

1 **UNITED STATES DISTRICT COURT**
2 **CENTRAL DISTRICT OF CALIFORNIA**

3 Consumer Financial Protection Bureau,

4 Plaintiff,

5 v.

Case No. 2:17-cv-4720

6 Commercial Credit Consultants (d.b.a.
7 Accurise); IMC Capital L.L.C. (a.k.a.
8 Imperial Meridian Capital L.L.C.,
9 Imperial Capital, and IMCA Capital
L.L.C.); Prime Credit, L.L.C. (a.k.a.
Prime Marketing, L.L.C.; d.b.a. Prime
Credit Consultants); Blake Johnson;
and Eric Schlegel,

10 Defendants.

[PROPOSED] STIPULATED FINAL
JUDGMENT AND ORDER

11
12 Plaintiff, the Consumer Financial Protection Bureau (“Bureau”) commenced
13 this civil action against Defendants Commercial Credit Consultants (d.b.a.
14 Accurise); IMC Capital L.L.C. (a.k.a. Imperial Meridian Capital L.L.C., Imperial
15 Capital, and IMCA Capital L.L.C.); Prime Credit, L.L.C. (a.k.a. Prime Marketing,
16 L.L.C.; d.b.a. Prime Credit Consultants); Blake Johnson; and Eric Schlegel
17 (collectively, “Defendants”) on June 27, 2017, to obtain injunctive relief and civil
18 money penalties.

19 The Complaint alleges violations of §§ 1031(a) and 1036(a)(1) of the
20 Consumer Financial Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531(a),

1 5536(a)(1), and the Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, which
2 implements the Telemarketing and Consumer Fraud and Abuse Prevention Act
3 (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108.

4 Plaintiff and Defendants request that the Court enter this Stipulated Final
5 Judgment and Order (“Order”).

6 **FINDINGS**

7 1) This Court has jurisdiction over the parties and the subject matter of
8 this action.

9 2) Plaintiff and Defendants agree to entry of this Order to settle and
10 resolve all matters in this dispute arising from the conduct alleged in the Complaint
11 to the date this Order is entered.

12 3) Defendants neither admit nor deny any allegations in the Complaint,
13 except as specifically stated in this Order. For the purposes of this Order,
14 Defendants admit the facts necessary to establish the Court’s jurisdiction over them
15 and the subject matter of this action.

16 4) Between August 1, 2009 and September 30, 2014, Defendants
17 charged consumers for credit repair services, and returned a portion of these fees to
18 consumers through either refunds or chargebacks. Defendants caused harm in the
19 amount of the total fees consumers paid, less any refunds they received.

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1 Imperial Meridian Capital L.L.C., Imperial Capital, and IMCA
2 Capital L.L.C); and Prime Credit, L.L.C. (a.k.a. Prime
3 Marketing, L.L.C.; d.b.a. Prime Credit Consultant), and their
4 successors and assigns.

5 ii) “Individual Defendants” means Blake Johnson and Eric
6 Schlegel.

7 d) “Effective Date” means the date on which this Order is entered
8 on the docket by this Court.

9 e) “Enforcement Director” means the Assistant Director of the
10 Office of Enforcement for the Consumer Financial Protection Bureau,
11 or his/her delegate.

12 f) “Related Consumer Action” means a private action by or on
13 behalf of one or more consumers or an enforcement action by another
14 governmental agency brought against Defendant based on
15 substantially the same facts as described in this Order or the
16 Complaint.

ORDER

IT IS ORDERED that:

I. Conduct Prohibition

8) Defendants and their officers, agents, servants, employees, and attorneys who have actual notice of this Order, whether acting directly or indirectly, may not violate §§ 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531 and 5536, and the TSR, 16 C.F.R. pt. 310, in the provision of Credit Repair Services.

9) Defendants, and their officers, agents, servants, and employees who have actual notice of this Consent Order, whether acting directly or indirectly, are restrained for 5 years from:

a) Advertising, marketing, promoting, providing, offering for sale, selling, assisting in the sale of, or administering Credit Repair Services; or

b) Receiving any remuneration or other consideration from, holding any ownership interest in, providing services to, or working in any capacity for any person engaged in or assisting in advertising, marketing, promoting, offering for sale, or selling Credit Repair Services.

1 **II. Customer Information**

2 10) Defendants, and their officers, agents, servants, employees, and
3 attorneys who receive actual notice of this Consent Order, whether acting directly
4 or indirectly, may not disclose, use, or benefit from customer information,
5 including the name, address, telephone number, email address, social security
6 number, other identifying information, or any data that enables access to a
7 customer's account (including a credit card, bank account, or other financial
8 account), that Defendant obtained before the Effective Date in connection with the
9 offering or sale of credit repair services. However, customer information may be
10 disclosed if requested by a government agency or required by law, regulation, or
11 court order.

12 **III. Civil Money Penalties**

13 11) Under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the
14 alleged violations of law described in the Complaint, and taking into account the
15 factors in 12 U.S.C. § 5565(c)(3), a judgment for a civil money penalty is entered
16 in favor of the Bureau and against Defendants, jointly and severally, in the amount
17 of \$1,530,000.

18 12) Within 10 days of the Effective Date, Defendants must pay the civil
19 money penalty by wire transfer to the Bureau or to the Bureau's agent in
20 compliance with the Bureau's wiring instructions.

1 13) The civil money penalty paid under this Order will be deposited in the
2 Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPB, 12 U.S.C.
3 § 5497(d).

4 14) Defendants must treat the civil money penalty paid under this Order
5 as a penalty paid to the government for all purposes. Regardless of how the Bureau
6 ultimately uses those funds, Defendants may not:

- 7 a) Claim, assert, or apply for a tax deduction, tax credit, or any
8 other tax benefit for any civil money penalty paid under this Order; or
- 9 b) Seek or accept, directly or indirectly, reimbursement or
10 indemnification from any source, including but not limited to payment
11 made under any insurance policy, with regard to any civil money
12 penalty paid under this Order.

13 15) To preserve the deterrent effect of the civil money penalty in any
14 Related Consumer Action, Defendants may not argue that Defendants are entitled
15 to, nor may Defendants benefit by, any offset or reduction of any compensatory
16 monetary remedies imposed in the Related Consumer Action because of the civil
17 money penalty paid in this action or because of any payment that the Bureau
18 makes from the Civil Penalty Fund (“Penalty Offset”). If the court in any Related
19 Consumer Action grants such a Penalty Offset, Defendants must, within 30 days
20 after entry of a final order granting the Penalty Offset, notify the Bureau, and pay

1 the amount of the Penalty Offset to the U.S. Treasury. Such a payment will not be
2 considered an additional civil money penalty and will not change the amount of the
3 civil money penalty imposed in this action.

4 **IV. Additional Monetary Provisions**

5 16) In the event of any default on Defendants' obligation to make
6 payment under this Order, interest, computed under 28 U.S.C. § 1961, as amended,
7 will accrue on any outstanding amounts not paid from the date of default to the
8 date of payment, and will immediately become due and payable.

9 17) Defendants must relinquish all dominion, control, and title to the
10 funds paid or to be paid under this Order to the fullest extent permitted by law and
11 no part of the funds may be returned to Defendants.

12 18) Under 31 U.S.C. § 7701, Defendants must furnish to the Bureau their
13 taxpayer identifying numbers, which may be used for purposes of collecting and
14 reporting on any delinquent amount arising out of this Order.

15 19) Within 30 days of the entry of a final judgment, consent order, or
16 settlement in a Related Consumer Action, Defendants must notify the Enforcement
17 Director of the final judgment, consent order, or settlement in writing. That
18 notification must indicate the amount of redress, if any, that Defendants paid or are
19 required to pay to consumers and describe the consumers or classes of consumers
20 to whom that redress has been or will be paid.

1 **V. Reporting Requirements**

2 20) Defendants must notify the Bureau of any development that may
3 affect compliance obligations arising under this Order, including but not limited to,
4 any change in structure of any Corporate Defendant, including a dissolution,
5 assignment, sale, merger, or other action that would result in the emergence of a
6 successor company; the creation or dissolution of a subsidiary, parent, or affiliate
7 that engages in any acts or practices subject to this Order; the filing of any
8 bankruptcy or insolvency proceeding by or against Defendants; or a change in
9 Defendants' name or address. Defendants must provide this notice, if practicable,
10 at least 30 days before the development, but in any case no later than 14 days after
11 the development.

12 21) Within 7 days of the Effective Date, Defendants must:

13 a) Designate at least one telephone number and email, physical,
14 and postal address as points of contact, which the Bureau may use to
15 communicate with Defendants;

16 b) Identify all businesses for which any Defendant is the
17 owner, or that a Defendant directly or indirectly controls, by all of
18 their names, telephone numbers, and physical, postal, email, and
19 Internet addresses;

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1 c) Describe the activities of each such business, including the
2 products and services offered, and the means of advertising,
3 marketing, and sales;

4 d) Identify Individual Defendants' telephone numbers and all
5 email, Internet, physical, and postal addresses, including all
6 residences; and

7 e) Describe in detail Individual Defendants' involvement in any
8 business for which they perform services in any capacity or which
9 they wholly or partially own, including Defendant's title, role,
10 responsibilities, participation, authority, control, and ownership.

11 22) For 5 years from the Effective Date, the Defendants must report any
12 change in the information required to be submitted under ¶ 20 at least 30 days
13 before the change or as soon as practicable after learning about the change,
14 whichever is sooner.

15 23) Within 90 days of the Effective Date, and again one year after the
16 Effective Date, Defendants must submit to the Enforcement Director an accurate
17 written compliance progress report, which, at a minimum:

18 a) Describes in detail the manner and form in which Defendants
19 have complied with this Order; and
20

- 1 b) Attaches a copy of each Order Acknowledgment obtained under
2 § VI, unless previously submitted to the Bureau.

3 **VI. Order Distribution and Acknowledgment**

4 24) Within 30 days of the Effective Date, Corporate Defendants must
5 deliver a copy of this Order to each entity's executive officers.

6 25) For 5 years from the Effective Date, Defendants must deliver a copy
7 of this Order to any business entity resulting from any change in structure referred
8 to in ¶ 20, and any future board members and executive officers before they
9 assume their responsibilities.

10 26) Defendants must secure a signed and dated statement acknowledging
11 receipt of a copy of this Order, ensuring that any electronic signatures comply with
12 the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of
13 delivery, from all persons receiving a copy of this Order under this Section.

14 **VII. Recordkeeping**

15 27) Defendants must create or, if already created, must retain for at least 5
16 years from the Effective Date all documents and records necessary to demonstrate
17 full compliance with each provision of this Order, including all submissions to the
18 Bureau.

19 28) Defendants must retain the documents related to the compliance
20 report described in ¶ 27 for at least 5 years.

1 29) Defendants must make the documents identified in ¶ 27 available to
2 the Bureau upon the Bureau's request.

3 **VIII. Notices**

4 30) Unless otherwise directed in writing by the Bureau, Defendants must
5 provide all submissions, requests, communications, or other documents relating to
6 this Order in writing, with the subject line, "*In re Prime Credit Consultants, Matter*
7 No. 2013-0946-02" and send them either:

8 a) By overnight courier (not the U.S. Postal Service), as follows:

9 Assistant Director for Enforcement
10 Consumer Financial Protection Bureau
11 ATTN: Office of Enforcement
12 1625 Eye St., N.W.
13 Washington, DC 20006

14 b) By first-class mail to the below address and contemporaneously
15 by email to Enforcement_Compliance@cfpb.gov:

16 Assistant Director for Enforcement
17 Consumer Financial Protection Bureau
18 ATTN: Office of Enforcement
19 1700 G Street, N.W.
20 Washington, DC 20552

1 **IX. Cooperation with the Bureau**

2 31) Defendants must cooperate fully to help the Bureau determine the
3 identity and location of, and the amount of injury sustained by, each Affected
4 Consumer. Defendants must provide such information in their or their agents'
5 possession or control within 14 days of receiving a written request from the
6 Bureau.

7 **X. Compliance Monitoring**

8 32) Within 30 days of receipt of a written request from the Bureau,
9 Defendants must submit compliance reports or other requested information, which
10 must be made under penalty of perjury; provide sworn testimony; or produce
11 documents.

12 33) Defendants must permit Bureau representatives to interview any
13 employee or other person affiliated with Defendants who have agreed to such an
14 interview regarding the subject matter or compliance of this Order. The person
15 interviewed may have counsel present.

16 34) Nothing in this Order will limit the Bureau's lawful use of civil
17 investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

18 **XI. Retention of Jurisdiction**

19 35) The Court will retain jurisdiction of this matter for purposes of
20 construction, modification, and enforcement of this Order.

1 36) Notwithstanding the provisions of ¶ 35, any time limits for
2 performance fixed by this Order may be extended by mutual written agreement of
3 the parties and without further Court approval. Additionally, details related to
4 administration of §§ V through X of this Order may be modified by written
5 agreement of the parties and without further Court approval. Any other
6 modifications to this Order may be made only upon approval of the Court, upon
7 motion by any party.

8 **XII. Release**

9 37) The Bureau releases and discharges Defendants from all potential
10 liability for law violations that the Bureau has or might have asserted based on the
11 practices alleged in the Complaint, to the extent such practices occurred before the
12 Effective Date and the Bureau knows about them as of the Effective Date. The
13 Bureau may use the practices alleged in the Complaint in future enforcement
14 actions against Defendants or their affiliates to establish a pattern or practice of
15 violations or the continuation of a pattern or practice of violations or to calculate
16 the amount of any penalty. This release does not preclude or affect any right of the
17 Bureau to determine and ensure compliance with this Order, or to seek penalties
18 for any violations of this Order.

19 **IT IS SO ORDERED.**

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Dated:

UNITED STATES DISTRICT JUDGE

Consented and agreed to:

FOR THE CONSUMER FINANCIAL PROTECTION BUREAU:

Anthony Alexis
Enforcement Director

Deborah Morris
Deputy Enforcement Director

Craig Cowie
Assistant Litigation Deputy



Sarah Preis

(Email: sarah.preis@cfpb.gov)
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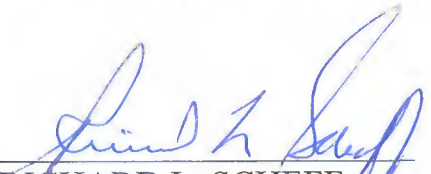
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