

LODGED  
CLERK, U.S. DISTRICT COURT  
9/18/17  
CENTRAL DISTRICT OF CALIFORNIA  
BY: CS DEPUTY

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**FILED**  
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BY:  DEPUTY

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20 FEDERAL TRADE COMMISSION

21 UNITED STATES DISTRICT COURT  
22 CENTRAL DISTRICT OF CALIFORNIA

23 FEDERAL TRADE COMMISSION,

24 Plaintiff,

25 v.

26 M&T FINANCIAL GROUP, a  
27 corporation, also d/b/a StuDebt, Student  
28 Debt Relief Group, SDRG, Student  
Loan Relief Counselors, SLRC, and  
Capital Advocates Group,

AMERICAN COUNSELING CENTER

Case No. CV17-6855-ODW(PLAx)

Complaint for Permanent Injunction  
and Other Equitable Relief

1 CORP., a corporation, also d/b/a  
2 StuDebt, Student Debt Relief Group,  
3 SDRG, Student Loan Relief Counselors,  
4 SLRC, and Capital Advocates Group,  
and

5 SALAR TAHOUR, individually, and as  
6 an officer of M&T FINANCIAL  
7 GROUP and AMERICAN  
COUNSELING CENTER CORP.,

8 Defendants.  
9

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

11 1. The FTC brings this action under Section 13(b) of the Federal Trade  
12 Commission Act (“FTC Act”), 15 U.S.C. § 53(b), and the Telemarketing and  
13 Consumer Fraud and Abuse Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108,  
14 to obtain temporary, preliminary, and permanent injunctive relief, rescission or  
15 reformation of contracts, restitution, the refund of monies paid, disgorgement of  
16 ill-gotten monies, and other equitable relief for Defendants’ acts or practices in  
17 violation of Section 5(a), 15 U.S.C. § 45(a), and the FTC’s Telemarketing Sales  
18 Rule (“TSR”), 16 C.F.R. Part 310, in connection with their deceptive marketing  
19 and sale of student loan debt relief services.  
20

21 **JURISDICTION AND VENUE**

22 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C.  
23 §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), and 6102(c).

24 3. Venue is proper in this district under 28 U.S.C. § 1391(b)(1), (b)(2),  
25 (c), and (d), and 15 U.S.C. § 53(b).  
26  
27  
28

1  
2 **PLAINTIFF**

3 4. The FTC is an independent agency of the United States Government  
4 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC  
5 Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or  
6 affecting commerce. The FTC also enforces the Telemarketing Act, 15 U.S.C. §§  
7 6101-6108. Pursuant to the Telemarketing Act, the FTC promulgated and enforces  
8 the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing  
9 acts or practices in or affecting commerce.

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

15  
16 **DEFENDANTS**

17 6. Defendant M&T Financial Group (“M&T Financial”), also doing  
18 business as StuDebt, Student Debt Relief Group, SDRG, Student Loan Relief  
19 Counselors, SLRC, and Capital Advocates Group, is a California corporation with  
20 its registered address at 11766 Wilshire Boulevard, Suite 310, Los Angeles,  
21 California 90025. M&T Financial transacts or has transacted business in this  
22 district and throughout the United States. At all times material to this Complaint,  
23 acting alone or in concert with others, M&T Financial has advertised, marketed,  
24 distributed, or sold student loan debt relief services to consumers throughout the  
25 United States.

26 7. Defendant American Counseling Center Corp. (“American  
27 Counseling”), also doing business as StuDebt, Student Debt Relief Group, SDRG,  
28 Student Loan Relief Counselors, SLRC, and Capital Advocates Group, is a



1 California corporation with its registered address at 11766 Wilshire Boulevard,  
2 Suite 310, Los Angeles, California 90025. American Counseling transacts or has  
3 transacted business in this district and throughout the United States. At all times  
4 material to this Complaint, acting alone or in concert with others, American  
5 Counseling has advertised, marketed, distributed, or sold student loan debt relief  
6 services to consumers throughout the United States.

7 8. Defendant Salar Tahour is the sole owner and a manager of M&T  
8 Financial and American Counseling. At all times material to this Complaint,  
9 acting alone or in concert with others, he has formulated, directed, controlled, had  
10 the authority to control, or participated in the acts and practices of M&T Financial  
11 and American Counseling, including the acts and practices set forth in this  
12 Complaint. For example, Tahour registered and paid for phone numbers and  
13 domain names and is the sole signatory on the bank accounts and merchant  
14 processing accounts for M&T Financial. In addition, Tahour personally responded  
15 to complaints filed about the companies with the California Attorney General's  
16 Office and the Better Business Bureau. Defendant Tahour resides in this district  
17 and, in connection with the matters alleged herein, transacts or has transacted  
18 business in this district and throughout the United States.

19 9. Defendants M&T Financial and American Counseling (collectively,  
20 "Corporate Defendants") have operated as a common enterprise while engaging in  
21 the deceptive acts and practices and other violations of law alleged below.  
22 Defendants have conducted the business practices described below through  
23 interrelated companies, which have common ownership, officers, managers,  
24 business functions, and office locations, and which share fictitious business names,  
25 SLRC and SDRG. Because these Corporate Defendants have operated as a  
26 common enterprise, each of them is jointly and severally liable for the acts and  
27 practices alleged below. Defendant Tahour has formulated, directed, controlled,  
28

1 had the authority to control, or participated in the acts and practices of the  
2 Corporate Defendants that constitute the common enterprise.

3  
4 **COMMERCE**

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

8  
9 **DEFENDANTS’ DECEPTIVE**  
10 **STUDENT LOAN DEBT RELIEF OPERATION**

11 11. Since 2014, Defendants have operated an unlawful debt relief  
12 enterprise to bilk consumers out of millions of dollars. Preying on widespread  
13 anxiety and confusion around student debt, Defendants misrepresent the cost and  
14 features of federal student loan repayment programs in order to extract fees from  
15 the struggling consumers these programs are designed to help. After reaching  
16 consumers through an aggressive outbound telemarketing campaign that includes  
17 illegal calls to consumers on the National Do Not Call Registry, Defendants work  
18 to gain consumers’ trust by falsely claiming they work for or are affiliated with the  
19 U.S. Department of Education (“ED”). Defendants then entice consumers with  
20 false promises that they qualify for federal programs that would permanently  
21 reduce their monthly loan payments to a fixed amount. To access these free  
22 government programs, Defendants tell consumers that they must pay an advance  
23 fee of up to \$1047. In addition to these illegal advance fees, Defendants also  
24 collect and retain monthly fees that consumers believe are being applied to pay  
25 down their loans. Finally, Defendants also instruct consumers to ignore future  
26 communications with their loan servicers and ED, and to communicate only with  
27 Defendants, who many consumers believe will now be servicing their loans.



1           **Background on Student Loan Repayment and Forgiveness Programs**

2           12. Student loan debt is the second largest class of consumer debt; more  
3 than 42 million Americans collectively owe more than \$1.3 trillion on student  
4 loans. The student loan market continues to show elevated levels of distress  
5 relative to other types of consumer debt.

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

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

21           15. ED and state government agencies also administer a limited number  
22 of student loan forgiveness and discharge programs. Most consumers, however,  
23 are not eligible for these programs because of strict eligibility requirements. For  
24 example, Public Service Loan Forgiveness applies to employees of governmental  
25 units or non-profit organizations who make timely monthly payments for a period  
26 of ten years while employed in the public or non-profit sector.

1           16. Consumers can apply for loan repayment and forgiveness programs  
2 through ED or their student loan servicers at no cost; these programs do not require  
3 the assistance of a third party or the payment of any fees.

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

7           18. ED also allows consumers with multiple federal loans to consolidate  
8 them into one “Direct Consolidation Loan” with a fixed interest rate and single  
9 monthly payment. ED does not charge for consolidation and offers a dedicated  
10 helpline and webpage to assist borrowers with the process.

11           **Defendants’ Deceptive Marketing of Student Loan Debt Relief Services**

12           19. Defendants typically first contact consumers via outbound  
13 telemarketing calls, including calls to consumers who have registered their  
14 telephone numbers on the National Do Not Call Registry. In many instances,  
15 Defendants already are aware that the consumers they are contacting have  
16 outstanding student loans. Many consumers who receive the calls do not know  
17 how Defendants obtained their telephone numbers and how they knew that the  
18 consumers had outstanding student loans.

19           20. During the telemarketing calls, Defendants often lead consumers to  
20 believe that they are affiliated with ED and that they work directly with ED to  
21 enroll consumers in ED programs that will lower their monthly payments. For  
22 example, Defendants have told some consumers that they “work on behalf of the  
23 government,” are a “partner of ED,” or “represent ED in assisting students.” To  
24 further the misimpression that they are affiliated with the U.S. government,  
25 Defendants also use email addresses that end in “.us.”

26           21. During the telemarketing calls, Defendants inform consumers that  
27 they are eligible, or “preapproved,” for a government “forgiveness” program that  
28 would significantly reduce consumers’ current monthly student loan payments,



1 often by hundreds of dollars each month. In some instances, Defendants make this  
2 promise about lowering consumers' monthly payments without even asking about  
3 consumers' monthly income.

4 22. Defendants typically tell consumers that their new, lower monthly  
5 payment amount will be their payment amount for the next 10 or 20 years, and that  
6 thereafter, the consumers' remaining loan balances will be forgiven. Defendants  
7 also sometimes promise consumers that they will save a specific amount of money,  
8 usually in the thousands of dollars, by enrolling in the program Defendants  
9 describe.

10 23. Defendants' representations that they are able to procure a permanent  
11 reduction in consumers' monthly payments are false or unsubstantiated because  
12 none of ED's IDR programs guarantees consumers a fixed, reduced monthly  
13 payment for more than one year. Under ED's IDR programs, monthly payments  
14 fluctuate based on consumers' income in a given year, which consumers must  
15 recertify annually, and the amount forgiven depends on what remains unpaid at the  
16 end of the repayment period. In many cases, consumers' income will rise over the  
17 years-long repayment period, and as consumers' income rises, so will their  
18 monthly payment in a given year. As a result, the amount that would be forgiven  
19 at the end of the repayment term typically would be less than Defendants have  
20 promised.

21 24. If consumers are initially unwilling to work with Defendants,  
22 Defendants often attempt to convince them to do so by telling consumers that the  
23 federal programs were created by then-President Obama under the "Student Loan  
24 Forgiveness Act of 2012" (a proposal never signed into law), and that these  
25 programs will, or likely will, be eliminated soon. In Defendants' subsequent  
26 emails to consumers requesting personal and financial information, Defendants  
27 also pressure consumers to act quickly by stating, for example, that matters are  
28



1 “time-sensitive,” and that failure to provide Defendants with the requested  
2 information could result in “dropped enrollment” from the program.

3 **Defendants’ Advance and Monthly Fees**

4 25. After persuading consumers to work with Defendants to permanently  
5 lower their monthly student loan payments, Defendants’ telemarketers typically  
6 tell consumers that to enroll in the federal program, consumers are required to pay  
7 an advance fee, which Defendants call an “enrollment,” “processing,” or  
8 “application” fee. Defendants represent that if consumers do not pay the advance  
9 fee, they will not be able to enroll in the program. The fee Defendants charge  
10 consumers typically ranges from \$398 to \$1047 and is collected in three  
11 installments. In fact, none of ED’s programs requires an advance fee, or any fee,  
12 to apply. Consumers can apply for ED’s programs on their own, at no cost.  
13 Defendants’ telemarketers typically obtain consumers’ bank, debit or other  
14 payment information during the initial telemarketing call, and begin collecting the  
15 advance fee installments from consumers immediately. Defendants routinely  
16 charge consumers advance fees before enrolling consumers in any federal program.

17 26. In addition to charging an advance fee, Defendants also frequently  
18 charge consumers a monthly fee, which typically is \$39. Defendants falsely  
19 represent that this amount will be the consumer’s new, reduced monthly loan  
20 payment. Defendants collect and retain these monthly fees, however—they do not  
21 apply the monthly fees to pay down consumers’ loans, as consumers are led to  
22 believe.

23 27. In numerous instances, Defendants have charged this type of monthly  
24 fee to unemployed and otherwise financially strapped consumers who likely would  
25 qualify for a \$0 monthly payment under an IDR program. In those instances,  
26 Defendants retain the entire monthly fee and do not use any portion of the fee to  
27 pay down consumers’ outstanding loan balances. Some consumers have paid  
28

1 Defendants hundreds of dollars in monthly fees they can ill afford before  
2 discovering that none of those fees were applied to pay down their student loans.

### 3 **Defendants' Contracts**

4 28. Once Defendants have convinced consumers to enroll in the program  
5 and turn over their payment information, Defendants typically email consumers a  
6 link to a lengthy form contract that consumers are required to sign electronically.  
7 As consumers remain on the phone, Defendants pressure them to click through the  
8 document and electronically sign multiple pages, including a power of attorney  
9 form. In some instances, Defendants represent that consumers do not need to read  
10 the agreement carefully because the information contained in the contract was  
11 already discussed in the telemarketing call.

12 29. In fact, Defendants' contract typically contains information that was  
13 not discussed with consumers or that directly contradicts statements made to  
14 consumers during the telemarketing call. For example, although Defendants  
15 represent in the telemarketing calls that they are affiliated with ED, the form  
16 contract states that Defendants, in fact, are not affiliated with ED.

17 30. Similarly, although Defendants represent in the telemarketing calls  
18 that the \$39 monthly fee will be used to pay down consumers' loans, the contracts  
19 typically state that these fees will be used to pay for unrelated products or services  
20 that were never discussed in the telemarketing call, such as "Involuntary  
21 Unemployment Insurance," "Auto Buying Service and Maintenance," or "tax  
22 preparation." This statement often is buried in the middle of the contract, in dense  
23 text listing various other terms and conditions.

### 24 **Cutting Off Consumers' Communication with Servicers and ED**

25 31. In many instances, Defendants falsely represent that they will be the  
26 new servicer of consumers' student loans under the touted federal program.  
27 Defendants tell consumers to stop communicating with, and disregard  
28 correspondence from, their current loan servicers and ED. Instead, Defendants



1 instruct consumers to direct all questions and concerns to Defendants, often  
2 delaying or preventing consumers from discovering that they can work on their  
3 own or with their actual servicer to modify their loan terms for free. In some  
4 instances, Defendants even tell consumers that communicating with their servicers  
5 could jeopardize the consumer's application for the federal program.

6 32. Defendants also often ask consumers to provide their Federal Student  
7 Aid credentials that are required to access their loan information in the federal  
8 government's database. Once Defendants have access to consumers' loan account,  
9 they often change consumers' username, password, security question, or contact  
10 information. As a result, many consumers stop receiving correspondence from  
11 their loan servicers and from ED and temporarily lose access to their own loan  
12 information.

13 33. Consumers often discover that they have been scammed only after  
14 talking to their actual loan servicer and realizing that Defendants charged them  
15 hundreds of dollars to enroll in a program that they could have enrolled in by  
16 themselves, for free.

17 34. In some instances, Defendants even take actions that may be  
18 detrimental to consumers' ability to repay their loans. For example, Defendants  
19 routinely consolidate consumers' loans even though under certain ED forgiveness  
20 programs, this could cause borrowers to lose credit for payments already made and  
21 thereby delay their ability to obtain forgiveness.

22 35. Some consumers who discover that they have been scammed cancel  
23 or block their accounts to prevent further charges by Defendants. In some  
24 instances, these consumers receive threats from Defendants that consumers'  
25 accounts will be sent to collections and that their credit scores will be negatively  
26 affected.

27 36. In numerous instances, Defendants have refused to provide refunds to  
28 consumers who request them after learning that Defendants had scammed them. In

1 some instances, Defendants have provided only partial refunds that are  
2 substantially less than what consumers paid to Defendants.

3 **Defendants' Unlawful Calls to Consumers**  
4 **n the National Do Not Call Registry**

5 37. Defendants frequently place outbound telemarketing calls to  
6 consumers who have registered their telephone numbers on the National Do Not  
7 Call Registry.

8 38. Defendants have placed such calls to area codes without paying the  
9 required annual fee for access to the telephone numbers within that area code that  
10 are included in the National Do Not Call Registry.

11 39. Dozens of consumers have complained to the FTC and BBB about  
12 receiving unwanted outbound calls from Defendants in spite of having registered  
13 with the National Do Not Call Registry.

14  
15 **THE FTC ACT**

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

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

20  
21 **VIOLATIONS OF THE FTC ACT**

22 **Count I**

23 **Deceptive Student Loan Debt Relief Representations**

24 42. In numerous instances, in connection with the advertising, marketing,  
25 promotion, offering for sale, or sale of student loan debt relief services, Defendants  
26 represent, directly or indirectly, expressly or by implication, that:

- 27 a. Defendants are affiliated or work directly with the government  
28 or the Department of Education;



1 b. Defendants will enroll consumers in a student loan repayment  
2 or forgiveness program that will have their monthly payments reduced  
3 to a fixed amount for a fixed number of years;

4 c. The government repayment or forgiveness program requires  
5 consumers to pay a fee to enroll;

6 d. Consumers' monthly payments to Defendants will be applied  
7 toward consumers' student loans; and

8 e. Defendants will assume responsibility for the servicing of  
9 consumers' student loans.

10 43. In truth and in fact, in numerous instances in which Defendants  
11 make the representations set forth in Paragraph 42 of this Complaint, such  
12 representations are false or not substantiated at the time Defendants make them.

13 44. Therefore, Defendants' representations as set forth in Paragraph 42 of  
14 this Complaint are false or misleading and constitute deceptive acts or practices in  
15 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

16  
17 **THE TELEMARKETING SALES RULE**

18 45. Congress directed the FTC to prescribe rules prohibiting abusive and  
19 deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15  
20 U.S.C. §§ 6101-6108. The FTC adopted the original TSR in 1995, extensively  
21 amended it in 2003, and amended certain provisions thereafter. 16 C.F.R. Part  
22 310.

23 46. Defendants are "seller[s]" or "telemarketer[s]" engaged in  
24 "telemarketing" as defined by the TSR, 16 C.F.R. § 310.2(dd), (ff), (gg). A  
25 "seller" means any person who, in connection with a telemarketing transaction,  
26 provides, offers to provide, or arranges for others to provide goods or services to a  
27 customer in exchange for consideration. 16 C.F.R. § 310.2(dd). A "telemarketer"  
28 means any person who, in connection with telemarketing, initiates or receives

1 telephone calls to or from a customer or donor. 16 C.F.R. § 310.2(ff).

2 “Telemarketing” means a plan, program, or campaign which is conducted to  
3 induce the purchase of goods or services or a charitable contribution, by use of one  
4 or more telephones and which involves more than one interstate telephone call. 16  
5 C.F.R. § 310.2(gg).

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

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

16 a. The seller or telemarketer has renegotiated, settled, reduced, or  
17 otherwise altered the terms of at least one debt pursuant to a  
18 settlement agreement, debt management plan, or other such valid  
19 contractual agreement executed by the customer; and

20 b. The customer has made at least one payment pursuant to that  
21 settlement agreement, debt management plan, or other valid  
22 contractual agreement between the customer and the creditor; and

23 c. To the extent that debts enrolled in a service are renegotiated,  
24 settled, reduced, or otherwise altered individually, the fee or  
25 consideration either:

26 i. Bears the same proportional relationship to the total fee  
27 for renegotiating, settling, reducing or altering the terms of the  
28 entire debt balance as the individual debt amount bears to the



1 entire debt amount. The individual debt amount and the entire  
2 debt amount are those owed at the time the debt was enrolled in  
3 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 to  
7 another. The amount saved is the difference between the  
8 amount owed at the time the debt was enrolled in the service  
9 and the amount actually paid to satisfy the debt. 16 C.F.R. §  
10 310.4(a)(5)(i).

11 49. The TSR prohibits sellers and telemarketers from misrepresenting,  
12 directly or by implication a seller's or telemarketer's affiliation with, or  
13 endorsement or sponsorship by, any person or government entity. 16 C.F.R. §  
14 310.3(a)(2)(vii).

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

19 51. The TSR prohibits sellers and telemarketers from initiating or causing  
20 others to initiate outbound telephone calls to consumers who have registered their  
21 telephone numbers on the National Do Not Call Registry. 16 C.F.R. §  
22 310.4(b)(1)(iii)(B).

23 52. The FTC allows sellers, telemarketers, and other permitted  
24 organizations to access the National Do Not Call Registry over the Internet at  
25 telemarketing.donotcall.gov, to pay the fee(s) if required by the TSR, and to  
26 download a list of numbers that are prohibited from being called.

27 53. The TSR prohibits sellers and telemarketers from calling any  
28 telephone number within a given area code unless the seller on whose behalf the

1 call is made has paid the annual fee for access to the telephone numbers within that  
2 area code that are included in the National Do Not Call Registry. 16 C.F.R. §  
3 310.8.

4 54. Consumers who receive telemarketing calls to their registered  
5 numbers can complain of National Do Not Call Registry violations the same way  
6 they registered, through a toll-free telephone call or over the Internet at  
7 donotcall.gov, or by otherwise contacting law enforcement authorities.

8 55. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. §  
9 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of  
10 the TSR constitutes an unfair or deceptive act or practice in or affecting commerce,  
11 in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

12  
13 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

14 **Count II**

15 **Advance Fee for Debt Relief Services**

16 56. In numerous instances, in connection with the telemarketing of  
17 student loan debt relief services, Defendants request or receive payment of a fee or  
18 consideration for debt relief services before:

19 a. Defendants have renegotiated, settled, reduced, or otherwise  
20 altered the terms of at least one debt pursuant to a settlement  
21 agreement, debt management plan, or other such valid contractual  
22 agreement executed by the customer; and

23 b. The customer has made at least one payment pursuant to that  
24 settlement agreement, debt management plan, or other valid  
25 contractual agreement between the customer and the creditor.

26 57. Defendants' acts or practices, as described in Paragraph 56 of this  
27 Complaint, are abusive telemarketing acts or practices that violate Section  
28 310.4(a)(5)(i) of the TSR, 16 C.F.R. §310.4(a)(5)(i).



1 **Count III**

2 **Misrepresentation of Affiliation**

3 58. In numerous instances, in connection with the telemarketing of  
4 student loan debt relief services, Defendants misrepresent, directly or indirectly,  
5 expressly or by implication, that Defendants are affiliated with, or endorsed or  
6 sponsored by, the government or the Department of Education.

7 59. Defendants' acts and practices, as described in Paragraph 58 of this  
8 Complaint, are deceptive telemarketing acts or practices that violate Section  
9 310.3(a)(2)(vii) of the TSR, 16 C.F.R. § 310.3(a)(2)(vii).

10 **Count IV**

11 **Material Debt Relief Misrepresentations**

12 60. In numerous instances, in connection with the telemarketing of  
13 student loan debt relief services, Defendants misrepresent, directly or indirectly,  
14 expressly or by implication, material aspects of their debt relief services, including  
15 that:

- 16 a. Defendants will enroll consumers in a student loan repayment or  
17 forgiveness program that will reduce their monthly payments to a  
18 fixed amount for a fixed number of years;
- 19 b. The government repayment or forgiveness program requires  
20 consumers to pay a fee to enroll;
- 21 c. Consumers' monthly payments to Defendants will be applied  
22 toward consumers' student loans; and
- 23 d. Defendants will assume responsibility for the servicing of  
24 consumers' student loans.

25 61. Defendants' acts and practices, as described in Paragraph 60 of this  
26 Complaint, are deceptive telemarketing acts or practices that violate Section  
27 310.3(a)(2)(x) of the TSR, 16 C.F.R. § 310.3(a)(2)(x).

1 **Count V**

2 **Calls in Violation of National Do Not Call Registry**

3 62. In connection with telemarketing, Defendants initiated or caused  
4 others to initiate numerous outbound telephone calls to consumers who have  
5 registered their telephone numbers on the National Do Not Call Registry in  
6 violation of the TSR, 16 C.F.R. § 310.4(b)(1)(iii)(B).

7 **Count VI**

8 **Failure to Pay Required Fee for Access**  
9 **to National Do Not Call Registry**

10 63. In connection with telemarketing, Defendants initiated or caused  
11 others to initiate numerous outbound telephone calls to telephone numbers within a  
12 given area code when Defendants had not, either directly or through another  
13 person, paid the required annual fee for access to the telephone numbers within  
14 that area code that are included in the National Do Not Call Registry in violation of  
15 the TSR, 16 C.F.R. § 310.8.

16  
17 **CONSUMER INJURY**

18 64. Consumers have suffered and will continue to suffer substantial injury  
19 as a result of Defendants' violations of the FTC Act and the TSR. In addition,  
20 Defendants have been unjustly enriched as a result of their unlawful acts or  
21 practices. Absent injunctive relief by this Court, Defendants are likely to continue  
22 to injure consumers, reap unjust enrichment, and harm the public interest.

23  
24 **THIS COURT'S POWER TO GRANT RELIEF**

25 65. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court  
26 to grant injunctive and such other relief as the Court may deem appropriate to halt  
27 and redress violations of any provision of law enforced by the FTC. The Court, in  
28 the exercise of its equitable jurisdiction, may award ancillary relief, including



1 rescission or reformation of contracts, restitution, the refund of monies paid, and  
2 the disgorgement of ill-gotten monies, to prevent and remedy any violation of any  
3 provision of law enforced by the FTC.

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

8  
9 **PRAYER FOR RELIEF**

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

12 A. Award Plaintiff such preliminary injunctive and ancillary relief as  
13 may be necessary to avert the likelihood of consumer injury during the pendency  
14 of this action and to preserve the possibility of effective final relief, including but  
15 not limited to, a temporary and preliminary injunction, asset freeze, appointment of  
16 a receiver, an evidence preservation order, and expedited discovery;

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

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

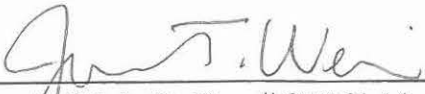
23 D. Award Plaintiff the costs of bringing this action, as well as such other  
24 and additional relief as the Court may determine to be just and proper.

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Respectfully submitted,

David Shonka  
Acting General Counsel

Dated: September 18, 2017

  
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