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11 **UNITED STATES DISTRICT COURT**  
12 **CENTRAL DISTRICT OF CALIFORNIA**

13  
14 FEDERAL TRADE COMMISSION, ) Case No.: 8:19-cv-1728  
15 )  
16 )  
17 vs. )

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

18 STUDENT ADVOCATES TEAM, LLC, a )  
19 limited liability company; )  
20 PROGRESS ADVOCATES GROUP, )  
21 LLC, a limited liability company, also dba )  
22 Student Advocates; )  
23 STUDENT ADVOCATES GROUP, LLC, )  
24 a limited liability company; )  
25 ASSURANCE SOLUTION SERVICES, )  
26 LLC, a limited liability company; )  
27 BRADLEY JASON HUNT, an individual; )  
28 SEAN QUINCY LUCERO, an individual; )





1 Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or  
2 affecting commerce. The FTC also enforces the Telemarketing Act, 15 U.S.C.  
3 §§ 6101–6108. Pursuant to the Telemarketing Act, the FTC promulgated and  
4 enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive  
5 telemarketing acts or practices in or affecting commerce. The FTC also enforces  
6 TILA, 15 U.S.C. § 1601 *et seq.*, and its implementing Regulation Z, 12 C.F.R. Part  
7 1026, which establishes, *inter alia*, disclosure and calculation requirements for  
8 consumer credit transactions and advertisements.

9 8. The FTC is authorized to initiate federal district court proceedings, by its  
10 own attorneys, to enjoin violations of the FTC Act, the TSR, and TILA, and to secure  
11 such equitable relief as may be appropriate in each case, including rescission or  
12 reformation of contracts, restitution, the refund of monies paid, and the disgorgement  
13 of ill-gotten monies. 15 U.S.C. §§ 53(b), 57b, 6102(c), and 1607(c).

#### 14 **DEFENDANTS**

##### 15 *The Corporate Debt Relief Defendants*

16 9. Student Advocates Team, LLC (“SAT”) is a Delaware limited liability  
17 company. It has operated out of 3100 Bristol Parkway, Suite 300, Costa Mesa, CA  
18 92626 and currently has its principal place of business at 95 Enterprise, Aliso Viejo,  
19 CA 92656. SAT transacts or has transacted business in this District and throughout  
20 the United States. At times material to this Complaint, acting alone or in concert with  
21 others, SAT has marketed, promoted, offered for sale, sold, financed, or extended  
22 credit for, the purchase of student debt relief products or services to consumers  
23 throughout the United States. SAT is a successor in interest to each of the Corporate  
24 Debt Relief Defendants; it had common ownership, managers, employees, business  
25 functions, and office location as the Corporate Debt Relief Defendants and continues  
26 to handle each entities’ customer accounts.

27 10. Progress Advocates Group, LLC (“PAG”) is a Delaware limited liability  
28 company, also doing business as Student Advocates. It has operated out of 3100





*Equitable Acceptance Corporation*

1  
2 16. Defendant Equitable Acceptance Corporation (“EAC”) is a Minnesota  
3 corporation whose principal place of business is 1200 Ford Road, Minnetonka, MN,  
4 55305. EAC transacts or has transacted business in this District and throughout the  
5 United States. At all times material to this Complaint, acting alone or in concert with  
6 others, EAC, pursuant to an agreement with the Corporate Debt Relief Defendants,  
7 extended credit to consumers to pay for the Corporate Debt Relief Defendants’  
8 services. EAC also received and responded to consumer complaints related to its  
9 business with the Corporate Debt Relief Defendants, and responded to consumer  
10 complaints submitted to the Minnesota branch of the Better Business Bureau and  
11 from the Consumer Financial Protection Bureau regarding the Corporate Debt Relief  
12 Defendants’ deceptive sales tactics.

**COMMON ENTERPRISE**

13  
14 17. The Corporate Debt Relief Defendants have operated as a common  
15 enterprise while engaging in the deceptive acts and practices and other violations of  
16 law alleged below. The Corporate Debt Relief Defendants have conducted the  
17 business practices described below through an interrelated network of companies that  
18 have common ownership, officers, managers, business functions, employees, and  
19 office locations, and that have commingled funds. Because the Corporate Debt Relief  
20 Defendants have operated as a common enterprise, each of the Corporate Debt Relief  
21 Defendants is jointly and severally liable for the acts and practices alleged below.

22 18. Individual Defendants Bradley Jason Hunt and Sean Quincy Lucero  
23 have formulated, directed, controlled, had the authority to control, or participated in  
24 the acts and practices of the Corporate Debt Relief Defendants that constitute the  
25 common enterprise.





1 provide a loan discharge if the school, through an act or omission, violated state law  
2 directly related to the borrower’s federal student loan or to the educational services  
3 for which the loan was provided.

4         29. Other forgiveness programs require working in certain professions for a  
5 period of years. Teacher Loan Forgiveness applies to teachers who have worked full-  
6 time for five years in a low-income elementary or secondary school or educational  
7 service agency. Public Service Loan Forgiveness (“PSLF”) applies to employees of  
8 governmental units or non-profit organizations who make timely monthly payments  
9 for a period of ten years while employed in the public sector.

10         30. The federal government also offers potential loan forgiveness through  
11 income-driven repayment (“IDR”) programs that enable borrowers to reduce their  
12 monthly payments. IDR programs allow eligible borrowers to limit their monthly  
13 payments based on a percentage of their discretionary monthly income. To remain in  
14 an IDR program, borrowers must recertify their income and family size each year.  
15 Obtaining forgiveness through IDR programs requires a minimum of 20 to 25 years  
16 of qualifying payments.

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

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

27  
28

1         33. ED will grant forbearance while processing applications for an  
2 alternative repayment plan, and in some cases of hardship. During forbearance,  
3 unpaid interest adds to the principal balance.

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

8                   **The Corporate Debt Relief Defendants’ Deceptive Representations**  
9                   **Regarding Loan Relief and Forgiveness**

10        35. The Corporate Debt Relief Defendants used lead generators, online  
11 advertisements, and social media, among other tools, to gather information about  
12 consumers struggling to make their monthly student loan payments. The  
13 advertisements touted the availability of payment relief and loan forgiveness  
14 programs available from the federal government. In some instances, consumers  
15 entered their contact information on a landing page to receive further information,  
16 after which they received a call from one of the Corporate Debt Relief Defendants.  
17 In other instances, consumers simply called the toll-free number available in the  
18 advertisement and were then connected to one of the Corporate Debt Relief  
19 Defendants.

20        36. The telemarketing calls between Corporate Debt Relief Defendants and  
21 consumers—which were the primary means by which each of the Corporate Debt  
22 Relief Defendants sold its services to consumers—were lengthy, typically lasting 30  
23 minutes to over an hour. Toward the beginning of each call, the Corporate Debt  
24 Relief Defendants told consumers that they could provide the exact amount of the  
25 new reduced payment and/or loan forgiveness the consumer was eligible to receive  
26 under federal law.

27        37. During sales calls, the Corporate Debt Relief Defendants quoted  
28 consumers a new reduced monthly student loan payment for which the consumer had

1 purportedly qualified, which the Corporate Debt Relief Defendants represented was  
2 for the term of the loan. The Corporate Debt Relief Defendants represented that,  
3 upon expiration of that term, the consumer's remaining balance would be forgiven.  
4 In some instances, the Corporate Debt Relief Defendants quoted consumers specific  
5 amounts that they would save, usually in the thousands of dollars, by enrolling in the  
6 program.

7 38. Representations by the Corporate Debt Relief Defendants that they were  
8 able to procure a permanent reduction in consumers' monthly payments, or that  
9 consumers had qualified for forgiveness, were false or unsubstantiated because none  
10 of ED's IDR programs guarantees consumers a fixed, reduced monthly payment for  
11 more than a year or guarantees any forgiveness. Under ED's IDR programs, monthly  
12 payments fluctuate based on a consumer's income in a given year, which the  
13 consumer must report annually. Additionally, whether forgiveness is available at the  
14 end of the term, and the amount of any such forgiveness, depends on the total amount  
15 that consumers have paid—and the amount that remains unpaid—at the end of the  
16 term, which in most instances is 20 to 25 years. Because the Corporate Debt Relief  
17 Defendants could not predict consumers' income over a 20-year period, they did not  
18 have an adequate basis for making representations concerning the amount of  
19 forgiveness consumers would receive, or the size of the monthly payments that a  
20 consumers would be required to make in future years. In many cases, a consumer's  
21 income will rise over the repayment period, and, as the consumer's income rises, so  
22 will the monthly payment for the following year. Any representation of a forgiveness  
23 amount based on a consumer's current income is, therefore, likely to be overstated.

#### 24 **Misrepresentations by the Corporate Debt Relief Defendants**

#### 25 **Regarding Their Fees**

26 39. The discussion of fees in the Corporate Debt Relief Defendants' sales  
27 pitches was misleading, not only because of direct misrepresentations, but also

28

1 because the Corporate Debt Relief Defendants’ sales pitches in general obfuscated  
2 how much consumers would be paying to whom and for what.

3       40. In numerous instances the Corporate Debt Relief Defendants  
4 misrepresented that the payment amount they quoted would be going toward  
5 consumers’ student loans rather than toward paying a fee.

6       41. The Corporate Debt Relief Defendants also never advised consumers  
7 who signed EAC credit contracts that they would be paying interest on the EAC loan  
8 to pay the Corporate Debt Relief Defendants’ \$1,300–1,400 fee or that the annual  
9 percentage rate of that loan was typically between 17% and 22%. And in some  
10 instances the Corporate Debt Relief Defendants led consumers to believe that  
11 payment of the \$1,300–1,400 fee was required for acceptance into a new loan  
12 repayment program.

13       42. One of the ways the Corporate Debt Relief Defendants misled  
14 consumers was through their use of the terms “program,” “entitled,” “approval,”  
15 “enrollment,” and “qualify.” The Corporate Debt Relief Defendants used these terms  
16 in different ways and at different times to create the impression that they were  
17 referring to qualification or approval for, or enrollment in, an ED program, or were  
18 referring to the consumer’s new student loan payment, when in fact they were  
19 referring to qualification for a loan from EAC to pay the Corporate Debt Relief  
20 Defendants’ fee, or referring to the monthly payment on the EAC loan.

21       43. For example, when the Corporate Debt Relief Defendants told  
22 consumers the new monthly payment that the consumer was “qualified” for or had  
23 been “approved for,” they quoted an amount that included both the monthly estimated  
24 student loan payment pursuant to an IDR plan and a monthly payment for the  
25 Defendants’ fee. However, the Corporate Debt Relief Defendants presented this  
26 monthly payment simply as “the payment you qualify for” or as a “total monthly  
27 payment.” For customers whose estimated new student loan payment was zero, the  
28 amount of “the payment you qualify for” was solely the monthly payment to EAC for



1 agreeing to provide consisted of “document preparation services to assist consumers  
2 who are applying for federal student loan programs using Department of Education  
3 (DOE) forms.” The Corporate Debt Relief Defendants never stated or even implied  
4 during their lengthy sales pitches touting loan forgiveness and permanent payment  
5 relief that they only filled out forms for ED programs. To the contrary, the Corporate  
6 Debt Relief Defendants geared their sales pitches toward convincing often reluctant  
7 and financially struggling consumers that they would obtain permanent debt relief  
8 from unaffordable monthly loan payments. The Debt Relief Agreements also  
9 imposed an obligation on consumers to pay for the Corporate Debt Relief  
10 Defendants’ services.

11 46. During telemarketing calls with consumers whose credit checks  
12 prequalified them for the EAC loan to pay the Corporate Debt Relief Defendants’ fee,  
13 these consumers also received an email link to electronically sign EAC’s credit  
14 contract and other materials (referred to collectively herein as the “Credit Plan”  
15 documents). The Corporate Debt Relief Defendants similarly rushed consumers  
16 through the electronic signing of the EAC Credit Plan without reviewing the terms in  
17 the agreement with consumers, or providing consumers an opportunity to do so  
18 themselves. The EAC Credit Plan documents and disclosures are discussed in more  
19 detail below.

20 **The Corporate Debt Relief Defendants Requested and Received**  
21 **Their Fee in Advance of Performance**

22 47. During the relevant time period, the Corporate Debt Relief Defendants  
23 collected their fee of over \$1,300 from their customers in one of two ways: (1) by  
24 way of the loan that EAC extended to the Corporate Debt Relief Defendants’  
25 customers; and (2) directly, through what the Corporate Debt Relief Defendants  
26 referred to as “cash” or “trust” deals. Under both payment methods, the Corporate  
27 Debt Relief Defendants requested or received payment of their fee in advance of  
28 completing their debt relief service.



1 credit consumers to pay a \$150 deposit immediately; EAC began billing these  
2 consumers when EAC heard from the relevant Corporate Debt Relief Defendant that  
3 ED had approved the consumer's application. Before sending its first bill to  
4 consumers, EAC did not require any documents to verify that the consumer had  
5 actually been enrolled in any consolidation or repayment plan. EAC's policy and  
6 practice was not, therefore, to refrain from billing consumers until after they had been  
7 approved and had made their first payment under the new repayment program or  
8 consolidated loan. In many instances, EAC sent bills to consumers even when the  
9 Corporate Debt Relief Defendant that had contracted with the consumer had not  
10 submitted the consumer's application to ED or before ED had approved the  
11 consumer's application. EAC's policy and practice was not, therefore, to wait until  
12 after Corporate Debt Relief Defendants fully performed their debt relief services for  
13 the customers before sending bills to those customers.

14         52. As a general rule, customers of the Corporate Debt Relief Defendants  
15 were unable to cancel their obligation to pay for debt relief services following the  
16 three day cancellation period, and, therefore, were not able to terminate their  
17 contracts at will at any point prior to making their first payment under a new IDR  
18 plan. EAC's policy was not to let consumers out of their payment obligation,  
19 advising consumers who wanted to cancel that they were outside of the three-day  
20 cancellation period, and often directing these consumers back to the Corporate Debt  
21 Relief Defendant who had sold the debt relief services to the consumer. The  
22 Corporate Debt Relief Defendants often advised consumers who wanted to cancel  
23 that they owed EAC and that the Corporate Debt Relief Defendant could not cancel  
24 that obligation.

25         53. Because EAC was paying consumers' fees to the Corporate Debt Relief  
26 Defendants who had sold them debt relief services, EAC knew that the Corporate  
27 Debt Relief Defendants were receiving their fees prior to completing the debt relief  
28 services for consumers. In light of EAC's billing policy, EAC also knew, or



1 **The Relationship between EAC, the Corporate Debt Relief Defendants,**  
2 **and Other Student Loan Relief Dealers**

3 58. Defendant EAC holds itself out as an “indirect finance company.” At  
4 the beginning of 2015, EAC entered into an arrangement with PAG pursuant to which  
5 EAC, on a case-by-case basis, would extend credit to PAG’s customers in the amount  
6 of PAG’s fee (typically \$1,314). Thereafter, EAC entered into a substantially similar  
7 agreement with each of the other Corporate Debt Relief Defendants. The system  
8 worked this way: if, during a Corporate Debt Relief Defendant’s sales call, a  
9 consumer met EAC’s prequalification criteria for creditworthiness, the Corporate  
10 Debt Relief Defendant would alert EAC, through an electronic system that the parties  
11 put in place, that the Corporate Debt Relief Defendant had a prospective credit  
12 customer for EAC. EAC, by way of its electronic document signing vendor, would  
13 then send an email to the consumer with a link to the Credit Plan documents. After  
14 EAC received the electronically signed Credit Plan documents back from a customer,  
15 it then made an assessment as to whether to extend credit to the Corporate Debt  
16 Relief Defendant’s customer. If EAC issued credit to the consumer, EAC would then  
17 pay the Corporate Debt Relief Defendant the amount of that customer’s fee (minus a  
18 discount reflecting the risk of default by the customer) to satisfy the customer’s  
19 obligation to the Corporate Debt Relief Defendant. Pursuant to the customer’s  
20 contract with EAC, the customer would owe the amount of the Corporate Debt Relief  
21 Defendant’s fee, plus interest, to EAC.

22 59. Sometime in 2015, EAC hired Defendant Brad Hunt to locate and  
23 investigate other student debt relief companies with which EAC could do business.  
24 Hunt provided training and business materials to these companies regarding sales  
25 processes and proper disclosures and received a commission for each consumer that  
26 entered into an EAC Credit Plan.

27 60. In late 2015, EAC started entering into relationships with other student  
28 loan relief dealers, offering the EAC Credit Plan to their customers in the same





1 Relief Defendants signed EACs Credit Plan documents. These signed agreements  
2 created a credit obligation between the customers and EAC.

3 65. TILA requires that creditors clearly and conspicuously disclose a  
4 number of significant terms in closed-end credit transactions, such as the amount  
5 being financed; the finance charge (the dollar amount that the credit was going to cost  
6 the consumer); the number, amounts and timing of payments scheduled to repay the  
7 obligation; and the total of payments (the amount that consumers would have to pay  
8 for the Corporate Debt Relief Defendants' services combined with the price of the  
9 credit). EAC failed to include these terms in its Credit Plan documents.

#### 10 **EAC Was the Original Creditor under the Credit Plan Documents**

11 66. The EAC Credit Plan documents were designed to create the appearance  
12 that EAC was an assignee, and that the Corporate Debt Relief Defendant that had  
13 made the sale to the consumer was the assignor, of the consumer's credit contract.  
14 Under TILA, assignees of credit contracts are generally subject to less liability than  
15 original creditors, limited to only those violations apparent on the face of the  
16 disclosure statement. However, EAC was not in fact an assignee of any of the Credit  
17 Plan documents. None of the Corporate Debt Relief Defendants signed or was a  
18 party to any of the Credit Plan documents, and, therefore, none of them could assign,  
19 and none of them ever did assign, any Credit Plan documents to EAC.

20 67. In truth, EAC was the original creditor under each Credit Plan because it  
21 regularly extends consumer credit that is subject to a finance charge and is the entity  
22 to whom the obligation was initially payable. It was EAC, through its electronic  
23 document signing vendor, that sent the EAC Credit Plan documents to consumers, not  
24 the Corporate Debt Relief Defendants; the footer on each page of the Credit Plan  
25 documents that consumers received made clear that "The original document is owned  
26 by Equitable Acceptance"; and it was EAC, not the Corporate Debt Relief  
27 Defendants, that received consumers' electronic signatures on the Credit Plan  
28 documents. EAC admitted that it extended credit to the customers of the Corporate

1 Debt Relief Defendants, that EAC and these consumers had a direct relationship, and  
2 that EAC and these consumers had a separate credit agreement.

### 3 **The Credit Plan Documents Created a Closed-End Extension of Credit**

4 68. Through use of terms such as “Revolving Credit” and other provisions,  
5 the Credit Plan documents were also designed to create the appearance of establishing  
6 an open-end extension of credit as that term is defined under TILA. TILA requires  
7 different and less numerically-specific disclosures for the extension of open-end  
8 credit in comparison with the requirements for non-closed-end credit transactions,  
9 such as loans.

10 69. Despite EAC’s efforts to create the appearance of an open-end credit  
11 transaction in its Credit Plan documents, EAC’s credit transactions with the  
12 customers of the Corporate Debt Relief Defendants were in fact closed-end credit  
13 transactions. Thus, EAC systematically engaged in “spurious open-end credit  
14 transactions” because it facially characterized the credit as open-end, when in fact it  
15 was closed-end.

16 70. Pursuant to the terms of the Credit Plan, the credit was extended for the  
17 purchase of a single product, the Corporate Debt Relief Defendants’ debt relief  
18 service.

19 71. The Credit Plan also required monthly payments of equal amounts.

20 72. EAC did not reasonably contemplate repeat transactions under the  
21 purported “revolving” Credit Plan. No customers of any of the Corporate Debt Relief  
22 Defendants have ever made any additional purchases using EAC’s Credit Plan. And  
23 none of the Corporate Debt Relief Defendants themselves—the only sellers from  
24 which consumers were authorized to make purchases under the Credit Plan—  
25 contemplated that consumers would make future purchases from them under the  
26 Credit Plan. None of the Corporate Debt Relief Defendants or EAC advertised,  
27 marketed, or sold any other goods or services that could be purchased under the  
28 Credit Plan.





















