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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Federal Trade Commission,
Plaintiff,
v.
Sameer Lakhany, *et al.*,
Defendants.

Case No. SACV12-0337-CJC (JPRx)

**FINAL ORDER FOR PERMANENT
INJUNCTION AND SETTLEMENT
OF CLAIMS AS TO DEFENDANT
ASSURITY LAW GROUP, INC.**

Judge: Hon. Cormac J. Carney
Courtroom 9B

Plaintiff Federal Trade Commission (“FTC”), commenced this civil action against Defendants Sameer Lakhany, The Credit Shop, LLC, Fidelity Legal Services LLC, Titanium Realty, Inc., Precision Law Center, Inc., and Precision Law Center LLC, on March 5, 2012, pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the 2009 Omnibus Appropriations Act, Public Law 111-8, Section 626, 123 Stat. 524, 678 (Mar. 11, 2009) (“Omnibus Act”), as clarified by the Credit Card Accountability Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card Act”), and amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203,

1 Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) (“Dodd-Frank Act”), by filing
2 a Complaint for preliminary and permanent injunctive relief, rescission or
3 reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-
4 gotten monies, and other equitable relief for Defendants’ acts or practices in
5 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Mortgage
6 Assistance Relief Services Rule, 16 C.F.R. Part 322 (“MARS Rule”) (effective
7 December 29, 2010, except for Section 322.5, which became effective on January 31,
8 2011), recodified as Mortgage Assistance Relief Services (Regulation O), 12 C.F.R.
9 Part 1015 (“Regulation O”) (effective December 30, 2011), in connection with the
10 marketing and sale of Mortgage Assistance Relief Services (“MARS”).

11 On March 19, 2012, the Court entered a preliminary injunction against
12 Defendants Sameer Lakhany, The Credit Shop, LLC, Fidelity Legal Services LLC,
13 and Titanium Realty, Inc. (Dkt. # 51). On March 21, 2012, the Court entered a
14 preliminary injunction against Defendants Precision Law Center, Inc. and Precision
15 Law Center LLC (Dkt. #66). On March 22, 2012, the FTC filed a First Amended
16 Complaint (“Amended Complaint”), adding as defendants Brian Pacios, Assurity
17 Law Group, Inc. (“ALG”), and National Legal Network, Inc. (Dkt. #72). On April
18 24, 2012, the Court entered a preliminary injunction as to Defendants Brian Pacios
19 and National Legal Network, Inc. (Dkt. #110). On April 26, 2012, ALG moved to
20 dismiss the Amended Complaint as to ALG (Dkt. #108). On May 2, 2012, the Court
21 entered an order denying a preliminary injunction as to ALG (Dkt. #117). On April
22 26, 2012, the Court denied ALG’s motion to dismiss the Amended Complaint as to
23 ALG (Dkt. #136).

24 The FTC and Defendant ALG have now stipulated to entry of this Final Order
25 for Permanent Injunction and Settlement of Claims (“Order”). This Court, having
26 considered the Amended Complaint, exhibits, memoranda, declarations, and other
27 submissions of the parties, and now being advised in the premises, hereby enters this
28 Order:

FINDINGS

- 1
2 1. This is an action by the FTC instituted under Sections 13(b) and 19 of the FTC
3 Act, 15 U.S.C. §§ 53(b) and 57b, and Section 626 of the Omnibus Act as
4 clarified by Section 511 of the Credit Card Act and amended by Section 1097
5 of the Dodd-Frank Act. The Amended Complaint seeks both permanent
6 injunctive relief and equitable monetary relief for Defendants’ alleged
7 deceptive acts or practices as alleged therein.
- 8 2. The FTC has the authority under Sections 13(b) and 19 of the FTC Act to seek
9 the relief it has requested, and the Amended Complaint states a claim upon
10 which relief can be granted against Defendants.
- 11 3. This Court has jurisdiction over the subject matter of this case and has
12 jurisdiction over Defendants. Venue in the Central District of California is
13 proper.
- 14 4. The activities of Defendants, as alleged in the Amended Complaint, are in or
15 affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
- 16 5. The FTC and Defendant ALG stipulate and agree to entry of this Order,
17 without trial or final adjudication of any issue of fact or law, to settle and
18 resolve all matters in dispute arising from the conduct alleged in the Amended
19 Complaint to the date of entry of this Order. This settlement does not settle
20 and resolve any matters not alleged in the Amended Complaint. Defendant
21 ALG admits the jurisdictional facts set forth in the Amended Complaint.
22 However, it does not admit or deny any other allegations set forth in the
23 Amended Complaint merely by stipulating and agreeing to the entry of this
24 Order.
- 25 6. Defendant ALG waives all rights to seek judicial review or otherwise
26 challenge or contest the validity of this Order. Defendant ALG also waives
27 any claim that it may have held under the Equal Access to Justice Act, 28
28 U.S.C. § 2412, concerning the prosecution of this action to the date of this

1 Order. Each settling party shall bear its own costs and attorneys fees.

2 7. This action and the relief awarded herein are in addition to, and not in lieu of,
3 other remedies as may be provided by law, including both civil and criminal
4 remedies.

5 8. Entry of this Order is in the public interest.

6 **DEFINITIONS**

7 For the purposes of this Order, the following definitions shall apply –

8 1. **“Assisting others”** includes, but is not limited to:

9 A. performing customer service functions, including, but not limited to,
10 receiving or responding to consumer complaints;

11 B. formulating or providing, or arranging for the formulation or provision
12 of, any advertising or marketing material, including, but not limited to,
13 any telephone sales script, direct mail solicitation, or the design, text, or
14 use of images of any Internet website, email, or other electronic
15 communication;

16 C. formulating or providing, or arranging for the formulation or provision
17 of, any marketing support material or service, including but not limited
18 to, web or Internet Protocol addresses or domain name registration for
19 any Internet websites, affiliate marketing services, or media placement
20 services;

21 D. providing names of, or assisting in the generation of, potential
22 customers;

23 E. performing marketing, billing, or payment services of any kind; and

24 F. acting or serving as an owner, officer, director, manager, or principal of
25 any entity.

26 2. **“Competent and reliable evidence”** means tests, analyses, research, studies,
27 or other evidence based on the expertise of professionals in the relevant area,
28 that has been conducted and evaluated in an objective manner by persons

1 qualified to do so, using procedures generally accepted in the profession to
2 yield accurate and reliable results.

3 3. **“Consumer”** means any natural person.

4 4. **“Customer”** means any person who has paid, or may be required to pay, for
5 products, services, plans, or programs offered for sale or sold by any other
6 person.

7 5. **“Debt relief product or service”** means any product, service, plan, or
8 program represented, expressly or by implication, to renegotiate, settle, or in
9 any way alter the terms of payment or other terms of the debt or obligation,
10 between a person and one or more unsecured creditors or debt collectors,
11 including, but not limited to, a reduction in the balance, interest rate, or fees
12 owed by a person to an unsecured creditor or debt collector.

13 6. **“Defendant ALG”** or **“ALG”** means Defendant Assurity Law Group, Inc.,
14 and its successors and assigns. References to “all” or “any” “defendant(s) in
15 this action” means Defendant Sameer (“Sammy”) Lakhany, The Credit Shop,
16 LLC, Fidelity Legal Services, LLC, Titanium Realty, Inc., Precision Law
17 Center, Inc., Precision Law Center, LLC, Brian Pacios, Assurity Law Group,
18 Inc., and National Legal Network, Inc.

19 7. **“Document”** is synonymous in meaning and equal in scope to the usage of the
20 term in Federal Rule of Civil Procedure 34(a), and includes writings,
21 drawings, graphs, charts, photographs, audio and video recordings, computer
22 records, and other data compilations from which the information can be
23 obtained and translated, if necessary, through detection devices into
24 reasonably usable form. A draft or non-identical copy is a separate document
25 within the meaning of the term.

26 8. **“Federal homeowner relief or financial stability program”** means any
27 program (including its sponsoring agencies, telephone numbers, and Internet
28 websites) operated or endorsed by the United States government to provide

1 relief to homeowners or stabilize the economy, including, but not limited to:

- 2 A. the Making Home Affordable Program;
- 3 B. the Financial Stability Plan;
- 4 C. the Troubled Asset Relief Program and any other program sponsored or
- 5 operated by the United States Department of the Treasury;
- 6 D. the HOPE for Homeowners program, any program operated or created
- 7 pursuant to the Helping Families Save Their Homes Act, and any other
- 8 program sponsored or operated by the Federal Housing Administration;
- 9 or
- 10 E. any program sponsored or operated by the United States Department of
- 11 Housing and Urban Development (“HUD”), the HOPE NOW Alliance,
- 12 the Homeownership Preservation Foundation, or any other HUD-
- 13 approved housing counseling agency.

14 9. **“Financial related product or service”** means any product, service, plan, or

15 program represented, expressly or by implication, to:

- 16 A. provide any consumer, arrange for any consumer to receive, or assist
- 17 any consumer in receiving, credit, debit, or stored value cards;
- 18 B. improve, or arrange to improve, any consumer’s credit record, credit
- 19 history, or credit rating;
- 20 C. provide advice or assistance to any consumer with regard to any activity
- 21 or service the purpose of which is to improve a consumer’s credit
- 22 record, credit history, or credit rating;
- 23 D. provide any consumer, arrange for any consumer to receive, or assist
- 24 any consumer in receiving, a loan or other extension of credit;
- 25 E. provide any consumer, arrange for any consumer to receive, or assist
- 26 any consumer in receiving any service represented, expressly or by
- 27 implication, to renegotiate, settle, or in any way alter the terms of
- 28 payment or other terms of any debt or obligation (other than a debt or

1 obligation secured by a mortgage on a consumer’s dwelling) between a
2 consumer and one or more secured creditors, servicers, or debt
3 collectors.

4 10. **“Material”** means likely to affect a person’s choice of, or conduct regarding,
5 goods or services.

6 11. **“Mortgage assistance relief product or service”** means any product, service,
7 plan, or program, offered or provided to the consumer in exchange for
8 consideration, that is represented, expressly or by implication, to assist or
9 attempt to assist the consumer with any of the following:

- 10 A. stopping, preventing, or postponing any mortgage or deed of trust
11 foreclosure sale for the consumer’s dwelling, any repossession of the
12 consumer’s dwelling, or otherwise saving the consumer’s dwelling from
13 foreclosure or repossession;
- 14 B. negotiating, obtaining, or arranging a modification of any term of a
15 dwelling loan, including a reduction in the amount of interest, principal
16 balance, monthly payments, or fees;
- 17 C. obtaining any forbearance or modification in the timing of payments
18 from any dwelling loan holder or servicer on any dwelling loan;
- 19 D. negotiating, obtaining, or arranging any extension of the period of time
20 within which the consumer may (i) cure his or her default on a dwelling
21 loan, (ii) reinstate his or her dwelling loan, (iii) redeem a dwelling, or
22 (iv) exercise any right to reinstate a dwelling loan or redeem a dwelling;
- 23 E. obtaining any waiver of an acceleration clause or balloon payment
24 contained in any promissory note or contract secured by any dwelling;
25 or
- 26 F. negotiating, obtaining, or arranging (i) a short sale of a dwelling, (ii) a
27 deed-in-lieu of foreclosure, (iii) or any other disposition of a dwelling
28 loan other than a sale to a third party that is not the dwelling loan

1 holder.

2 The foregoing shall include any manner of claimed assistance, including, but
3 not limited to, auditing or examining a consumer's mortgage or home loan
4 application.

5 12. **"Person"** means a natural person, an organization or other legal entity,
6 including a corporation, partnership, sole proprietorship, limited liability
7 company, association, cooperative, or any other group or combination acting
8 as an entity.

9 13. **"Telemarketing"** means a plan, program, or campaign which is conducted to
10 induce the purchase of goods or services or a charitable contribution, by use of
11 one or more telephones and which involves more than one interstate telephone
12 call, whether inbound or outbound.

13 **ORDER**

14 **PROHIBITED REPRESENTATIONS RELATING TO MORTGAGE**
15 **ASSISTANCE RELIEF PRODUCTS OR SERVICES**

16 **I. IT IS THEREFORE ORDERED** that ALG and its officers, agents, servants,
17 employees, and attorneys, and those persons or entities in active concert or
18 participation with any of them who receive actual notice of this Order by
19 personal service, facsimile transmission, email, or otherwise, whether acting
20 directly or through any corporation, subsidiary, division, or other device, in
21 connection with the advertising, marketing, promotion, offering for sale or sale
22 of any mortgage assistance relief product or service, are hereby restrained and
23 enjoined from falsely representing, or from assisting others who are falsely
24 representing, expressly or by implication, any of the following:

25 A. that any Defendant or any other person:

- 26 1. generally will obtain for consumers mortgage loan modifications
27 that will make consumers' payments substantially more
28 affordable, or will help consumers avoid foreclosure;

- 1 2. as a result of a loan audit, generally will obtain for consumers
- 2 mortgage loan modifications that will make consumers' payments
- 3 substantially more affordable or help consumers avoid
- 4 foreclosure;
- 5 3. are accredited non-profit organizations with superior techniques
- 6 and qualifications for obtaining mortgage loan modifications that
- 7 will make consumers' payments substantially more affordable;
- 8 4. generally will give refunds to consumers if the defendant fails to
- 9 obtain a mortgage loan modification;
- 10 5. generally will obtain favorable mortgage concessions from
- 11 consumers' lenders or stop foreclosure if consumers join mass
- 12 joinder lawsuits initiated by the defendant or person;

13 B. The degree of success that any Defendant or any other person has had in

14 performing any mortgage assistance relief service;

15 C. The nature of any Defendant's or any other person's relationship with

16 any mortgage loan holder or servicer, or other secured or unsecured

17 lender;

18 D. The amount of time it will take or is likely to take to obtain or arrange a

19 renegotiation, settlement, modification, or other alteration of the terms

20 of any secured or unsecured debt, including but not limited to the

21 modification of any term of a consumer's home loan, deed of trust, or

22 mortgage, including any recapitalization or reinstatement agreement;

23 E. That any Defendant or any other person is affiliated with, endorsed or

24 approved by the government;

25 F. The refund policy of any Defendant or any other person, including but

26 not limited to the likelihood of a consumer obtaining a full or partial

27 refund, or the circumstances in which a full or partial refund will be

28 granted to the consumer; or

1 G. The cost of Defendant ALG's service including that there will be no
2 charge for all or a portion of such service.

3 **DISCLOSURES REQUIRED BY AND REPRESENTATIONS PROHIBITED**
4 **BY MARS RULE (REGULATION O)**

5 **II. IT IS FURTHER ORDERED** that Defendant ALG and its officers, agents,
6 servants, employees, and attorneys, and those persons or entities in active
7 concert or participation with any of them who receive actual notice of this
8 Order by personal service, facsimile transmission, email, or otherwise,
9 whether acting directly or through any corporation, subsidiary, division, or
10 other device, in connection with the telemarketing, advertising, marketing,
11 promotion, offering for sale or sale of any mortgage assistance relief product
12 or service, are hereby restrained and enjoined from engaging in, or assisting
13 others in engaging in, the following conduct:

14 A. representing, expressly or by implication, in connection with the
15 advertising, marketing, promotion, offering for sale, sale or performance
16 of any mortgage assistance relief service, that a consumer cannot or
17 should not contact or communicate with his or her lender or servicer, in
18 violation of 12 C.F.R. § 1015.3(a) (Dec. 30, 2011),

19 B. failing to make the following disclosure in all general and consumer-
20 specific commercial communications: “[Name of Company] is not
21 associated with the government, and our service is not approved by the
22 government or your lender,” in violation of 12 C.F.R. § 1015.4(a)(1) &
23 1015.4(b)(2) (Dec. 30, 2011),

24 C. failing to make the following disclosure in all general and consumer-
25 specific commercial communications: “Even if you accept this offer and
26 use our service, your lender may not agree to change your loan,” in
27 violation of 12 C.F.R. § 1015.4(a)(2) & 1015.4(b)(3) (Dec. 30, 2011),

28 D. failing to make the following disclosure in all consumer-specific

1 commercial communications: “You may stop doing business with us at
2 any time. You may accept or reject the offer of mortgage assistance we
3 obtain from your lender [or servicer]. If you reject the offer, you do not
4 have to pay us. If you accept the offer, you will have to pay us [insert
5 amount or method for calculating the amount] for our services.” For the
6 purposes of this paragraph, the amount “you will have to pay” shall
7 consist of the total amount the consumer must pay to purchase, receive,
8 and use all of the mortgage assistance relief services that are the subject
9 of the sales offer, including but not limited to, all fees and charges, in
10 violation of 12 C.F.R. § 1015.4(b)(1) (Dec. 30, 2011),

11 E. failing, in all general commercial communications, consumer-specific
12 commercial communications, and other communications in cases where
13 any defendant or person has represented, expressly or by implication, in
14 connection with the advertising, marketing, promotion, offering for sale,
15 sale, or performance of any mortgage assistance relief service, that the
16 consumer should temporarily or permanently discontinue payments, in
17 whole or in part, on a dwelling loan, to place clearly and prominently,
18 and in close proximity to any such representation the following
19 disclosure: “If you stop paying your mortgage, you could lose your
20 home and damage your credit rating,” in violation of 12 C.F.R.
21 § 1015.4(c) (Dec. 30, 2011).

22 **PROHIBITED MISREPRESENTATIONS RELATING TO FINANCIAL**
23 **RELATED PRODUCTS OR SERVICES**

24 **III. IT IS FURTHER ORDERED** that Defendant ALG and its officers, agents,
25 servants, employees, and attorneys, and those persons or entities in active
26 concert or participation with them who receive actual notice of this Order by
27 personal service, facsimile transmission, email, or otherwise, whether acting
28 directly or through any corporation, subsidiary, division, or other device, in

1 connection with the advertising, marketing, promotion, offering for sale, or
2 sale of any financial related product or service, are hereby permanently
3 restrained and enjoined from:

- 4 A. Misrepresenting or assisting others in misrepresenting, expressly or by
5 implication, any material fact, including but not limited to, the terms or
6 rates that are available for any loan or extension of credit;
- 7 B. Misrepresenting or assisting others in misrepresenting, expressly or by
8 implication, any material fact, including but not limited to, any person's
9 ability to improve or otherwise affect a consumer's credit record, credit
10 history, credit rating, or ability to obtain credit;
- 11 C. Misrepresenting or assisting others in misrepresenting, expressly or by
12 implication, any material fact, including but not limited to, that any
13 person can improve any consumer's credit record, credit history, or
14 credit rating, even where such information is accurate and not obsolete;
- 15 D. Misrepresenting or assisting others in misrepresenting, expressly or by
16 implication, any material fact, including but not limited to, any aspect of
17 any debt relief service, including but not limited to, the amount of
18 savings a consumer will receive from purchasing, using, or enrolling in
19 such debt relief service; the amount of time before which a consumer
20 will receive settlement of the consumer's debts; or the reduction or
21 cessation of collection calls; and
- 22 E. Advertising or assisting others in advertising credit terms other than
23 those terms that actually are or will be arranged or offered by a creditor
24 or lender.

25 **PROHIBITED MISREPRESENTATIONS RELATING TO ANY PRODUCTS**
26 **OR SERVICES**

27 **IV. IT IS FURTHER ORDERED** that Defendant ALG and its officers, agents,
28 servants, employees, and attorneys, and those persons or entities in active

1 concert or participation with them who receive actual notice of this Order by
2 personal service, facsimile transmission, email, or otherwise, whether acting
3 directly or through any corporation, subsidiary, division, or other device, in
4 connection with the advertising, marketing, promotion, offering for sale, or
5 sale of any product, service, plan, or program are hereby permanently
6 restrained and enjoined from misrepresenting or assisting others in
7 misrepresenting, expressly or by implication, any material fact, including but
8 not limited to:

- 9 A. Any material aspect of the performance, efficacy, nature, or
10 characteristics of the product, service, plan, or program.
- 11 B. That any person is affiliated with, endorsed or approved by, or
12 otherwise connected to any other person, government entity, any federal
13 homeowner relief or financial stability program, public, non-profit, or
14 other non-commercial program, or any other program;
- 15 C. That the United States government or any Federal homeowner relief or
16 financial stability program has researched, monitored, or vetted, and
17 subsequently approved as legitimate, any product or service; or
- 18 D. Any material restriction, limitation, or condition on purchasing,
19 receiving, or using the product, service, plan, or program;
- 20 E. The total cost to purchase, receive, or use, or the quantity of the product,
21 service, plan, or program; or
- 22 F. Any material aspect of the nature or terms of any refund, cancellation,
23 exchange, or repurchase policy, including, but not limited to, the
24 likelihood of a consumer obtaining a full or partial refund, or the
25 circumstances in which a full or partial refund will be granted to the
26 consumer.
- 27
28

SUBSTANTIATION FOR BENEFIT, PERFORMANCE, AND EFFICACY CLAIMS

V. **IT IS FURTHER ORDERED** that Defendant ALG and its officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale, or sale of any financial related product or service are hereby permanently restrained and enjoined from making any representation or assisting others in making any representation, expressly or by implication, about the benefits, performance, or efficacy of any financial related product or service, unless at the time such representation is made, Defendant ALG possesses and relies upon competent and reliable evidence that substantiates that the representation is true.

PROHIBITION ON DISCLOSING CUSTOMER INFORMATION

VI. **IT IS FURTHER ORDERED** that Defendant ALG and its officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, are permanently restrained and enjoined from:

A. Disclosing, using, or benefitting from customer information, including the name, address, telephone number, email address, Social Security number, other identifying information, or any data that enables access to a customer’s account (including a credit card, bank account, or other financial account), of any person which Defendant ALG obtained prior to the date of entry of this Order in connection with the marketing or

1 promotion of mortgage assistance relief products; and

2 B. Failing to dispose of such customer information in all forms in their
3 possession, custody, or control within thirty (30) days after the date of
4 entry of this Order. Disposal shall be by means that protect against
5 unauthorized access to the customer information, such as by burning or
6 shredding any papers, and by erasing or destroying any electronic
7 media, to ensure that the customer information cannot practicably be
8 read or reconstructed.

9 *Provided, however,* that customer information need not be disposed of, and
10 may be disclosed, to the extent requested by a government agency or required
11 by a law, regulation, or court order.

12 **TURNOVER OF FUNDS**

13 **VII. IT IS FURTHER ORDERED** that:

14 A. Defendant ALG shall turn over to the FTC or its designated agent the
15 sum of \$100,000. This sum is due and payable by Defendant ALG in
16 twelve (12) monthly installments as follows:

- 17 1. ALG shall pay eleven monthly installments of \$8,333.33, with the
18 first installment due and payable on the first day of the calendar
19 month following entry of this Order, and each subsequent
20 installment due and payable on the first day of the next calendar
21 month.
- 22 2. A twelfth and final monthly installment in the amount of
23 \$8,333.37 shall be due and payable on the first day of the twelfth
24 calendar month following entry of this Order.

25 Upon notice, ALG shall have ten (10) calendar days to cure any late
26 payment. If, after the tenth calendar day, the FTC or its designated
27 agent has not received payment, ALG shall be in default. If ALG is in
28 default on any of its obligations under this Section, then the full

1 turnover amount, with interest at the legal rate, minus any payments
2 previously made pursuant to this Section, shall be immediately due and
3 payable.

4 B. Any funds received by the FTC pursuant to this Order shall be deposited
5 into a fund administered by the FTC or its agent to be used for equitable
6 relief, including, but not limited to, consumer redress and any attendant
7 expenses for the administration of any redress fund. In the event that
8 direct redress to consumers is wholly or partially impracticable or funds
9 remain after redress is completed, the FTC may apply any remaining
10 funds for such other equitable relief (including consumer information
11 remedies) as it determines to be reasonably related to Defendant ALG's
12 practices alleged in the Amended Complaint. Any funds not used for
13 such equitable relief shall be deposited to the U.S. Treasury as
14 disgorgement. Defendant ALG shall have no right to challenge the
15 FTC's choice of remedies under this Section, and shall have no right to
16 contest the manner of distribution chosen by the FTC.

17 C. This payment for equitable monetary relief is solely remedial in nature
18 and is not a fine, penalty, punitive assessment, or forfeiture.

19 D. In the event of any default on Defendant ALG's obligation to make
20 payment under this Section, interest, computed pursuant to 28 U.S.C.
21 § 1961, as amended, shall accrue from the date of default to the date of
22 payment, and shall immediately become due and payable.

23 E. Defendant ALG relinquishes all dominion, control, and title to the funds
24 paid to the fullest extent permitted by law. Defendant ALG shall make
25 no claim to or demand for return of the funds, directly or indirectly,
26 through counsel or otherwise.

27 F. In accordance with 31 U.S.C. § 7701, Defendant ALG is hereby
28 required, unless it already has done so, to furnish to the FTC all of its

1 taxpayer identifying numbers, which shall be used for purposes of
2 collecting and reporting on any delinquent amount arising out of their
3 relationship with the government.

4 COOPERATION WITH FTC

5 **VIII. IT IS FURTHER ORDERED** that Defendant ALG shall, in connection with
6 this action or any subsequent investigation or litigation related to or associated with
7 the transactions or the occurrences that are the subject of the Amended Complaint:

8 A. cooperate in good faith with the FTC and provide an authorized
9 representative who will appear at such places and times as the FTC shall
10 reasonably request, after written notice, for interviews, conferences,
11 pretrial discovery, review of documents, and for such other matters as
12 may be reasonably requested by the FTC. If requested in writing by the
13 FTC, such authorized representative shall appear and provide truthful
14 testimony in any trial, deposition, or other proceeding related to or
15 associated with the transactions or the occurrences that are the subject of
16 the Amended Complaint, without the service of a subpoena, *provided,*
17 *however,* that such authorized representative shall be entitled to receive
18 any witness fees and expenses allowable pursuant to Federal Rule of
19 Civil Procedure 45.

20 B. Within five days of entry of this order, Defendant ALG shall provide
21 counsel for the FTC with a written notice setting forth its current
22 business address, mailing addresses, an email contact address, fax
23 number (if any), and telephone numbers, where it may receive notices
24 under this Section. Defendant ALG shall provide written notice to
25 counsel for the FTC within five days of any change in this information.
26 This Section shall apply in addition to, and not in lieu of, the
27 Compliance Reporting requirements in Section X below; *provided,*
28 *however,* that this Subpart B shall cease to apply upon entry of final

1 orders regarding all of the defendants in this action.

2 **ORDER ACKNOWLEDGMENTS**

3 **IX. IT IS FURTHER ORDERED** that Defendant ALG provide, and obtain
4 acknowledgments of receipt of, this Order in the following manner:

- 5 A. Defendant ALG, within seven (7) days of entry of this Order, must
6 submit to the FTC an acknowledgment of receipt of this Order sworn
7 under penalty of perjury.
- 8 B. For five (5) years after entry of this Order, Defendant ALG must deliver
9 a copy of this Order to: (1) all principals, officers, directors, and
10 managers; (2) all employees, agents, and representatives who participate
11 in conduct related to the subject matter of the Order; and (3) any
12 business entity resulting from any change in structure as set forth in the
13 Section titled Compliance Reporting. Delivery must occur within 7
14 days of entry of this Order for current personnel. To all others, delivery
15 must occur before they assume their responsibilities.
- 16 C. From each individual or entity to which Defendant ALG delivered a
17 copy of this Order, Defendant ALG must obtain, within 30 days, a
18 signed and dated acknowledgment of receipt of this Order.

19 **COMPLIANCE REPORTING**

20 **X. IT IS FURTHER ORDERED** that Defendant ALG make timely submissions
21 to the FTC:

- 22 A. One year after entry of this Order, Defendant ALG must submit a
23 compliance report, sworn under penalty of perjury. ALG must: (a)
24 designate at least one telephone number and an email, physical, and
25 postal address as points of contact, which representatives of the FTC
26 may use to communicate with Defendant; (b) identify all of Defendant
27 ALG's businesses by all of their names, telephone numbers, and
28 physical, postal, email, and Internet addresses; (c) describe the activities

1 of each business, including the products and services offered, the means
2 of advertising, marketing, and sales, and the involvement of any other
3 defendant in this action; (d) describe in detail whether and how
4 Defendant ALG is in compliance with each Section of this Order; and
5 (e) provide a copy of each Order Acknowledgment obtained pursuant to
6 this Order, unless previously submitted to the FTC;

7 B. For 10 years following entry of this Order, Defendant ALG must submit
8 a compliance notice, sworn under penalty of perjury, within 14 days of
9 any change in the following – Defendant ALG must report any change
10 in: (a) any designated point of contact; (b) the structure of any entity in
11 which Defendant ALG has any ownership interest or directly or
12 indirectly controls that may affect compliance obligations arising under
13 this Order, including: creation, merger, sale, or dissolution of the entity
14 or any subsidiary, parent, or affiliate that engages in any acts or
15 practices subject to this Order.

16 C. Defendant ALG must submit to the FTC notice of the filing of any
17 bankruptcy petition, insolvency proceeding, or any similar proceeding
18 by or against such Defendant within 14 days of its filing.

19 D. Any submission to the FTC required by this Order to be sworn under
20 penalty of perjury must be true and accurate and comply with 28 U.S.C.
21 § 1746, such as by concluding: “I declare under penalty of perjury
22 under the laws of the United States of America that the foregoing is true
23 and correct. Executed on: _____” and supplying the date, signatory’s
24 full name, title (if applicable), and signature.

25 E. Unless otherwise directed by a FTC representative in writing, all
26 submissions to the FTC pursuant to this Order must be emailed to
27 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal
28 Service) to: Associate Director for Enforcement, Bureau of Consumer

1 Protection, Federal Trade FTC, 600 Pennsylvania Avenue NW,
2 Washington, DC 20580. The subject line must begin: *FTC v. Sameer*
3 *Lakhany et al.*, Case No. SACV12-0337-CJC(JPRx) (C.D. Cal.) [FTC
4 File No. X120014].

5 **RECORDKEEPING**

6 **XII. IT IS FURTHER ORDERED** that Defendant ALG must create certain
7 records for 10 years after entry of the Order, and retain each such record for
8 five (5) years. Specifically, Defendant ALG, in connection with the
9 advertising, marketing, promotion, offering for sale, or sale of any product,
10 service, plan, or program, must maintain the following records:

- 11 A. Accounting records showing the revenues from all goods or services
12 sold, all costs incurred in generating those revenues, and the resulting
13 net profit or loss;
- 14 B. Personnel records showing, for each person providing services, whether
15 as an employee or otherwise, that person's: name, addresses, and
16 telephone numbers; job title or position; dates of service; and, if
17 applicable, the reason for termination;
- 18 C. Complaints and refund requests, whether received directly or indirectly,
19 such as through a third party, and any response;
- 20 D. All records necessary to demonstrate full compliance with each
21 provision of this Order, including all submissions to the FTC; and
- 22 E. A copy of each advertisement or other marketing material related to the
23 marketing or telemarketing of any good or service, or the acquisition or
24 sale of marketing leads for any good or service.

25 **COMPLIANCE MONITORING**

26 **XIII. IT IS FURTHER ORDERED** that, for the purpose of monitoring Defendant
27 ALG's compliance with this Order, including any failure to transfer any assets
28 as required by this Order:

