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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 DEFENDANTS
SAMEER LAKHANY, THE CREDIT
SHOP, LLC, FIDELITY LEGAL
SERVICES LLC, TITANIUM
REALTY, INC., PRECISION LAW
CENTER, INC., AND PRECISION
LAW CENTER LLC**

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, adding as defendants Brian Pacios, Assurity Law Group, Inc., and
17 National Legal Network, Inc. (Dkt. #72) (“Amended Complaint”). On April 24,
18 2012, the Court entered a preliminary injunction as to Defendants Brian Pacios and
19 National Legal Network, Inc. (Dkt. #110). On May 2, 2012, the Court entered an
20 order denying a preliminary injunction as to Assurity Law Group, Inc. (Dkt. #117).

21 On June 25, 2012, the Court entered an Order Regarding Joint Stipulation Re:
22 Receiver’s Motion to Hold Defendant Lakhany in Civil Contempt (Dkt. No. 135)
23 (“Stipulated Contempt Order”), which provided that Defendant Lakhany surrender
24 his 2007 BMW 650i and make certain other payments to repay a total of \$42,490.00
25 to the Receivership Estate. As a result of the Receiver’s sale of Defendant
26 Lakhany’s 2007 BMW 650i, \$21,490.00 remains to be paid to satisfy the Stipulated
27 Contempt Order. The Receiver has stated that he does not object to Subparagraph
28 VI.D of this Order, which provides that certain payments under this Order shall

1 constitute satisfaction of the remaining payments under the Stipulated Contempt
2 Order.

3 The FTC and Defendants Sameer (a/k/a “Sammy”) Lakhany, The Credit Shop,
4 LLC, Fidelity Legal Services LLC, Titanium Realty, Inc., Precision Law Center,
5 Inc., and Precision Law Center LLC, have now stipulated to entry of this Final Order
6 for Permanent Injunction and Settlement of Claims (“Order”). The Receiver has
7 indicated his concurrence in the provisions of this Final Order relating to the
8 Receivership and his non-objection to the remaining provisions. This Court, having
9 considered the Amended Complaint, exhibits, memoranda, declarations, and other
10 submissions of the parties, and now being advised in the premises, hereby enters this
11 Order:

12 FINDINGS

- 13 1. This is an action by the FTC instituted under Sections 13(b) and 19 of the FTC
14 Act, 15 U.S.C. §§ 53(b) and 57b, and Section 626 of the Omnibus Act as
15 clarified by Section 511 of the Credit Card Act and amended by Section 1097
16 of the Dodd-Frank Act. The Amended Complaint seeks both permanent
17 injunctive relief and equitable monetary relief for Defendants’ alleged
18 deceptive acts or practices as alleged therein.
- 19 2. The FTC has the authority under Sections 13(b) and 19 of the FTC Act to seek
20 the relief it has requested, and the Amended Complaint states a claim upon
21 which relief can be granted against Defendants.
- 22 3. This Court has jurisdiction over the subject matter of this case and has
23 jurisdiction over Defendants. Venue in the Central District of California is
24 proper.
- 25 4. The activities of Defendants, as alleged in the Amended Complaint, are in or
26 affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
- 27 5. The FTC and Defendants stipulate and agree to entry of this Order, without
28 trial or final adjudication of any issue of fact or law, to settle and resolve all

1 matters in dispute arising from the conduct alleged in the Amended Complaint
2 to the date of entry of this Order. This settlement does not settle and resolve
3 any matters not alleged in the Amended Complaint. Defendants admit the
4 jurisdictional facts set forth in the Amended Complaint. However, they do not
5 admit or deny any other allegations set forth in the Amended Complaint
6 merely by stipulating and agreeing to the entry of this Order.

7 6. Defendant Sameer Lakhany filed a petition for relief under Chapter 7 of the
8 Bankruptcy Code on November 6, 2012. *See In re Lakhany*, No.
9 8:12-bk-22838 (Bankr. C.D. Cal.). The Plaintiffs' prosecution of this action,
10 including the entry of a money judgment and the enforcement of a judgment
11 other than a money judgment obtained in this action, are actions to enforce the
12 Plaintiffs' police or regulatory powers. As a result, if the bankruptcy case is
13 pending as of the date of entry of this Final Judgment and Order ("Final
14 Order"), then these actions are excepted from the automatic stay pursuant to
15 11 U.S.C. § 362(b)(4).

16 7. Defendants waive all rights to seek judicial review or otherwise challenge or
17 contest the validity of this Order. Defendants also waive any claim that they
18 may have held under the Equal Access to Justice Act, 28 U.S.C. § 2412,
19 concerning the prosecution of this action to the date of this Order. Each
20 settling party shall bear its own costs and attorneys fees.

21 8. This action and the relief awarded herein are in addition to, and not in lieu of,
22 other remedies as may be provided by law, including both civil and criminal
23 remedies.

24 9. Entry of this Order is in the public interest.

25 DEFINITIONS

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

27 1. **“Assisting others”** includes, but is not limited to:
28

- 1 A. performing customer service functions, including, but not limited to,
- 2 receiving or responding to consumer complaints;
- 3 B. formulating or providing, or arranging for the formulation or provision
- 4 of, any advertising or marketing material, including, but not limited to,
- 5 any telephone sales script, direct mail solicitation, or the design, text, or
- 6 use of images of any Internet website, email, or other electronic
- 7 communication;
- 8 C. formulating or providing, or arranging for the formulation or provision
- 9 of, any marketing support material or service, including but not limited
- 10 to, web or Internet Protocol addresses or domain name registration for
- 11 any Internet websites, affiliate marketing services, or media placement
- 12 services;
- 13 D. providing names of, or assisting in the generation of, potential
- 14 customers;
- 15 E. performing marketing, billing, or payment services of any kind; and
- 16 F. acting or serving as an owner, officer, director, manager, or principal of
- 17 any entity.

18 2. **“Competent and reliable evidence”** means tests, analyses, research, studies,
19 or other evidence based on the expertise of professionals in the relevant area,
20 that has been conducted and evaluated in an objective manner by persons
21 qualified to do so, using procedures generally accepted in the profession to
22 yield accurate and reliable results.

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

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

27 5. **“Debt relief product or service”** means any product, service, plan, or
28 program represented, expressly or by implication, to renegotiate, settle, or in

1 any way alter the terms of payment or other terms of the debt or obligation,
2 between a person and one or more unsecured creditors or debt collectors,
3 including, but not limited to, a reduction in the balance, interest rate, or fees
4 owed by a person to an unsecured creditor or debt collector.

5 6. **“Defendants”** means Defendant Sameer (a/k/a “Sammy”) Lakhany and the
6 Corporate Defendants, individually, collectively, or in any combination.

7 **“Corporate Defendant”** means The Credit Shop, LLC, Fidelity Legal
8 Services LLC, Titanium Realty, Inc., Precision Law Center, Inc., and
9 Precision Law Center LLC, and their successors and assigns. References to
10 “all” or “any” “defendant(s) in this action” means Defendant Sameer Lakhany,
11 the Corporate Defendants, and Defendants Brian Pacios, Assurity Law Group,
12 Inc., and National Legal Network, Inc.

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

20 8. **“Federal homeowner relief or financial stability program”** means any
21 program (including its sponsoring agencies, telephone numbers, and Internet
22 websites) operated or endorsed by the United States government to provide
23 relief to homeowners or stabilize the economy, including, but not limited to:

- 24 A. the Making Home Affordable Program;
- 25 B. the Financial Stability Plan;
- 26 C. the Troubled Asset Relief Program and any other program sponsored or
27 operated by the United States Department of the Treasury;
- 28

1 D. the HOPE for Homeowners program, any program operated or created
2 pursuant to the Helping Families Save Their Homes Act, and any other
3 program sponsored or operated by the Federal Housing Administration;

4 or

5 E. any program sponsored or operated by the United States Department of
6 Housing and Urban Development (“HUD”), the HOPE NOW Alliance,
7 the Homeownership Preservation Foundation, or any other HUD-
8 approved housing counseling agency.

9 9. **“Financial related product or service”** means any product, service, plan, or
10 program represented, expressly or by implication, to:

11 A. provide any consumer, arrange for any consumer to receive, or assist
12 any consumer in receiving, credit, debit, or stored value cards;

13 B. improve, or arrange to improve, any consumer’s credit record, credit
14 history, or credit rating;

15 C. provide advice or assistance to any consumer with regard to any activity
16 or service the purpose of which is to improve a consumer’s credit
17 record, credit history, or credit rating;

18 D. provide any consumer, arrange for any consumer to receive, or assist
19 any consumer in receiving, a loan or other extension of credit;

20 E. provide any consumer, arrange for any consumer to receive, or assist
21 any consumer in receiving any service represented, expressly or by
22 implication, to renegotiate, settle, or in any way alter the terms of
23 payment or other terms of any debt or obligation (other than a debt or
24 obligation secured by a mortgage on a consumer’s dwelling) between a
25 consumer and one or more secured creditors, servicers, or debt
26 collectors.

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

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

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

25 The foregoing shall include any manner of claimed assistance, including, but
26 not limited to, auditing or examining a consumer’s mortgage or home loan
27 application.
28

1 12. **“Person”** means a natural person, an organization or other legal entity,
2 including a corporation, partnership, sole proprietorship, limited liability
3 company, association, cooperative, or any other group or combination acting
4 as an entity.

5 13. **“Receivership Entity”** means the Corporate Defendants and Ambrose
6 Services LLC, Ellite Capital, Inc., Direct Source Marketing LLC, HHR Group
7 LLC, HVS Development, Inc., Impact Marketing Group LLC, MHS Group,
8 Inc., MyHomeSupport.org, and Visionary Marketing, Inc., as identified in the
9 Preliminary Report of Temporary Receiver (Dkt. #53).

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

14 **ORDER**

15 **BAN ON MORTGAGE ASSISTANCE RELIEF PRODUCTS OR SERVICES**
16 **AND DEBT RELIEF PRODUCTS OR SERVICES**

- 17 **I. IT IS THEREFORE ORDERED** that Defendants, whether acting directly or
18 through any other person, are permanently restrained and enjoined from:
19 A. Advertising, marketing, promoting, offering for sale, or selling any
20 mortgage assistance relief product or service, or debt relief product or
21 service; and
22 B. Assisting others engaged in advertising, marketing, promoting, offering
23 for sale, or selling any mortgage assistance relief product or service, or
24 debt relief product or service.

25 **PROHIBITED MISREPRESENTATIONS RELATING TO FINANCIAL**
26 **RELATED PRODUCTS OR SERVICES**

- 27 **II. IT IS FURTHER ORDERED** that Defendants and their 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 financial related product or service, are hereby permanently
6 restrained and enjoined from:

7 A. Misrepresenting or assisting others in misrepresenting, expressly or by
8 implication, any material fact, including but not limited to:

- 9 1. The terms or rates that are available for any loan or extension of
10 credit;
- 11 2. Any person's ability to improve or otherwise affect a consumer's
12 credit record, credit history, credit rating, or ability to obtain
13 credit;
- 14 3. That any person can improve any consumer's credit record, credit
15 history, or credit rating, even where such information is accurate
16 and not obsolete; and
- 17 4. That a consumer will receive legal representation;

18 B. Advertising or assisting others in advertising credit terms other than
19 those terms that actually are or will be arranged or offered by a creditor
20 or lender

21 **PROHIBITED MISREPRESENTATIONS RELATING TO ANY PRODUCTS**
22 **OR SERVICES**

23 **III. IT IS FURTHER ORDERED** that Defendants and their officers, agents,
24 servants, employees, and attorneys, and those persons or entities in active
25 concert or participation with them who receive actual notice of this Order by
26 personal service, facsimile transmission, email, or otherwise, whether acting
27 directly or through any corporation, subsidiary, division, or other device, in
28 connection with the advertising, marketing, promotion, offering for sale, or

1 sale of any product, service, plan, or program are hereby permanently
2 restrained and enjoined from misrepresenting or assisting others in
3 misrepresenting, expressly or by implication, any material fact, including but
4 not limited to:

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

23 **SUBSTANTIATION FOR BENEFIT, PERFORMANCE, AND EFFICACY**
24 **CLAIMS**

25 **IV. IT IS FURTHER ORDERED** that Defendants and their officers, agents,
26 servants, employees, and attorneys, and those persons or entities in active
27 concert or participation with them who receive actual notice of this Order by
28 personal service, facsimile transmission, email, or otherwise, whether acting

1 directly or through any corporation, subsidiary, division, or other device, in
2 connection with the advertising, marketing, promotion, offering for sale, or
3 sale of any financial related product or service are hereby permanently
4 restrained and enjoined from making any representation or assisting others in
5 making any representation, expressly or by implication, about the benefits,
6 performance, or efficacy of any financial related product or service, unless at
7 the time such representation is made, Defendants possess and rely upon
8 competent and reliable evidence that substantiates that the representation is
9 true.

10 **PROHIBITION ON DISCLOSING CUSTOMER INFORMATION**

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

17 A. Disclosing, using, or benefitting from customer information, including
18 the name, address, telephone number, email address, Social Security
19 number, other identifying information, or any data that enables access to
20 a customer's account (including a credit card, bank account, or other
21 financial account), of any person which Defendants obtained prior to the
22 date of entry of this Order in connection with the marketing or
23 promotion of mortgage assistance relief products or services or debt
24 relief products or services; and

25 B. Failing to dispose of such customer information in all forms in their
26 possession, custody, or control within thirty (30) days after the date of
27 entry of this Order. Disposal shall be by means that protect against
28 unauthorized access to the customer information, such as by burning or

1 shredding any papers, and by erasing or destroying any electronic
2 media, to ensure that the customer information cannot practicably be
3 read or reconstructed.

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

7 **MONETARY JUDGMENT**

8 **VI. IT IS FURTHER ORDERED** that:

9 A. Judgment is hereby entered against Defendants, jointly and severally, in
10 the amount of THREE MILLION DOLLARS (\$3,000,000.00). This
11 judgment shall be suspended as to Defendant Sameer Lakhany upon his
12 payment of \$21,490.00 to the FTC or its designated agent and the
13 satisfaction of his obligations under Subparagraphs E and F below,
14 except as provided in Section VII of this Order, entitled “Right to
15 Reopen.”

16 B. Bank of America shall, within ten (10) business days from receipt of a
17 copy of this Order, transfer to the Receiver or its designated agent all
18 funds, if any, held by or in the name of any Corporate Defendant,
19 including but not limited to account numbers xxxx2574, xxxx2575,
20 xxxx2576, xxxx2577 and xxxx2578, in the name of Precision Law
21 Center, LLC. Such funds, and any other funds of a Corporate
22 Defendant previously transferred to the Receiver, shall constitute partial
23 satisfaction of the judgment set forth in Subparagraph A.

24 C. Bank of America shall, within ten (10) business days from receipt of a
25 copy of this Order, transfer to the Receiver or its designated agent all
26 funds, if any, held by or in the name of any Receivership Entity,
27 including but not limited to account numbers xxxx2608 and xxxx2719
28 in the name of Ambrose Services LLC, xxxx1747 in the name of

1 Ambrose Services LLC dba HouseholdRelief, xxxx0663 in the name of
2 HHR Group dba Precision Law Center (erroneously listed as “HRR
3 Group dba Precision Law Center”), xxxx2647 in the name of HVS
4 Development Inc. dba Client File Svcs, xxxx2502 in the name of Impact
5 Marketing Group LLC, and xxxx2739 in the name of Visionary
6 Marketing Inc. Such funds, and any other funds of a Receivership
7 Entity previously transferred to the Receiver, shall constitute partial
8 satisfaction of the judgment set forth in Subparagraph A.

9 D. Defendant Sameer Lakhany’s payment of \$21,490.00 to the FTC or its
10 designated agent as set forth in Subparagraph A above shall constitute
11 satisfaction of his remaining payment obligation under the Order
12 Regarding Joint Stipulation Re: Receiver’s Motion to Hold Defendant
13 Lakhany in Civil Contempt (Dkt. No. 135).

14 E. Defendant Sameer Lakhany agrees, if his bankruptcy case remains
15 pending as of the date of the entry of this Order:

- 16 1. that the judgment ordered by Subsection A of this Section is not
17 dischargeable in bankruptcy;
- 18 2. to the concurrent filing by the Commission in his bankruptcy case
19 of:
 - 20 a. a Complaint to Determine Nondischargeability of Debt
21 Owed to the Federal Trade Commission in the form
22 attached as Attachment A;
 - 23 b. a Stipulated Judgment for Nondischargeability of Debt
24 owed to the Federal Trade Commission in the form
25 attached as Attachment B, which Defendant Sameer
26 Lakhany has executed concurrently with his execution of
27 this Final Order, determining that the judgment ordered by
28 Subsection A of this Section, including the conditions set

1 forth in the Section of this Final Order titled “Right to
2 Reopen as to Monetary Judgment,” are excepted from
3 discharge pursuant to Section 523(a)(2)(A) of the
4 Bankruptcy code, 11 U.S.C. j 523(a)(2)(A); and

5 3. that he will not object to the allowance of a general unsecured
6 claim in his bankruptcy case in favor of the FTC in the amount of
7 \$3,000,000.00.

8 F. Defendant Sameer Lakhany agrees, if his bankruptcy case is dismissed
9 as of the date of entry of this Final Order, and if no bankruptcy petition
10 has been refiled by or against him as of the date of this Order, that the
11 facts as alleged in the Amended Complaint filed in this action shall be
12 taken as true without further proof in any bankruptcy case or subsequent
13 civil litigation pursued by the FTC to enforce its rights to any payment
14 or money judgment pursuant to this Order, including but not limited to a
15 nondischargeability complaint in any bankruptcy case. Defendant
16 Sameer Lakhany further stipulates and agrees that the facts alleged in
17 the Amended Complaint establish all elements necessary to sustain an
18 action by the FTC pursuant to Section 523(a)(2)(A) of the Bankruptcy
19 Code, 11 U.S.C. § 523(a)(2)(A), and that this Order shall have collateral
20 estoppel effect for such purposes.

21 G. Any funds received by the FTC pursuant to this Order shall be deposited
22 into a fund administered by the FTC or its agent to be used for equitable
23 relief, including, but not limited to, consumer redress and any attendant
24 expenses for the administration of any redress fund. In the event that
25 direct redress to consumers is wholly or partially impracticable or funds
26 remain after redress is completed, the FTC may apply any remaining
27 funds for such other equitable relief (including consumer information
28 remedies) as it determines to be reasonably related to Defendants’

1 practices alleged in the Amended Complaint. Any funds not used for
2 such equitable relief shall be deposited to the U.S. Treasury as
3 disgorgement. Defendants shall have no right to challenge the FTC's
4 choice of remedies under this Section, and shall have no right to contest
5 the manner of distribution chosen by the FTC.

6 H. This judgment for equitable monetary relief is solely remedial in nature
7 and is not a fine, penalty, punitive assessment, or forfeiture.

8 I. In the event of any default on Defendants' obligation to make payment
9 under this Section, interest, computed pursuant to 28 U.S.C. § 1961, as
10 amended, shall accrue from the date of default to the date of payment,
11 and shall immediately become due and payable.

12 J. Defendants relinquish all dominion, control, and title to the funds paid
13 to the fullest extent permitted by law. Defendants shall make no claim
14 to or demand for return of the funds, directly or indirectly, through
15 counsel or otherwise.

16 K. Corporate Defendants agree that the facts as alleged in the Amended
17 Complaint filed in this action shall be taken as true without further proof
18 in any bankruptcy case or subsequent civil litigation pursued by the
19 FTC to enforce its rights to any payment or money judgment pursuant to
20 this Order, including but not limited to a nondischargeability complaint
21 in any bankruptcy case. Corporate Defendants further stipulate and
22 agree that the facts alleged in the Amended Complaint establish all
23 elements necessary to sustain an action by the FTC pursuant to Section
24 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and
25 that this Order shall have collateral estoppel effect for such purposes.

26 L. In accordance with 31 U.S.C. § 7701, Defendants are hereby required,
27 unless they already have done so, to furnish to the FTC all of their
28 taxpayer identifying numbers, which shall be used for purposes of

1 collecting and reporting on any delinquent amount arising out of their
2 relationship with the government.

3 M. Pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15
4 U.S.C. § 1681b(a)(1), any consumer reporting agency may furnish a
5 consumer report concerning Defendant Sameer Lakhany, which shall be
6 used for purposes of collecting and reporting on any delinquent amount
7 arising out of this Order.

8 **RIGHT TO REOPEN**

9 **VII. IT IS FURTHER ORDERED** that the FTC's agreement to, and the Court's
10 approval of, this Order is expressly premised on: (a) the truthfulness,
11 accuracy, and completeness of the Declaration of Sameer Lakhany Regarding
12 Assets Pursuant to 28 U.S.C. § 1746 dated October 5, 2012, the Revised
13 Financial Statements of Corporate Defendants The Credit Shop, LLC dated
14 July 2, 2012, Fidelity Legal Services LLC dated June 29, 2012, Titanium
15 Realty, Inc. dated June 29, 2012, and the combined Revised Financial
16 Statement of Corporate Defendants Precision Law Center, Inc. and Precision
17 Law Center LLC dated August 10, 2012, each of which has been submitted to
18 the FTC. If, upon motion by the FTC, the Court finds that the Declaration of
19 Sameer Lakhany Regarding Assets or any of the financial statements contains
20 any material misrepresentation or omission, the judgment entered in Section
21 VI of this Order shall be reinstated and become immediately due and payable,
22 *provided, however*, that in all other respects this Order shall remain in full
23 force and effect unless otherwise ordered by the Court; and, *provided further*,
24 that proceedings instituted under this provision would be in addition to, and
25 not in lieu of, any other civil or criminal remedies as may be provided by law,
26 including any other proceedings that the FTC may initiate to enforce this
27 Order. For purposes of this Section, Defendants waive any right to contest any
28 of the allegations in the Amended Complaint.

1
2 **ASSET FREEZE**

3 **VIII. IT IS FURTHER ORDERED** that, upon entry of this Order, and the transfer
4 of all assets as required by Section VI, the freeze of Defendant Sameer
5 Lakhany's assets and of the Corporate Defendants' assets shall be dissolved.
6 Nothing in this Order dissolves or otherwise affects the asset freeze applicable
7 to Defendants Brian Pacios and National Legal Network, Inc.

8 **CONTINUATION OF RECEIVERSHIP**

9 **IX. IT IS FURTHER ORDERED** that Thomas W. McNamara shall continue as a
10 permanent receiver over the Receivership Entities, pursuant to the authority
11 granted to the Receiver in the Preliminary Injunction Orders issued in this
12 matter on March 19, 2012 (Dkt. #51) and March 21, 2012 (Dkt. #66), with full
13 powers of a permanent receiver, including but not limited to those powers set
14 forth in such Preliminary Injunction Orders. Upon termination of the
15 receivership and final payment to the Receiver of all approved fees, costs, and
16 expenses, the Receiver shall turn over to the FTC or its designated agent all
17 remaining assets in the receivership estate.

18 **COOPERATION WITH FTC**

19 **X. IT IS FURTHER ORDERED** that Defendant Sameer Lakhany shall, in
20 connection with this action or any subsequent investigation or litigation related to or
21 associated with the transactions or the occurrences that are the subject of the
22 Amended Complaint:

- 23 A. cooperate in good faith with the FTC and appear at such places and
24 times as the FTC shall reasonably request, after written notice, for
25 interviews, conferences, pretrial discovery, review of documents, and
26 for such other matters as may be reasonably requested by the FTC. If
27 requested in writing by the FTC, Defendant Sameer Lakhany shall
28 appear and provide truthful testimony in any trial, deposition, or other

1 proceeding related to or associated with the transactions or the
2 occurrences that are the subject of the Amended Complaint, without the
3 service of a subpoena, *provided, however*, that Defendant Sameer
4 Lakhany shall be entitled to receive any witness fees and expenses
5 allowable pursuant to Federal Rule of Civil Procedure 45.

6 B. Within five days of entry of this order, Defendant Sameer Lakhany shall
7 provide counsel for the FTC with a written notice setting forth his
8 current residence address, mailing addresses, email address, fax number
9 (if any), and telephone numbers, where he may be contacted for the
10 purpose of receiving notices under this Section. Defendant Sameer
11 Lakhany shall provide written notice to counsel for the FTC within five
12 days of any change in this information. This Section shall apply in
13 addition to, and not in lieu of, the Compliance Reporting requirements
14 in Section XII below; *provided, however*, that this Subpart B shall cease
15 to apply upon entry of final orders regarding all of the defendants in this
16 action.

17 ORDER ACKNOWLEDGMENTS

18 **XI. IT IS FURTHER ORDERED** that Defendants provide, and obtain
19 acknowledgments of receipt of, this Order in the following manner:

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

23 B. For five (5) years after entry of this Order, Defendant Sameer Lakhany,
24 for any business that he, individually or collectively with any other
25 defendant in this action, is the majority owner or directly or indirectly
26 controls, must deliver a copy of this Order to: (1) all principals,
27 officers, directors, and managers; (2) all employees, agents, and
28 representatives who participate in conduct related to the marketing of

1 any financial related product or service; and (3) any business entity
2 resulting from any change in structure as set forth in the Section titled
3 Compliance Reporting. Delivery must occur within seven (7) days of
4 entry of this Order for current personnel. To all others, delivery must
5 occur before they assume their responsibilities.

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

9 COMPLIANCE REPORTING

10 **XII. IT IS FURTHER ORDERED** that Defendants make timely submissions to
11 the FTC:

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

14 1. Each Defendant must: (a) designate at least one telephone
15 number and an email, physical, and postal address as points of
16 contact, which representatives of the FTC may use to
17 communicate with Defendant; (b) identify all of that Defendant's
18 businesses by all of their names, telephone numbers, and
19 physical, postal, email, and Internet addresses; (c) describe the
20 activities of each business, including the products and services
21 offered, the means of advertising, marketing, and sales, and the
22 involvement of any other defendant in this action (which
23 Defendant Sameer Lakhany must describe if he knows or should
24 know due to his own involvement); (d) describe in detail whether
25 and how that Defendant is in compliance with each Section of
26 this Order; and (e) provide a copy of each Order
27 Acknowledgment obtained pursuant to this Order, unless
28 previously submitted to the FTC;

1 2. Additionally, Defendant Sameer Lakhany must: (a) identify all
2 telephone numbers and all email, Internet, physical, and postal
3 addresses, including all residences; (b) identify all titles and roles
4 in all business activities, including any business for which
5 Defendant Sameer Lakhany performs services whether as an
6 employee or otherwise and any entity in which he has any
7 ownership interest; and (c) describe in detail his involvement in
8 each such business, including title, role, responsibilities,
9 participation, authority, control, and any ownership.

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

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

20 2. Additionally, Defendant Sameer Lakhany must report any change
21 in: (a) name, including aliases or fictitious name, or residence
22 address; or (b) title or role in any business activity, including any
23 business for which Defendant Sameer Lakhany performs services
24 whether as an employee or otherwise and any entity in which he
25 has any ownership interest, and identify its name, physical
26 address, and Internet address, if any.

- 1 C. Each Defendant must submit to the FTC notice of the filing of any
2 bankruptcy petition, insolvency proceeding, or any similar proceeding
3 by or against such Defendant within 14 days of its filing.
- 4 D. Any submission to the FTC required by this Order to be sworn under
5 penalty of perjury must be true and accurate and comply with 28 U.S.C.
6 § 1746, such as by concluding: “I declare under penalty of perjury
7 under the laws of the United States of America that the foregoing is true
8 and correct. Executed on: _____” and supplying the date, signatory’s
9 full name, title (if applicable), and signature.
- 10 E. Unless otherwise directed by a FTC representative in writing, all
11 submissions to the FTC pursuant to this Order must be emailed to
12 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal
13 Service) to: Associate Director for Enforcement, Bureau of Consumer
14 Protection, Federal Trade FTC, 600 Pennsylvania Avenue NW,
15 Washington, DC 20580. The subject line must begin: *FTC v. Sameer*
16 *Lakhany et al.*, Case No. SACV12-0337-CJC(JPRx) (C.D. Cal.) [FTC
17 File No. X120014].

18 **RECORDKEEPING**

19 **XIII. IT IS FURTHER ORDERED** that Defendants must create certain records for
20 20 years after entry of the Order, and retain each such record for five (5) years.
21 Specifically, Corporate Defendants, in connection with the advertising,
22 marketing, promotion, offering for sale, or sale of any product, service, plan,
23 or program, and Defendant Sameer Lakhany, in connection with any business
24 in which he, individually or collectively with any other defendant in this
25 action, is the majority owner or directly or indirectly controls, must maintain
26 the following records:
27
28

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

15 **COMPLIANCE MONITORING**

16 **XIV. IT IS FURTHER ORDERED** that, for the purpose of monitoring
17 Defendants' compliance with this Order, including the financial
18 representations upon which the judgment was suspended and any failure to
19 transfer any assets as required by this Order:

- 20 A. Within 14 days of receipt of a written request from a representative of
21 the FTC, each Defendant must: submit additional compliance reports or
22 other requested information, which must be sworn under penalty of
23 perjury; appear for depositions; and produce documents, for inspection
24 and copying. The FTC is also authorized to obtain discovery, without
25 further leave of court, using any of the procedures prescribed by Federal
26 Rules of Civil Procedure 29, 30 (including telephonic depositions), 31,
27 33, 34, 36, 45, and 69.
28

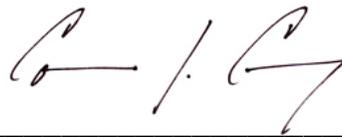
1 B. For matters concerning this Order, the FTC is authorized to
2 communicate directly with each Defendant. Defendant must permit
3 representatives of the FTC to interview any employee or other person
4 affiliated with any Defendant who has agreed to such an interview. The
5 person interviewed may have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

6 C. The FTC may use all other lawful means, including posing, through its
7 representatives, as consumers, suppliers, or other individuals or entities,
8 to Defendants or any individual or entity affiliated with Defendants,
9 without the necessity of identification or prior notice. Nothing in this
10 Order limits the FTC's lawful use of compulsory process, pursuant to
11 Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.
12

13 RETENTION OF JURISDICTION

14 **XV. IT IS FURTHER ORDERED** that this Court retains jurisdiction of this
15 matter for purposes of construction, modification, and enforcement of this
16 Order.
17

18 **IT IS SO ORDERED** this 28th day of February, 2013

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21 UNITED STATES DISTRICT JUDGE
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