of the amount saved as a result of the renegotiation, settlement, reduction, or alteration. The percentage charged cannot change from one individual debt to another. The amount saved is the difference between the amount owed at the time the debt was enrolled in the service and the amount actually paid to satisfy the debt. 16 C.F.R. § 310.4(a)(5)(i).

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

44. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

## **VIOLATIONS OF THE TELEMARKETING SALES RULE**

### **COUNT II**

#### **Advance Fee for Debt-Relief Services**

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

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

46. Defendants' acts or practices, as described in Paragraph 45 of this Complaint, are abusive telemarketing acts or practices that violate the TSR, 16 C.F.R. § 310.4(a)(5)(i).

**COUNT III**  
**Material Debt Relief Misrepresentations**

47. In numerous instances in connection with the telemarketing of student loan debt relief services, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who purchase Defendants' debt-relief services generally will have their monthly payments eliminated or reduced or their loan balances forgiven in whole or in part, often in five years or less.

48. Defendants' acts and practices, as described in Paragraph 47 of this Complaint, are deceptive telemarketing acts or practices that violate the TSR, 16 C.F.R. § 310.3(a)(2)(x).

**CONSUMER INJURY**

49. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act and the TSR. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this

Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

#### **THIS COURT'S POWER TO GRANT RELIEF**

50. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and ancillary equitable relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies to prevent and remedy any violation of any provision of law enforced by the FTC.

51. Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), authorizes this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and Telemarketing Act, including the rescission or reformation of contracts and the refund of money.

#### **PRAYER FOR RELIEF**

Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), and the Court's own equitable powers, requests that the Court:

A. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including but not limited to, temporary and preliminary injunctions, an order freezing assets, immediate access, and the appointment of a



receiver;

B. Enter a permanent injunction to prevent future violations of the FTC Act and the TSR by Defendants;

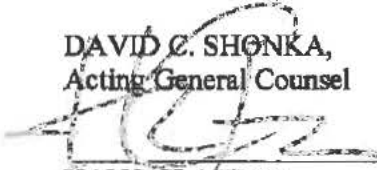
C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the TSR, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

D. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,

Dated: October 2, 2017

DAVID C. SHONKA,  
Acting General Counsel



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