

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING

File No. 2015-CFPB-033

In the Matter of

**Eric V. Sancho d/b/a
Lead Publisher**

CONSENT ORDER

The Consumer Financial Protection Bureau has reviewed the business practices of Eric V. Sancho d/b/a Lead Publisher (Respondent, as defined below), the sole proprietor of a consumer-lead resale business with the trade name Lead Publisher. Respondent sold consumer information, including consumers' names, addresses, occupations, telephone numbers, home and email addresses, military statuses, credit ratings, dates of birth, bank-routing and account numbers, employers' names, and pay schedules to entities engaged in a fraudulent debt-collection scheme. Respondent took no steps to determine how the consumer information he sold would be used, or to verify that the entities to which he sold it were engaged in legitimate businesses. In fact, those entities used the information to engage in unfair, deceptive, and abusive acts and practices. Respondent's conduct violated § 1036 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. § 5536. Under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this consent order (Order).

I

Jurisdiction

1. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPB, 12 U.S.C. §§ 5563, 5565.

II

Stipulation

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated December 11, 2015 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Order by the Bureau under §§ 1053 and 1055 of the CFPB, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits that the Bureau has jurisdiction over him and the subject matter of this action.

III

Definitions

For purposes of this Order, the following definitions apply:

1. “Effective Date” means the date on which the Order is entered.
2. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his or her delegee.
3. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section IV of this Order.
4. “Relevant Period” means from January 1, 2011 through December 31,

2014.

5. “Respondent” means Eric V. Sancho d/b/a Lead Publisher.

IV

Bureau Findings and Conclusions

The Bureau finds the following:

6. From 2011 to 2014, Respondent owned and operated Lead Publisher. Respondent was the owner of the Lead Publisher trade name, paid its taxes, helped create its website, was listed as the owner and sole proprietor of its bank account, and attested to the same on his federal tax returns, where his occupation was listed as “Lead Broker.” Respondent conducted Lead Publisher’s business, dealing directly with its clients on a regular basis.

7. Respondent sold sensitive consumer information known as leads. Leads are data spreadsheets that contain potentially sensitive consumer information such as consumers’ names, telephone numbers, home and email addresses, references, and employer information. The information contained in leads comes from consumers, who input their personal information on a company’s website. For example, a “payday loan lead” may be generated when a consumer applies for a payday or other loan online and enters relevant application information. Respondent’s business bought and sold this type of consumer information on a large scale.

8. Respondent acted as a middleman in the lead-generation business. On one side of Respondent’s business were the entities that collect consumer information and turn that information into leads (lead generators). On the other side were entities that used those leads to market their products or services back to those consumers (end users).

9. Respondent received orders from end users through his website or by telephone. He would then buy leads from various lead generators or other parties to fill the end users' orders. Within 24 to 48 hours of receiving an order, Respondent would forward the leads to the end user. He realized a profit by charging the end users roughly double the price he paid for the leads.

10. Respondent had no company policy or training process to ensure compliance with relevant laws. He conducted no review of the entities from which he purchased leads or of the entities to which he sold them.

11. Over the course of eight transactions, Respondent sold roughly three million consumer leads to WNY Account Solutions Group, LLC and Universal Debt Solutions, LLC, two entities controlled by Marcus Brown.

12. WNY Account Solutions Group, LLC, Universal Debt Solutions, LLC, and Brown (collectively, "WNY") acted as a common enterprise in a scheme to defraud consumers of millions of dollars.

13. Specifically, WNY used leads purchased from Respondent to lie to, threaten, and harass consumers to collect debt that they did not owe. WNY threatened consumers with "financial restraining orders" or falsely alleged that consumers had perpetrated check fraud in order to collect fraudulent debt. WNY deceived consumers into believing these collections were legitimate because WNY could verify consumers' personal information, such as date of birth, social-security number, names of family members, and employment information. WNY routinely purchased this type of sensitive consumer information, integral to its fraud, from Respondent.

14. Respondent sold "long form" payday loan leads to WNY. These leads contain every aspect of information one might find on a loan application. For example,

one spreadsheet Respondent sold to WNY contained 71 columns of information including, for each consumer listed, the consumer's name, occupation, gender, telephone number, home and email address, military status, credit rating, date of birth, loan reference contact information, bank-routing and account number, employer's name, pay date schedule, address, and contact information.

15. Respondent and Brown were in frequent communication during WNY's scheme. In one email Respondent personally offered to sell Brown 19 million long-form leads and attached an invoice for Brown "in case you wanted to move quickly."

16. Respondent should have recognized the red flags surrounding WNY and Brown. WNY did not offer any legitimate business or service to consumers; rather its entire business model was based on fraud. In 2005, Brown pled guilty and served a three-year prison term for an identity theft scam.

17. Respondent sold sensitive consumer information to WNY in suspiciously high volumes as well. WNY's orders were uncommonly large for Respondent, yet he pushed WNY to order leads from him in even greater quantities, culminating in his offer of 19 million leads.

18. It was extremely unlikely that WNY would offer a legitimate product or service to 19 million consumers—almost 10% of America's adult population.

19. Respondent never sought to verify whether WNY offered a legitimate product or service to consumers, let alone inquire about its policies or practices, legal compliance, whether it held appropriate licenses, or any other matters. Yet he sold the companies millions of leads. If Respondent had attempted to verify WNY's business, he would have found WNY did not offer any lawful product or service, and that the leads he sold WNY could only be used for an illegal purpose.

20. Because Respondent chose to undertake no reasonable diligence, he did not detect warning signs of WNY's unlawful conduct. WNY could not have perpetrated its fraud on consumers without Respondent's assistance.

21. Under § 1036 of the CFPA it is unlawful for "any person to... recklessly provide substantial assistance to a covered person" engaged in unfair, deceptive, or abusive acts or practices under Federal law in connection with any transaction with a consumer for a consumer-financial product or service. 12 U.S.C. § 5536.

22. WNY engaged in unfair and deceptive acts and practices.

23. Respondent recklessly sold consumer information to WNY that WNY then used to perpetrate its fraud on consumers.

24. Accordingly, Respondent's actions and omissions violated section 1036(a)(3) of the CFPA, 12 U.S.C. § 5536(a)(3).

ORDER

V

Order to Pay Disgorgement

IT IS ORDERED, under §§ 1053 and 1055 of the CFPA, that:

25. Respondent is ordered to disgorge \$21,151 within 60 calendar days of the Effective Date, in the form of a wire transfer to the Bureau or to such agent as the Bureau may direct, in accordance with wiring instructions to be provided by counsel for the Bureau. The Bureau must deposit the payment in the United States Treasury.

26. In the event of any default on Respondent's obligations to make payment under this Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.

27. Respondent must relinquish all dominion, control, and title to the funds paid under this order to the fullest extent permitted by law and no part of the funds may be returned to Respondent.

28. Under 31 U.S.C. § 7701, Respondent, unless he has already done so, must furnish to the Bureau his taxpayer identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

29. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

VI

Conduct Provisions

IT IS FURTHER ORDERED that:

30. Respondent shall be permanently banned from offering or providing any “consumer financial product or service,” as that term is defined in 12 U.S.C. § 1002(5), including engaging in any business involving the purchase or sale of consumer leads, or facilitating any such conduct.

VII

Reporting Requirements

IT IS FURTHER ORDERED that:

31. For 5 years from the Effective date, Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Order, including but not limited to the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice at least 30 days before the development or as soon as practicable after learning about the development, whichever is sooner.

32. Within 10 days of the Effective Date, Respondent shall notify the Bureau of (a) Respondent's current residence, postal address, email address, and telephone number; and (b) Respondent's current role in any business activity, including any business for which he provides services, whether as an employee, officer, or otherwise, and any entity in which Respondent has any ownership interest, identifying for each its name, physical address, and internet address.

33. For 5 years from the Effective Date, Respondent shall notify the Bureau of (a) any change in name, including aliases or fictitious names; (b) any change in residence, postal address, email address, or telephone number; or (c) any change in title or role in any business activity, including any business for which Respondent provides services, whether as an employee, officer, or any otherwise, and any entity in which Respondent has any ownership interest, identifying for each its name, physical address, and internet address.

VIII

Notices

IT IS FURTHER ORDERED that:

34. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Order in writing, with the subject line, "*In re Eric Sancho*, File No. 2015-CFPB-0033 ," and send them either:

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

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1625 Eye Street, N.W.
Washington D.C. 20006; or

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

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1700 G Street, N.W.
Washington D.C. 20552

IX

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

35. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in the Complaint. Respondent must provide to the Bureau truthful and complete information, evidence, and testimony. Respondent must appear for interviews, discovery, hearings, trials, and

any other proceedings that the Bureau may reasonably request upon 5 days written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

X

Compliance Monitoring

IT IS FURTHER ORDERED that, to monitor Respondent's compliance with this Order:

36. Within 14 days of receipt of a written request from the Bureau, Respondent must submit compliance reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.

37. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.

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

XI

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

39. Respondent may seek a modification to non-material requirements of this Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Enforcement Director.

40. The Enforcement Director may, in his or her discretion, modify any non-material requirements of this Order (*e.g.*, reasonable extensions of time and changes to

reporting requirements) if he or she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

XII

Administrative Provisions

41. The provisions of this Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in Paragraph 42.

42. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Order, or to seek penalties for any violations of the Order.

43. This Order is intended to be, and will be construed as, a final Order issued under § 1053 of the CFPB, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.

44. This Order will terminate 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Order by Respondents. If such action is dismissed or the relevant adjudicative body

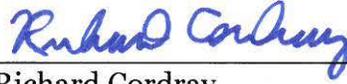
rules that Respondent did not violate any provision of the Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Order will terminate as though the action had never been filed. The Order will remain effective and enforceable until such time, except to the extent that any provisions of this Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.

45. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.

46. The provisions of this Order will be enforceable by the Bureau. For any violation of this Order, the Bureau may impose the maximum amount of civil money penalties allowed under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.

47. This Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Order and the accompanying Stipulation. This Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.

IT IS SO ORDERED, this 15 th day of December, 2015.



Richard Cordray
Director
Consumer Financial Protection Bureau