

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

CONSUMER FINANCIAL PROTECTION
BUREAU,

Plaintiff,

v.

RICHARD F. MOSELEY, SR., et al.,

Defendants.

CASE NO. 4:14-cv-00789-SRB

STIPULATED FINAL JUDGMENT AND ORDER
AS TO DEFENDANT CHRISTOPHER J. RANDAZZO

The Bureau of Consumer Financial Protection (“Bureau”), commenced this civil action on September 8, 2014 to obtain permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten gains, civil money penalties, and other relief from Richard Moseley, Sr. (“Moseley, Sr.”), Richard Moseley, Jr. (“Moseley, Jr.”), and Christopher J. Randazzo, and from SSM Group, LLC; CMG Group, LLC; DJR Group, LLC; BCD Group, LLC; Hydra Financial Limited Fund I; Hydra Financial Limited Fund II; Hydra Financial Limited Fund III; Hydra Financial Limited Fund IV; PCMO Services, LLC; PCKS Services, LLC; Piggycash Online Holdings, LLC; CLS Services, Inc.; FSR Services, Inc.; SJ Partners, LLC; River Elk Services, LLC; OSL Marketing, Inc. a/k/a OSL Group, Inc.; Rocky Oak Services, LLC; RM Partners, LLC; PDC Ventures, LLC; and Corvus Company, LLC. The Bureau brought its Complaint under sections 1031(a), 1036(a), 1054(a) and 1055 of the Consumer Financial Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531(a), 5536(a), 5564(a), and 5565; the Truth in Lending Act (“TILA”), 15 U.S.C. §§ 1601-1666j,

and its implementing Regulation Z, 12 C.F.R. Part 1026; and the Electronic Fund Transfer Act (“EFTA”), 15 U.S.C. §§ 1693-1693r, and its implementing Regulation E, 12 C.F.R. Part 1005. In the Complaint, the Bureau alleges that Defendants violated the CFPA, EFTA and TILA in connection with the offering, provision, servicing and collection of online short-term, high-interest loans across the country. The Bureau and Christopher J. Randazzo agree to entry of this Stipulated Final Judgment and Order (“Order”) by this Court.

THEREFORE, IT IS ORDERED:

FINDINGS

By stipulation of the parties and being advised of the premises, the Court finds:

1. This Court has jurisdiction over the parties and the subject matter of this action pursuant to 12 U.S.C. § 5565(a)(1) and 28 U.S.C. §§ 1331 and 1345.
2. Venue in the Western District of Missouri is proper under 28 U.S.C. § 1391(b) and 12 U.S.C. § 5564(f).
3. The Bureau and Settling Defendant agree to entry of this Order to settle and resolve all matters in dispute arising from the conduct alleged in the Complaint related to Settling Defendant.
4. The Complaint states claims upon which relief may be granted.
5. The relief provided in this Order is appropriate and available pursuant to sections 1054 and 1055 of the CFPA, 12 U.S.C. §§ 5564 and 5565.
6. Settling Defendant neither admits nor denies the allegations in the Complaint, except that he admits the jurisdictional allegations in the Complaint and the facts stated in this Order.

7. Settling Defendant waives all rights to seek judicial review or otherwise challenge or contest the validity of this Order and any claim that he may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this Order. Each party agrees to bear its own costs and expenses, including, without limitation, attorneys' fees.

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

9. Settling Defendant was hired by Individual Defendant Richard Moseley, Sr. in June 2010.

10. From June 2010 to April 2014, Settling Defendant was employed by one or more of the Corporate Defendants. Settling Defendant had the following titles during his employment: Comptroller of OSL Marketing, Inc.; Controller of Defendant River Elk Services, LLC; Controller of Rocky Oak Services, LLC; Senior Manager of Hydra Financial Limited Fund I-IV; and Treasurer and Manager of Finance of Corvus Company, LLC.

11. During Settling Defendant's employment, Settling Defendant performed in-house accounting for the Corporate Defendants and prepared periodic financial reporting for the online consumer lending operations upon request of Moseley, Sr. Settling Defendant was also responsible for monitoring accounts payable for the Corporate Defendants.

12. During Settling Defendant's employment, Settling Defendant was responsible for monitoring many of the Defendants' bank accounts and recording the movement of funds between the online consumer lending operations and bank accounts associated with each of the Corporate Defendants, as well as accounts in the

names of Moseley, Sr. and Moseley, Jr. Settling Defendant provided a daily summary of bank activity to Moseley, Sr.

13. Settling Defendant personally observed that, on a monthly basis, Moseley, Sr. and Moseley, Jr. withdrew owner draws from one or more Corporate Defendant bank accounts that held consumer funds from the online consumer lending operations. The owner draws were of varying amounts and for the personal use of Moseley, Sr. and Moseley, Jr.

14. The Corporate Defendants operated as part of a common enterprise through an interrelated network of companies that: shared common control, employees, addresses, and office space; commingled funds; and interacted with consumers, lead generators, debt collectors, payment processors, and other third parties from common locations.

15. Since 2008, the online consumer lending operations owned, managed, operated, and controlled by Moseley, Sr. and Moseley, Jr. collected hundreds of millions of dollars from consumers nationwide.

16. Moseley, Sr. and Moseley, Jr. shared the profits from the online consumer lending operations. Settling Defendant received an annual salary of approximately \$50,000-\$70,000. Aside from his salary and employee benefits, Settling Defendant did not receive any other compensation for his employment with any of the Corporate Defendants.

DEFINITIONS

17. For the purposes of this Order, the following definitions apply:
- a. “Assisting others” means helping, aiding, or providing support to others, including but not limited to:

- i. performing customer service functions including, but not limited to, receiving or responding to consumer complaints;
 - ii. formulating or providing, or arranging for the formulation or provision of, any advertising or marketing material, including, but not limited to, any telephone sales script, direct mail solicitation, or the text of any Internet website, email, or other electronic communication;
 - iii. formulating or providing, or arranging for the formulation or provision of, any marketing support material or service, including but not limited to, web or Internet Protocol addresses or domain name registration for any Internet websites, affiliate marketing services, or media placement services;
 - iv. providing names of, or assisting in the generation of, potential customers, excluding referrals of those personally known to Settling Defendant;
 - v. participating in or providing services related to the offering, sale, or servicing of a product, or the collection of payments for a product;
 - vi. performing marketing, billing, or payment services of any kind; and
 - vii. acting or serving as an owner, officer, director, manager, or principal of any entity.
- b. “Complaint” means the Bureau’s complaint filed in the above-captioned action on September 8, 2014 (ECF No. 3).
 - c. “Consumer financial product or service” is synonymous in meaning and equal in scope to the definition of the term in section 1002(5) of the CFPA,

12 U.S.C. § 5481(5), and, subject to applicable restrictions contained in the CFPB, includes but is not limited to, the following financial products or services delivered, offered, or provided in connection with a consumer financial product or service offered or provided for use by consumers primarily for personal, family or household purposes:

- i. Extending credit, and servicing loans, including acquiring, purchasing, selling, brokering, or other extensions of credit (other than solely extending commercial credit to a person who originates consumer credit transactions);
 - ii. collecting, analyzing, maintaining, or providing consumer report information or other account information, including information relating to the credit history of consumers, used or expected to be used in connection with any decision regarding the offering or provision of a consumer financial product or service; and
 - iii. collecting debt related to any consumer financial product or service.
- d. “Debt” means any obligation or alleged obligation to pay money, whether or not such obligation has been reduced to judgment.
- e. “Defendants” means the Individual Defendants and the Corporate Defendants, individually, collectively, or in any combination, and each of them by whatever names each might be known;
- i. “Corporate Defendants” means SSM Group, LLC; CMG Group, LLC; DJR Group, LLC; BCD Group, LLC; Hydra Financial Limited Fund I; Hydra Financial Limited Fund II; Hydra Financial Limited Fund III; Hydra Financial Limited Fund IV; PCMO Services, LLC;

PCKS Services, LLC; Piggycash Online Holdings, LLC; CLS Services, Inc.; FSR Services, Inc.; SJ Partners, LLC; River Elk Services, LLC; OSL Marketing, Inc., a/k/a OSL Group, Inc.; Rocky Oak Services, LLC; RM Partners, LLC; PDC Ventures, LLC; and Corvus Company, LLC, and any successors and assigns.

ii. “Individual Defendants” mean Richard F. Moseley, Sr.; Richard F. Moseley, Jr.; and Christopher J. Randazzo, collectively, or in any combination, and each of them by any other names by which they might be known;

iii. “Settling Defendant” means Christopher J. Randazzo, by any names by which he might be known.

f. “Effective Date” means the date on which this Order is entered by the Court.

g. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Bureau of Consumer Financial Protection, or his or her delegee.

h. “Person” means an individual, partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or other entity.

i. “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 Settling Defendant based on substantially the same facts as alleged in the Complaint in this action.

ORDER

Conduct Provisions

I.

**BAN ON ORIGINATING, OFFERING, SERVICING, COLLECTING OR
SELLING LOANS OR OTHER EXTENSIONS OF CREDIT**

IT IS HEREBY ORDERED that:

18. Settling Defendant, whether acting directly or indirectly, is restrained and enjoined from, or assisting others in, any of the following for five (5) years after the Effective Date:

- a. Marketing, advertising, promoting, or offering any loan or other extension of consumer credit;
- b. Originating loans or extending credit to consumers;
- c. Attempting to collect or collecting payments from consumers on an existing loan, whether directly or through a third-party debt collector;
- d. Communicating with consumers regarding any loan or other extension of credit; and
- e. Selling, assigning, brokering, gifting, conveying, or otherwise transferring any purported consumer debt to a third party, including any debt broker, debt buyer, or debt collector.

II.

**PROHIBITED CONDUCT RELATING TO CONSUMER FINANCIAL
PRODUCTS OR SERVICES**

IT IS FURTHER ORDERED that:

19. Settling Defendant, and his officers, agents, servants, employees, and attorneys, who have actual notice of this Order, whether acting directly or indirectly, in connection with the marketing, advertising, promotion, offering, originating,

servicing, sale, or performance of any consumer loan, are hereby permanently restrained and enjoined from, or assisting others in, misrepresenting, or assisting others in misrepresenting, expressly or by implication:

- a. That consumers authorized or otherwise consented to a loan;
- b. That consumers authorized or otherwise consented to access to their bank accounts;
- c. That consumers are obligated to pay finance charges associated with a loan that they did not authorize or consent to;
- d. The character, amount, or legal status of a loan;
- e. The payment schedule of a loan;
- f. The interest rate, annual percentage rate, or finance charge of a loan and whether they are fixed or adjustable;
- g. Whether, and to what extent, a payment will be applied to repayment of the principal of a loan; and
- h. Whether a loan will be refinanced or rolled over, and whether refinancing may trigger a prepayment penalty or other fees.

20. In addition, Settling Defendant, and his officers, agents, servants, employees, and attorneys, who have actual notice of this Order, whether acting directly or indirectly, in connection with the marketing, advertising, promotion, offering, originating, servicing, sale, or performance of any consumer loan, are hereby permanently restrained and enjoined from causing debits to be made from any consumer's bank or other financial account, and from billing any consumer for any charge, without the consumer's express, informed consent.

21. In addition, Settling Defendant, and his officers, agents, servants, employees, and attorneys, who have actual notice of this Order, whether acting directly or indirectly, in connection with the marketing, advertising, promotion, offering, originating, servicing, sale, or performance of any consumer financial product or service, are hereby permanently restrained and enjoined from making any representation, or assisting others in making any representation, about the performance, efficacy, nature, or characteristics of any consumer financial product or service, unless, at the time such representation is made, Settling Defendant possesses and relies upon competent and reliable evidence that substantiates that the representation is true.

III.

COOPERATION WITH BUREAU COUNSEL

IT IS FURTHER ORDERED that:

22. Settling Defendant must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in the Complaint. Settling Defendant must provide truthful and complete information, evidence, and testimony. Settling Defendant must appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request upon 15 days written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

23. Settling Defendant must cooperate fully to help the Bureau determine the identity, location and contact information of any Defendant or any of the Corporate Defendants' former employees. Settling Defendant must provide such information in

his or his agents' possession or control within 14 days of receiving a written request from the Bureau.

24. Settling Defendant must cooperate fully to help the Bureau determine the identity, location, contact information, and amount of injury sustained by each customer of Corporate Defendants. Settling Defendant must provide such information in his or his agents' possession or control within 14 days of receiving a written request from the Bureau.

IV.

PROHIBITION ON DISCLOSING CUSTOMER INFORMATION

IT IS FURTHER ORDERED that:

25. Settling Defendant and his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with him, who receive actual notice of this Order, whether acting directly or indirectly, may not disclose, use, or benefit from customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, routing number or other financial account), that Settling Defendant obtained in connection with the marketing, advertising, offering, originating, servicing, collection or sale of consumer loans or other extensions of credit to consumers before the Effective Date. *Provided however*, customer information may be disclosed if requested by a government agency or required by law, regulation, court rules or order.

Monetary Provisions

V.

ORDER TO PAY CIVIL MONEY PENALTY

IT IS FURTHER ORDERED that:

26. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of 12 U.S.C. §§ 5531(a) and 5536(a) described in the Complaint, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Settling Defendant must pay a civil money penalty of one dollar (\$1) to the Bureau. This penalty is based in part on Settling Defendant's limited ability to pay as attested to in the "Financial Statement of Individual" and supporting documents that Settling Defendant submitted to the Bureau on or about June 18, 2018.

27. Within ten (10) days of the Effective Date, Settling Defendant must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.

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

29. Settling Defendant relinquishes all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Settling Defendant.

30. The facts alleged in the Complaint will be taken as true and be given collateral estoppel effect, without further proof, in any proceeding based on the entry of the Order, or in any subsequent civil litigation by or on behalf of the Bureau in a

proceeding to enforce its rights to any payment or monetary judgment under this Order, such as a non-dischargeability complaint in any bankruptcy case.

31. The facts alleged in the Complaint establish all elements necessary to sustain an action by the Bureau pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and for such purposes this Order will have collateral estoppel effect against the Settling Defendant, even in such Settling Defendant's capacity as debtor-in-possession.

32. Under 31 U.S.C. § 7701, Settling Defendant, 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.

33. Within 30 days of the entry of a final judgment, order, or settlement in a Related Consumer Action, Settling Defendant must notify the Enforcement Director of the final judgment, order, or settlement in writing. That notification must indicate the amount of redress, if any, that Settling Defendant 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. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Settling Defendant may not argue that he is entitled to, nor may Settling Defendant benefit by, any offset or reduction of any monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action or because of any payment that the Bureau makes from the Civil Penalty Fund (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Settling Defendant must, within 30 days after entry of a final order granting the Penalty Offset, pay the amount of the Penalty

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

34. Under Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), any consumer reporting agency may furnish a consumer report concerning the Settling Defendant to the Bureau, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

Compliance Provisions

VI.

REPORTING REQUIREMENTS

IT IS FURTHER ORDERED that:

35. Settling Defendant 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 Settling Defendant; or a change in Settling Defendant's name or address. Settling Defendant must provide this notice at least 30 days before the development or as soon as practicable after learning about the development, whichever is sooner.

36. Within 7 days of the Effective Date, Settling Defendant must:

- a. Designate at least one telephone number and email, physical, and postal address as points of contact, which the Bureau may use to communicate with Settling Defendant;
- b. Identify all businesses for which Settling Defendant is the majority owner, or that Settling Defendant directly or indirectly controls, by all

of their names, telephone numbers, and physical, postal, email, and Internet addresses;

- c. Describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales;
- d. Identify all of Settling Defendant's telephone numbers and email, Internet, physical, and postal addresses, including all residences; and
- e. Describe in detail Settling Defendant's involvement in any business for which he performs services in any capacity or which he wholly or partially owns, including Settling Defendant's title, role, responsibilities, participation, authority, control, and ownership, and identify its name, physical address, and Internet address, if any.

37. Settling Defendant must report any change in the information required to be submitted in Paragraph 37 at least 30 days before the change or as soon as practicable after learning about the change, whichever is sooner.

VII.

ORDER DISTRIBUTION AND ACKNOWLEDGMENT

IT IS FURTHER ORDERED that:

38. Within 7 days of the Effective Date, the Settling Defendant must submit to the Enforcement Director an acknowledgment of receipt of this Order, sworn under penalty of perjury.

39. Within 30 days of the Effective Date, Settling Defendant, for any business for which he is majority owner or which he directly or indirectly controls and which provides consumer financial products or services, must deliver a copy of this Order

to each of its board members and executive officers; Settling Defendant must also deliver a copy of this Order to any managers, employees, service providers, or other agents and representatives who have responsibilities related to the subject matter of the Order.

40. For 5 years from the Effective Date, Settling Defendant, for any business for which he is the majority owner or which he directly or indirectly controls and which provides consumer financial products or services, must deliver a copy of this Order to any business entity resulting from any change in structure referred to in Section VI [Reporting Requirements], any future board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who will have responsibilities related to the subject matter of the Order before they assume their responsibilities.

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

VIII.

COMPLIANCE MONITORING

IT IS FURTHER ORDERED that:

42. To monitor Settling Defendant's compliance with this Order, including the attested to financial representations which were used to calculate the civil money penalty, within fourteen (14) days of receipt of a written request from the Bureau, Settling Defendant must: submit compliance reports, as defined by the Bureau, or

other requested information, which must be sworn under penalty of perjury; provide sworn testimony; or produce documents.

43. For matters concerning this Order, the Bureau is authorized by this Order to communicate directly with Settling Defendant, unless Settling Defendant retains counsel related to these communications.

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

45. Nothing in this Order limits the Bureau's lawful use of compulsory process, including pursuant to 12 C.F.R. § 1080.6.

IX.

NOTICES

IT IS FURTHER ORDERED that:

46. Unless otherwise directed in writing by the Bureau, Settling Defendant must provide all submissions, requests, communications, or other documents relating to this Order to the Bureau in writing, with the following subject line, *CFPB v. Moseley, et al.*, Case No. 4:14-cv-00789-SRB, and send them by overnight courier or first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

a. By overnight courier or first-class mail, as follows:

Assistant Director for Enforcement
Bureau of Consumer Financial Protection
ATTENTION: Office of Enforcement
1700 G Street NW
Washington DC 20552

X.

RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that:

47. The Court will retain jurisdiction of this matter for the purpose of enforcing this Order.

XI.

SERVICE

IT IS FURTHER ORDERED that:

48. This Order may be served upon Settling Defendant by electronic mail, certified mail, or United Parcel Service, either by the United States Marshal, the Clerk of the Court, or any representative or agent of the Bureau.

XII.

FINAL JUDGMENT AND ORDER

IT IS FURTHER ORDERED that:

49. The Bureau and Settling Defendant have consented to the terms and conditions of this Order as set forth above and have consented to the entry thereof.

XIII.

IT IS FURTHER ORDERED that:

50. Pursuant to Fed. R. Civ. P. 54(b), there is no just reason for delay, and the Clerk of the Court will immediately enter this Order as a final order against the Settling Defendant.

IT IS SO ORDERED.

/s/ Stephen R. Bough
JUDGE STEPHEN R. BOUGH
UNITED STATES DISTRICT COURT

DATED: July 23, 2018