

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

SOLLERS, INC., a corporation, and

SOLLERS EDUCATION, LLC, a limited liability
company, also d/b/a Sollers College,

Defendants.

Case No. 2:23-cv-21250

**STIPULATED ORDER FOR
PERMANENT INJUNCTION,
MONETARY JUDGMENT, AND
OTHER RELIEF**

Plaintiff, the Federal Trade Commission (“Commission”), filed its Complaint for Permanent Injunction, Monetary Relief, and Other Relief (“Complaint”), for a permanent injunction, monetary relief, and other relief in this matter, pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b. The Commission and Defendants Sollers, Inc. and Sollers Education, LLC, stipulate to the entry of this Stipulated Order for Permanent Injunction, Monetary Judgment, and Other Relief (“Order”) to resolve all matters in dispute in this action between them.

THEREFORE, IT IS ORDERED as follows:

FINDINGS

1. This Court has jurisdiction over this matter.
2. The Complaint charges that Defendants participated in deceptive acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, and the Trade Regulation Rule Concerning Preservation of Consumers' Claims and Defenses ("Holder Rule"), 16 C.F.R. Part 433, in connection with their deceptive marketing and sale of educational services.
3. Only for purposes of this action, Defendants admit the facts necessary to establish jurisdiction.
4. Defendants waive and release any claims that they may have against Plaintiff and the Commission that relate to this action. Defendants waive any claim that they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order, and agree to bear their own costs and attorney fees.
5. Defendants and the Commission waive all rights to appeal or otherwise challenge or contest the validity of this Order.

DEFINITIONS

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

- A. **"Competent and Reliable Evidence"** means tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that have been conducted and evaluated in an objective manner by qualified persons, using procedures generally accepted in the profession to yield accurate and reliable results.
- B. **"Covered Consumer Debt"** means debt owed to Defendants pursuant to any income share agreement that Defendants could collect, recall, purchase, or

otherwise obtain, including all unpaid interest and fees related to that debt, whether possessed by Defendants or referred, sold, assigned, or otherwise transferred to any collection agency or other party.

- C. “**Defendants**” means Sollers, Inc., Sollers Education, LLC, also d/b/a Sollers College, and their successors and assigns, individually, collectively, or in any combination.

ORDER

I. PROHIBITION AGAINST MISREPRESENTATIONS

IT IS FURTHER ORDERED that Defendants and Defendants’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, offering for sale, or sale of any educational product or service, are permanently restrained and enjoined from:

- A. making any misrepresentation, or assisting others in making any misrepresentation, expressly or by implication, regarding:
1. Employment, hiring, or career prospects;
 2. Defendants’ relationships with any companies or employers, or any benefit from such relationships;
 3. Whether consumers have applied or are applying to an employment opportunity through Defendants’ services; and
 4. Any other fact material to consumers concerning any product or service including the total costs; any material restrictions, limitations, or

conditions; or any material aspect of its performance, efficacy, nature, or central characteristics.

B. making any representation, or assisting others in making any representation, expressly or by implication, about the benefit or outcome of any such product or service, unless the representation is non-misleading, and, at the time such representation is made, Defendants possess and rely upon Competent and Reliable Evidence that is sufficient in quality and quantity to substantiate that the representation is true.

II. INJUNCTION CONCERNING THE HOLDER RULE

IT IS FURTHER ORDERED that Defendants and Defendants' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the sale or lease of goods or services to consumers, are hereby permanently restrained and enjoined from:

A. Taking or receiving a consumer credit contract unless the contract contains, in at least ten point and bold face type, the following provision:

NOTICE: ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

- B. Selling, transferring, or assigning any consumer credit contract, unless:
1. The recipient of such consumer credit contract agrees, in the writing memorializing the assignment, that its rights are subject to the borrowers' claims and defenses against Defendants; and

2. Each borrower whose account is sold, transferred, or assigned is given notice within five (5) days after the sale, transfer, or assignment that the borrowers' note has been assigned and the borrowers' obligation to pay is subject to the borrowers' claims and defenses against Defendants.

C. Violating any provision of the Holder Rule, 16 C.F.R. Part 433, appended to this Order as Attachment A.

III. JUDGMENT FOR MONETARY RELIEF

IT IS FURTHER ORDERED that Judgment in the amount of Three Million Four Hundred Thousand Dollars (\$3,400,000) is entered in favor of the Commission against Defendants, jointly and severally, as monetary relief. The judgment consists of ceased collection of all Covered Consumer Debt as follows:

- A. Defendants and Defendants' officers, agents, employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, are permanently enjoined from attempting to collect, collecting, or assigning any right to collect any Covered Consumer Debt. Defendants shall not refer, sell, assign, or otherwise transfer any Covered Consumer Debt.
- B. Defendants stipulate that they have ceased collecting on all Covered Consumer Debt held by Defendants prior to entry of this Order and have cleared all such Covered Consumer Debt from Defendants' financial systems.
- C. Within 30 business days after entry of this Order, Defendants shall (1) recall, purchase, or otherwise obtain any Covered Consumer Debt that Defendants have referred, sold, assigned, or otherwise transferred to any collection agency or other

party, (2) cease collection of all Covered Consumer Debt described in this subsection III.C, and (3) clear all Covered Consumer Debt described in this subsection III.C from Defendants' financial systems.

- D. Within 10 business days after entry of this Order, Defendants shall notify any collection agency or other party collecting Covered Consumer Debt and request that each collection agency or other party cease such collection efforts.
- E. For any Covered Consumer Debt that has been reported to a Consumer Reporting Agency ("CRA"), Defendants shall, within ten (10) business days of clearing all Covered Consumer Debt as required by subsections III.B and III.C request that each CRA delete the Covered Consumer Debt from the consumer's credit reporting file.
- F. To the extent Defendants receive any payments for Covered Consumer Debt after entry of this Order, Defendants shall, within ten (10) days of receipt, refund any such payments.

IV. ADDITIONAL MONETARY PROVISIONS

IT IS FURTHER ORDERED that:

- A. Defendants relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.
- B. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission, including in a proceeding to enforce its rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.
- C. The facts alleged in the Complaint establish all elements necessary to sustain an

action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.

D. Defendants acknowledge that their Taxpayer Identification Numbers (Social Security Numbers or Employer Identification Numbers), which Defendants previously submitted to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

E. All money received by the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for consumer relief, such as redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after such redress is completed, the Commission may apply any remaining money for such related relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Complaint. Any money not used for relief is to be deposited to the U.S. Treasury. Defendants have no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection.

V. CONSUMER NOTIFICATION

IT IS FURTHER ORDERED that Defendants shall:

A. Within 15 business days of entry of this Order, provide notification to each consumer whose Covered Consumer Debt was cleared prior to entry of this Order, using the notification provided as Attachment B to this Order. Notification shall be given: 1. By electronic mail to the most recent electronic mail address known to the Defendants; and 2. By written notice sent to the most recent address of the consumer known to the Defendants.

B. Within 15 business days of recalling, purchasing, or otherwise obtaining any Covered Consumer Debt that Defendants have referred, sold, assigned, or otherwise transferred to any collection agency or other party as required by Section III, provide notification to each consumer with such Covered Consumer Debt, using the notification provided as Attachment B to this Order. Notification shall be given: 1. By electronic mail to the most recent electronic mail address known to the Defendants; and 2. By written notice sent to the most recent address of the consumer known to the Defendants.

C. Provide the Commission, within ten (10) business days after providing consumer notice pursuant to subsections V.A. and V.B, with a signed declaration identifying the name of each consumer required to be notified, including, to the extent known: (i) mailing address; (ii) email address; (iii) telephone number; (iv) the method or methods of notification; and (v) whether any electronic mail or written notice was returned undelivered.

VI. CONSUMER ACCESS TO CERTIFICATES, DIPLOMAS OR TRANSCRIPTS

IT IS FURTHER ORDERED that Defendants are prohibited from denying access to any certificate, diploma, or transcript on the basis of any Covered Consumer Debt.

VII. CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, employees, attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, are permanently restrained and enjoined from directly or indirectly failing to provide sufficient customer information to enable the Commission to efficiently administer consumer redress. If a representative of the Commission requests in writing any information related to redress, Defendants must provide it, in the form prescribed by the Commission, within fourteen (14) days.

VIII. ORDER ACKNOWLEDGMENTS

IT IS FURTHER ORDERED that Defendants obtain acknowledgments of receipt of this Order:

A. Each Defendant, within seven (7) days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For 5 years after entry of this Order, each Defendant, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for conduct related to the subject matter of the Order and all agents and representatives who participate in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within seven (7) days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which a Defendant delivered a copy of this Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

IX. COMPLIANCE REPORTING

IT IS FURTHER ORDERED that Defendants make timely submissions to the Commission:

A. One year after entry of this Order, each Defendant must submit a compliance report, sworn under penalty of perjury:

1. Each Defendant must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which

representatives of the Commission may use to communicate with Defendant; (b) identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant; (d) describe in detail whether and how that Defendant is in compliance with each Section of this Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission.

B. For 20 years after entry of this Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

1. Each Defendant must report any change in: (a) any designated point of contact; or (b) the structure of any Defendant or any entity that Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.

C. Each Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Defendant within 14 days of its filing.

D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by

concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: FTC v. SOLLERS INC., [Case. No. X].

X. RECORDKEEPING

IT IS FURTHER ORDERED that Defendants must create certain records for 20 years after entry of the Order, and retain each such record for 5 years. Specifically, Defendants must create and retain the following records:

- A. accounting records showing the revenues from all goods or services sold;
- B. personnel records showing, for each person providing services, whether as an employee or otherwise, that person’s: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- D. all records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission;
- E. a copy of each unique advertisement or other marketing material; and
- F. copies of all materially different income share agreements offered or provided to consumers.

XI. COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance with this Order:

A. Within 14 days of receipt of a written request from a representative of the Commission, each Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents for inspection and copying. The Commission is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

B. For matters concerning this Order, the Commission is authorized to communicate directly with each Defendant. Defendant must permit representatives of the Commission to interview any employee or other person affiliated with any Defendant who has agreed to such an interview. The person interviewed may have counsel present.

C. The Commission may use all other lawful means, including posing, through its representatives as consumers, suppliers, or other individuals or entities, to Defendants or any individual or entity affiliated with Defendants, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

XII. RETENTION OF JURISDICTION

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

SO ORDERED this 19th day of October, 2023.

s/Claire C. Cecchi

Claire C. Cecchi
UNITED STATES DISTRICT JUDGE

SO STIPULATED AND AGREED:

FOR PLAINTIFF:

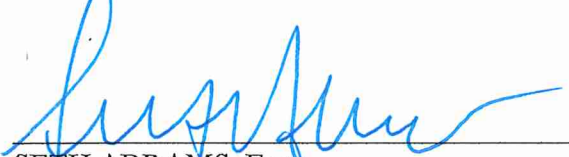
FEDERAL TRADE COMMISSION

s/ Wendy Miller

Date: 10/18/2023

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Date: 9/14/23

COUNSEL for all Defendants

FOR DEFENDANTS:



Siba Padhi, as an officer of
Sollers, Inc. and Sollers Education, LLC

Date: 09/14/2023

ATTACHMENT A

This content is from the eCFR and is authoritative but unofficial.

Title 16 – Commercial Practices

Chapter I – Federal Trade Commission

Subchapter D – Trade Regulation Rules

Part 433 Preservation of Consumers' Claims and Defenses

§ 433.1 Definitions.

§ 433.2 Preservation of consumers' claims and defenses, unfair or deceptive acts or practices.

§ 433.3 Exemption of sellers taking or receiving open end consumer credit contracts before November 1, 1977 from requirements of § 433.2(a).

PART 433—PRESERVATION OF CONSUMERS' CLAIMS AND DEFENSES

Authority: 38 Stat. 717, as amended; (15 U.S.C. 41, *et seq.*)

§ 433.1 Definitions.

- (a) **Person.** An individual, corporation, or any other business organization.
- (b) **Consumer.** A natural person who seeks or acquires goods or services for personal, family, or household use.
- (c) **Creditor.** A person who, in the ordinary course of business, lends purchase money or finances the sale of goods or services to consumers on a deferred payment basis; *Provided*, such person is not acting, for the purposes of a particular transaction, in the capacity of a credit card issuer.
- (d) **Purchase money loan.** A cash advance which is received by a consumer in return for a “Finance Charge” within the meaning of the Truth in Lending Act and Regulation Z, which is applied, in whole or substantial part, to a purchase of goods or services from a seller who
 - (1) refers consumers to the creditor or
 - (2) is affiliated with the creditor by common control, contract, or business arrangement.
- (e) **Financing a sale.** Extending credit to a consumer in connection with a “Credit Sale” within the meaning of the Truth in Lending Act and Regulation Z.
- (f) **Contract.** Any oral or written agreement, formal or informal, between a creditor and a seller, which contemplates or provides for cooperative or concerted activity in connection with the sale of goods or services to consumers or the financing thereof.
- (g) **Business arrangement.** Any understanding, procedure, course of dealing, or arrangement, formal or informal, between a creditor and a seller, in connection with the sale of goods or services to consumers or the financing thereof.

Preservation of Consumers' Claims and Defenses

- (h) **Credit card issuer.** A person who extends to cardholders the right to use a credit card in connection with purchases of goods or services.
- (i) **Consumer credit contract.** Any instrument which evidences or embodies a debt arising from a "Purchase Money Loan" transaction or a "financed sale" as defined in paragraphs (d) and (e) of this section.
- (j) **Seller.** A person who, in the ordinary course of business, sells or leases goods or services to consumers.

[40 FR 53506, Nov. 18, 1975]

§ 433.2 Preservation of consumers' claims and defenses, unfair or deceptive acts or practices.

In connection with any sale or lease of goods or services to consumers, in or affecting commerce as "commerce" is defined in the Federal Trade Commission Act, it is an unfair or deceptive act or practice within the meaning of section 5 of that Act for a seller, directly or indirectly, to:

- (a) Take or receive a consumer credit contract which fails to contain the following provision in at least ten point, bold face, type:

NOTICE

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

or,

- (b) Accept, as full or partial payment for such sale or lease, the proceeds of any purchase money loan (as purchase money loan is defined herein), unless any consumer credit contract made in connection with such purchase money loan contains the following provision in at least ten point, bold face, type:

NOTICE

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

[40 FR 53506, Nov. 18, 1975; 40 FR 58131, Dec. 15, 1975]

§ 433.3 Exemption of sellers taking or receiving open end consumer credit contracts before November 1, 1977 from requirements of § 433.2(a).

- (a) Any seller who has taken or received an open end consumer credit contract before November 1, 1977, shall be exempt from the requirements of 16 CFR part 433 with respect to such contract provided the contract does not cut off consumers' claims and defenses.
- (b) **Definitions.** The following definitions apply to this exemption:

Preservation of Consumers' Claims and Defenses

- (1) All pertinent definitions contained in 16 CFR 433.1.
- (2) Open end consumer credit contract: a consumer credit contract pursuant to which "open end credit" is extended.
- (3) "Open end credit": consumer credit extended on an account pursuant to a plan under which a creditor may permit an applicant to make purchases or make loans, from time to time, directly from the creditor or indirectly by use of a credit card, check, or other device, as the plan may provide. The term does not include negotiated advances under an open-end real estate mortgage or a letter of credit.
- (4) Contract which does not cut off consumers' claims and defenses: A consumer credit contract which does not constitute or contain a negotiable instrument, or contain any waiver, limitation, term, or condition which has the effect of limiting a consumer's right to assert against any holder of the contract all legally sufficient claims and defenses which the consumer could assert against the seller of goods or services purchased pursuant to the contract.

[42 FR 19490, Apr. 14, 1977, as amended at 42 FR 46510, Sept. 16, 1977]

ATTACHMENT B

[SOLLERS COLLEGE LETTERHEAD]

Subject Line of Notice: Cancelling Your Income Share Agreement with Sollers College

Dear [consumer's name]:

We're writing because you have an income share agreement with Sollers College. The Federal Trade Commission (FTC), the nation's consumer protection agency, sued us because they said we used deceptive ads and didn't tell you about some of your rights in our income share agreements.

To settle this lawsuit with the FTC, Sollers College will, among other things:

- no longer collect any money you owe to Sollers under your income share agreement.

You no longer owe any money to Sollers College. You don't have to do anything.

- You don't need to make any more payments, regardless of your income.
- We will automatically release any holds on your account.
- We will make certificates or transcripts available upon request.
- Within 10 business days, we will ask credit bureaus Experian, Equifax and TransUnion to delete this debt from your credit report.
- To get your credit report for free, visit AnnualCreditReport.com.

Other federal or private student loans are not covered.

- This settlement covers only what you owe directly to Sollers College.
- If you have other loans, contact your federal or private loan servicer.

If you have questions, please contact us at [email address to be regularly monitored] or [phone number to be answered by a live person]. For more information about the FTC settlement, visit ftc.gov/sollers.

Sincerely,

Name of actual person at Sollers

Title