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

Bureau of Consumer Financial
Protection,

Plaintiff,

v.

Vincent Howard, Lawrence
Williamson, Howard Law, P.C., The
Williamson Law Firm, LLC, and
Williamson & Howard, LLP,

Defendants.

Case No. 8:17-CV-00161 (JLS) (JEMx)

CONSENT JUDGMENT

**HON. JOSEPHINE L. STATON
Courtroom 10-A (Santa Ana)**

1 Plaintiff, the Bureau of Consumer Financial Protection (“Bureau”), commenced
2 this civil action on January 30, 2017, pursuant to the Telemarketing and Consumer Fraud
3 and Abuse Prevention Act, 15 U.S.C. §§ 6102(c)(2), 6105(d), and its implementing
4 regulation, 16 C.F.R. part 310 (“Telemarketing Sales Rule” or “TSR”). On that date, the
5 Bureau filed a *Complaint for Permanent Injunction and Other Relief* (“Complaint”) to
6 obtain permanent injunctive relief, rescission or reformation of contracts, the refund of
7 moneys paid, restitution, disgorgement or compensation for unjust enrichment, civil
8 money penalties, the cost of bringing this action, and other relief from Defendants
9 Vincent Howard, Lawrence W. Williamson, Howard Law, P.C., The Williamson Law
10 Firm, LLC, and Williamson & Howard, LLP (collectively, “Defendants”). The Bureau’s
11 Complaint alleges violations of the TSR in connection with Defendants’ telemarketing
12 and sale of debt relief services. (Doc. 1.)

13 The Bureau and Defendants, by and through their respective counsel, agree to the
14 entry of this Consent Judgment (“Judgment”).

15 It is therefore **ORDERED, ADJUDGED, AND DECREED** as follows:

16 **I. FINDINGS**

17 1. This Court has jurisdiction over the subject matter of this case pursuant to 12
18 U.S.C. § 5565(a)(1) and 28 U.S.C. §§ 1331, 1345.

19 2. This Court has personal jurisdiction over Defendants because the causes of
20 action arise from Defendants’ transacting business in this District and Defendants have
21 caused injury in this District through acts or omissions occurring both inside and outside
22 of this District.

23 3. Venue is proper in the Central District of California under 28 U.S.C.
24 §§ 1391(b) and (c), and 12 U.S.C. § 5564(f).

25 4. The Bureau and Defendants agree to the entry of this Judgment, without
26 adjudication of any issue of fact or law, to settle and resolve all matters in dispute arising
27 from the conduct alleged in the Complaint.
28

1 5. The Complaint states claims upon which relief may be granted under the
2 TSR. The relief provided in this Judgment is appropriate and available pursuant to
3 Sections 1054 and 1055 of the CFPA, 12 U.S.C. §§ 5564 and 5565, and pursuant to the
4 Telemarketing and Consumer Fraud and Abuse Prevention Act, 15 U.S.C. § 6102(c)(2).

5 6. Defendants neither admit nor deny the allegations in the Complaint, nor do
6 they admit or deny any of the factual findings in this Judgment, except Defendants admit
7 the Court’s jurisdiction over Defendants and the subject matter of this action.

8 7. Entry of this Judgment is in the public interest.

9 8. Defendant Vincent Howard (“Howard”) is a “covered person” and a “related
10 person,” as those terms are defined by the CFPA, 12 U.S.C. §§ 5481(6)(A) and (25).

11 9. Howard is a “seller” and “telemarketer” of a “debt relief service” who
12 engaged in “telemarketing,” as those terms are defined in the TSR, 16 C.F.R. § 310.2.

13 10. Defendant Lawrence W. Williamson (“Williamson”) is a “covered person”
14 and a “related person,” as those terms are defined by the CFPA, 12 U.S.C. §§ 5481(6)(A)
15 and (25).

16 11. Williamson is a “seller” and “telemarketer” of a “debt relief service” who
17 engaged in “telemarketing,” as those terms are defined in the TSR, 16 C.F.R. § 310.2.

18 12. Defendant Howard Law, P.C. (“Howard Law”) is a “covered person” as that
19 term is defined by the CFPA, 12 U.S.C. §§ 5481(6)(A).

20 13. Howard Law is a “seller” and “telemarketer” of a “debt relief service” that
21 engaged in “telemarketing,” as those terms are defined in the TSR, 16 C.F.R. § 310.2.

22 14. Defendant The Williamson Law Firm, LLC (“Williamson Law”) is a
23 “covered person” as that term is defined by the CFPA, 12 U.S.C. §§ 5481(6)(A).

24 15. Williamson Law is a “seller” and “telemarketer” of a “debt relief service”
25 that engaged in “telemarketing,” as those terms are defined in the TSR, 16 C.F.R.
26 § 310.2.

27 16. Defendant Williamson & Howard, LLP (“Williamson & Howard”) is a
28 “covered person” as that term is defined by the CFPA, 12 U.S.C. §§ 5481(6)(A).

1 17. Williamson & Howard is a “seller” and “telemarketer” of a “debt relief
2 service” that engaged in “telemarketing,” as those terms are defined in the TSR, 16
3 C.F.R. § 310.2.

4 18. Defendants began to offer and provide debt relief services to consumers in
5 2007, when Howard and Williamson contracted with a company called Morgan Drexen,
6 Inc. (“Morgan Drexen”) to provide administrative services for Defendants’ law firms.

7 19. In the early stages of the debt relief business, consumers entered into
8 contracts with Howard Law or Williamson Law for debt relief services. In 2013, Howard
9 and Williamson formed Williamson & Howard, among other reasons, to offer debt relief
10 services separately from their existing law firms.

11 20. In October 2010, the Federal Trade Commission responded to the
12 proliferation of abusive and deceptive practices in the debt relief industry by amending
13 the TSR to, among other things, prohibit debt relief companies engaged in telemarketing
14 from requesting or receiving advance fees before renegotiating, settling, reducing, or
15 otherwise altering the terms of at least one of a consumer’s debts, and before a consumer
16 has made at least one payment on such altered debt. 16 C.F.R. § 310.4(a)(5)(i)(A)-(B).

17 21. The TSR amendments do not provide an exemption for attorneys practicing
18 law in connection with debt relief. The TSR amendments also apply to inbound consumer
19 calls in response to advertisements relating to debt relief services. 16 C.F.R.
20 § 310.6(b)(5)(i).

21 22. On August 20, 2013, the Bureau filed suit against Morgan Drexen and its
22 founder, Walter Ledda. The Bureau alleged, among other things, that Morgan Drexen and
23 Ledda violated the TSR and the CFPA through their roles in: (1) requesting or receiving
24 advance fees for debt relief services; and (2) representing to consumers that they would
25 not be charged advance fees for debt relief services, when in fact, consumers were
26 charged such fees. *See Consumer Financial Protection Bureau v. Morgan Drexen Inc., et*
27 *al.*, No. SACV 13-1267-JLS (JEMx), ECF No. 1 (“*Morgan Drexen*”).

28

1 23. On April 21, 2015, the District Court issued terminating sanctions against
2 Morgan Drexen and, on June 18, 2015, the District Court entered a permanent injunction
3 (“Injunction”) against Morgan Drexen. *See Morgan Drexen*, ECF Nos. 284, 306.

4 24. The Injunction permanently restrained and enjoined Morgan Drexen from
5 collecting any further fees from consumers who had paid up-front fees to Morgan Drexen
6 prior to Morgan Drexen renegotiating, settling, reducing, or otherwise altering the terms
7 of at least one of such consumers’ debts, or from consumers who had enrolled in the debt
8 relief program in response to Morgan Drexen’s deceptive advertisements. *Morgan*
9 *Drexen*, ECF No. 306.

10 25. After the District Court entered the Injunction, the Bureau learned that
11 Defendants had taken over Morgan Drexen’s role in the debt relief operations and were
12 continuing to charge debt relief fees to the very consumers the Injunction was intended to
13 protect.

14 26. Based on the Bureau’s analysis of available data obtained in the *Morgan*
15 *Drexen* litigation, from January 30, 2014 through June 18, 2015, when Morgan Drexen
16 went out of business, consumers paid Defendants and Morgan Drexen \$29,929,294 in
17 unlawful fees for debt relief services.

18 27. Based on the Bureau’s analysis of available data obtained from Defendants,
19 from June 18, 2015 through October 9, 2015, consumers paid Defendants \$5,326,981 in
20 unlawful fees for debt relief services after Morgan Drexen went out of business.

21 **II. DEFINITIONS**

22 28. The following definitions apply to this Judgment:

23 a. “Affected Consumer” means any consumer who:

- 24 i. on or after January 30, 2014, paid fees to Defendants, either
25 directly or through Defendants’ Network Attorneys, prior to
26 Defendants’ renegotiating, settling, reducing, or otherwise altering
27 the terms of at least one debt of the consumer; or
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- 1 iv. formulating or providing, or arranging for the formulation or
- 2 provision of, any marketing support material or service, including,
- 3 but not limited to, web or internet protocol (“IP”) addresses or
- 4 domain name registration for any internet websites, affiliate
- 5 marketing services, or media placement services;
- 6 v. providing names of, or assisting in the generation of, potential
- 7 customers;
- 8 vi. performing marketing, billing, or payment services of any kind;
- 9 and
- 10 vii. acting or serving as an owner, officer, director, manager, or
- 11 principal of any entity.

12 d. “Competent and reliable evidence” means tests, analyses, research,

13 studies, or other evidence based on the expertise of professionals in the

14 relevant area, that has been conducted and evaluated in an objective

15 manner by persons qualified to do so, using procedures generally

16 accepted in the profession to yield accurate and reliable results.

17 e. “Consumer financial product or service” is synonymous in meaning and

18 equal in scope to the definitions of the term in sections 1002(5) and (15)

19 of the CFPA, and, subject to applicable restrictions contained in the

20 CFPA, includes, but is not limited to:

- 21 i. extending credit and servicing loans, including acquiring,
- 22 purchasing, selling, brokering, or other extensions of credit (other
- 23 than solely extending commercial credit to a person who originates
- 24 consumer credit transactions);
- 25 ii. providing financial advisory services to consumers on individual
- 26 financial matters or relating to proprietary financial products or
- 27 services, including providing credit counseling to any consumer or
- 28 providing services to assist a consumer with debt management or

- 1 debt settlement, modifying the terms of any extension of credit, or
2 avoiding foreclosure;
- 3 iii. collecting, analyzing, maintaining, or providing consumer report
4 information or other account information, including information
5 relating to the credit history of consumers, used or expected to be
6 used in connection with any decision regarding the offering or
7 provision of a consumer financial product or service; and
- 8 iv. collecting debt related to any consumer financial product or
9 service.
- 10 f. “Corporate Defendants” means Howard Law, P.C., The Williamson Law
11 Firm, LLC, and Williamson & Howard, LLP, collectively, or in any
12 combination, and their successors and assigns.
- 13 g. “Debt relief product or service” means any product, service, plan, or
14 program represented, expressly or by implication:
- 15 i. to renegotiate, settle, or in any way alter the terms of payment or
16 other terms of the debt or obligation, including, but not limited to,
17 a tax debt or obligation, between a person and one or more
18 creditors or debt collectors, including, but not limited to, a
19 reduction in the balance, interest rate, or fees owed by a person to a
20 creditor or debt collector; or
- 21 ii. to relate to Chapter 7, Chapter 9, Chapter 11, or Chapter 13 of the
22 U.S. Bankruptcy Code, or any other bankruptcy-related matter.
- 23 h. “Defendants” means all of the Individual Defendants and the Corporate
24 Defendants, individually, collectively, or in any combination.
- 25 i. “Document” and “Electronically Stored Information” are synonymous in
26 meaning and equal in scope to the usage of the terms in Rule 34(a) of the
27 Federal Rules of Civil Procedure, and include, but are not limited to,
28 writings, drawings, graphs, charts, photographs, audio and video

1 recordings, computer records, and other data compilations from which
2 the information can be obtained and translated, if necessary, through
3 detection devices into reasonably usable forms.

4 j. “Effective Date” means the date on which this Judgment is signed by the
5 Court.

6 k. “Enforcement Director” means the Assistant Director of the Office of
7 Enforcement for the Bureau of Consumer Financial Protection, or his or
8 her delegate.

9 l. “Individual Defendants” means Vincent Howard and Lawrence W.
10 Williamson, collectively, or in any combination, and each of them by any
11 other names by which they might be known.

12 m. “Network Attorneys” means the attorneys, other than Defendants, who
13 signed contracts with consumers related to debt relief products or
14 services Defendants offered or provided to consumers.

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

18 o. “Related Consumer Action” means a private action by or on behalf of
19 one or more consumers or an enforcement action by another
20 governmental agency brought against Defendants based on substantially
21 the same facts as described in the Complaint.

22 p. “Telemarketing” means a plan, program, or campaign which is conducted
23 to induce the purchase of goods or services or a charitable contribution,
24 by use of one or more telephones and which involves more than one
25 interstate phone call.

26 q. The words “and” and “or” shall be understood to have both conjunctive
27 and disjunctive meanings as necessary to make the applicable phrase or
28 sentence inclusive rather than exclusive.

1 **III. PERMANENT BAN ON TELEMARKETING AND DEBT RELIEF**
2 **PRODUCTS AND SERVICES**

3 **IT IS ORDERED** that:

4 29. Defendants, and their officers, agents, servants, employees, and attorneys,
5 who have actual notice of this Judgment, whether acting directly or indirectly, are
6 permanently restrained and enjoined from, or assisting others in, any of the following:

- 7 a. Participating in telemarketing any consumer financial product or service;
8 b. Advertising, marketing, promoting, offering for sale, selling, or providing
9 any debt relief product or service;
10 c. Receiving any remuneration or other consideration from, holding any
11 ownership interest in, providing services to, or working in any capacity
12 for any person engaged in advertising, marketing, promoting, offering for
13 sale, selling, or providing any debt relief product or service.

14 **IV. PROHIBITED PRACTICES RELATING TO OFFERING CONSUMER**
15 **FINANCIAL PRODUCTS OR SERVICES**

16 **IT IS FURTHER ORDERED** that:

17 30. Defendants, and their officers, agents, servants, employees, and attorneys,
18 who have actual notice of this Judgment, whether acting directly or indirectly, in
19 connection with the advertising, marketing, promotion, offering for sale, sale, or
20 performance of any consumer financial product or service, are hereby permanently
21 restrained and enjoined from misrepresenting, or assisting others in misrepresenting,
22 expressly or by implication:

- 23 a. The amount of savings a consumer will receive from purchasing, using,
24 or enrolling in such consumer financial product or service;
25 b. Any aspect of the terms of any refund, cancellation, exchange, or
26 repurchase policy, including, but not limited to, the likelihood of a
27 consumer obtaining a full or partial refund, or the circumstances in which
28 a full or partial refund will be granted to the consumer;

- 1 c. That a consumer will receive any services from or representation by an
- 2 attorney duly licensed to practice law;
- 3 d. The total costs to purchase, receive, or use, or the quantity of, the
- 4 consumer financial product or service, including that there will be no
- 5 charge for all or a portion of such service; or
- 6 e. The terms or rates that are available for any loan or other extension of
- 7 credit, including, but not limited to:
 - 8 i. The payment schedule, the monthly payment amount(s), or other
 - 9 payment terms, or whether there is a balloon payment; interest
 - 10 rate(s), annual percentage rate(s), finance charge(s), or fees; the
 - 11 loan amount, the amount of credit; the draw amount or outstanding
 - 12 balance; the loan term, the draw period, or maturity; or any other
 - 13 term of credit;
 - 14 ii. The savings associated with the loan or credit; or
 - 15 iii. Whether the payment of the minimum amount specified each
 - 16 month covers both interest and principal.

17 31. In addition, Defendants, and their officers, agents, servants, employees, and
18 attorneys, who have actual notice of this Judgment, whether acting directly or indirectly,
19 in connection with the advertising, marketing, promotion, offering for sale, or sale of any
20 consumer financial product or service, are hereby permanently restrained and enjoined
21 from making any representation or assisting others in making any representation,
22 expressly or by implication, about the benefits, performance, or efficacy of any consumer
23 financial product or service unless, at the time such representation is made, Defendants
24 possess and rely upon competent and reliable evidence that substantiates that the
25 representation is true.

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1 **V. PROHIBITED USE OF CONSUMER INFORMATION**

2 **IT IS FURTHER ORDERED** that:

3 32. Defendants, and their officers, agents, servants, employees, and attorneys,
4 who receive actual notice of this Judgment, whether acting directly or indirectly, may
5 not:

6 a. Disclose, use, or benefit from, consumer information, including the
7 name, address, telephone number, email address, social security number,
8 other identifying information, or any data that enables access to a
9 consumer's account (including a credit card, bank account, or other
10 financial account) of any person that Defendants or Network Attorneys
11 obtained in connection with the advertising, marketing, promotion,
12 offering for sale or sale of any debt relief product or service prior to entry
13 of this Judgment.

14 b. Attempt to collect, collect, sell, assign, or otherwise transfer any right to
15 collect, payment from any consumer who purchased or agreed to
16 purchase a debt relief product or service from Defendants or Network
17 Attorneys.

18 33. *However*, consumer information may be disclosed if requested by a
19 government agency or required by law, regulation, or court order.

20 **VI. ORDER TO PAY REDRESS**

21 **IT IS FURTHER ORDERED** that:

22 34. A judgment for equitable monetary relief is entered in favor of the Bureau
23 and against Defendants, jointly and severally, in the amount of \$35,256,275 for the
24 purpose of providing redress to Affected Consumers for the unlawful advance fees they
25 paid.

26 35. Full payment of the judgment in Paragraph 34 will be suspended upon
27 satisfaction of the obligations in Paragraphs 36 through 40 of this Section, Paragraphs 42
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1 through 46 of Section VII, and Paragraphs 52 through 56 of Section IX of this Judgment,
2 and subject to Section VIII of this Judgment.

3 36. Based on financial statements and supporting documentation that
4 Defendants submitted to the Bureau (described in Section VIII), and Defendants' sworn
5 declarations, signed on March 11 and 12, 2019, Defendants are ordered to pay \$50,000
6 toward the judgment provided for in Paragraph 34 within ten (10) days of the Court's
7 entry of this Judgment by wire transfer to the Bureau or the Bureau's agent according to
8 the Bureau's wiring instructions. Defendants are jointly and severally liable for timely
9 satisfying their payment obligation in this Paragraph.

10 37. With regard to any redress that Defendants pay under this Section, if
11 Defendants receive, directly or indirectly, any reimbursement or indemnification from
12 any source, including, but not limited to, payment made under any insurance policy, or if
13 Defendants secure a tax deduction or tax credit with regard to any federal, state, or local
14 tax, Defendants must: (a) immediately notify the Enforcement Director in writing; and
15 (b) within ten (10) days of receiving the funds or monetary benefit, transfer the full
16 amount of such funds or monetary benefit ("Additional Payment") to the Bureau or the
17 Bureau's agent according to the Bureau's wiring instructions. After the Bureau receives
18 the Additional Payment, the Additional Payment will be applied toward satisfaction of
19 the monetary judgment entered in Paragraph 34, and the amount of the suspended
20 judgment referenced in Paragraph 34 will be reduced by the amount of the Additional
21 Payment.

22 38. Any funds received by the Bureau in satisfaction of this judgment will be
23 deposited into a fund or funds administered by the Bureau or the Bureau's agent
24 according to applicable statutes and regulations to be used for redress for Affected
25 Consumers, including, but not limited to, refund of moneys, restitution, damages or other
26 monetary relief, and for any attendant expenses for the administration of any such
27 redress.

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1 39. If the Bureau determines, in its sole discretion, that redress to consumers is
2 wholly or partially impracticable or otherwise inappropriate, or if funds remain after
3 redress is completed, the Bureau will deposit any remaining funds in the U.S. Treasury as
4 disgorgement. Defendants will have no right to challenge any actions that the Bureau or
5 its representatives may take under this Section.

6 40. Payment of redress to any Affected Consumer under this Judgment may not
7 be conditioned on that Affected Consumer waiving any right.

8 **VII. ORDER TO PAY CIVIL MONEY PENALTIES**

9 **IT IS FURTHER ORDERED** that:

10 41. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the
11 violations of law described in Section I of this Judgment, and taking into account the
12 factors in 12 U.S.C. § 5565(c)(3), Defendants must pay a civil money penalty of
13 \$40,000,000 to the Bureau. However, full payment of this civil money penalty will be
14 suspended upon satisfaction of the obligations in Paragraphs 36 through 40 of Section VI,
15 Paragraphs 42 through 46 of this Section, and Paragraphs 52 through 56 of Section IX of
16 this Judgment, and subject to Section VIII of this Judgment.

17 42. Based on financial statements and supporting documentation that
18 Defendants submitted to the Bureau (described in Section VIII), and Defendants' sworn
19 declarations, signed on March 11 and 12, 2019, Defendants are ordered to pay \$1.00
20 toward the civil money penalty provided for in Paragraph 41 within ten (10) days of the
21 Court's entry of this Judgment by wire transfer to the Bureau or the Bureau's agent
22 according to the Bureau's wiring instructions. Defendants are jointly and severally liable
23 for timely satisfying their payment obligation in this Paragraph.

24 43. The civil money penalty paid under this Judgment will be deposited in the
25 Civil Penalty Fund of the Bureau as required by Section 1017(d) of the CFPA, 12 U.S.C.
26 § 5497(d).

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1 44. Defendants must treat the civil money penalty paid under this Judgment as a
2 penalty paid to the government for all purposes. Regardless of how the Bureau ultimately
3 uses those funds, Defendants may not:

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

10 45. Individual Defendants agree that the civil penalty imposed by the Judgment
11 represents a civil penalty owed to the United States Government, is not compensation for
12 actual pecuniary loss, and thus, as to each Individual Defendants, it is not subject to
13 discharge under the Bankruptcy Code, 11 U.S.C. § 523(a)(7).

14 46. To preserve the deterrent effect of the civil money penalty in any Related
15 Consumer Action, Defendants may not argue that they are entitled to, nor may they
16 benefit by, any offset or reduction of any compensatory monetary remedies imposed in
17 the Related Consumer Action because of the civil money penalty paid in this action. If
18 the Court in any Related Consumer Action offsets or otherwise reduces the amount of
19 compensatory or monetary remedies imposed against Defendants based on the civil
20 money penalty paid in this action or based on any payment that the Bureau makes from
21 the Civil Penalty Fund, Defendants must, within 30 days after entry of a final order
22 granting such offset or reduction, notify the Bureau, and pay the amount of the offset or
23 reduction to the U.S. Treasury. Such a payment will not be considered an additional civil
24 money penalty and will not change the amount of the civil money penalty imposed in this
25 action.

1 **VIII. EFFECT OF MISREPRESENTATION REGARDING FINANCIAL**
2 **CONDITION**

3 **IT IS FURTHER ORDERED** that:

4 47. The suspension of the monetary judgment entered in Section VI of this
5 Judgment and the suspension of the civil money penalty entered in Section VII of this
6 Judgment are expressly premised on the truthfulness, accuracy, and completeness of
7 Defendants' financial statements and supporting documents submitted to the Bureau and
8 Defendants' oral testimony, which Defendants assert are truthful, accurate, and complete,
9 and which include:

- 10 a. Initial Financial Statement of Vincent Howard, signed on September 6,
11 2018, and submitted to the Bureau on or around September 6, 2018,
12 including all attachments;
- 13 b. A supplemental Financial Statement of Vincent Howard, signed on
14 September 23, 2018, and submitted to the Bureau on September 24,
15 2018;
- 16 c. A supplemental Financial Statement of Vincent Howard, initialed on or
17 around September 25, 2018, and submitted to the Bureau on September
18 25, 2018;
- 19 d. A supplemental Financial Statement of Vincent Howard, initialed on or
20 around November 22, 2018, and submitted to the Bureau on November
21 22, 2018;
- 22 e. Financial Statement of Lawrence Williamson, signed on September 19,
23 2018, and submitted to the Bureau on or around September 19, 2018,
24 including all attachments;
- 25 f. Financial Statement of Howard Law, signed on September 6, 2018, and
26 submitted to the Bureau on or around September 6, 2018, including all
27 attachments;
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- 1 g. Financial Statement of Williamson Law, signed on September 19, 2018,
- 2 and submitted to the Bureau on or around September 19, 2018, including
- 3 all attachments;
- 4 h. 2015 federal tax returns for Williamson & Howard, submitted to the
- 5 Bureau on or around September 7, 2018;
- 6 i. Supplemental financial information regarding Vincent Howard and
- 7 Howard Law provided to the Bureau via email on September 7, 2018,
- 8 November 2, 2018, November 5, 2018, November 6, 2018, December 10,
- 9 2018, December 11, 2018, December 14, 2018, December 21, 2018,
- 10 January 9, 2019, January 10, 2019, January 11, 2019, January 15, 2019,
- 11 January 28, 2019, and January 29, 2019;
- 12 j. Sworn Declaration of Vincent Howard, signed on March 11, 2019; and
- 13 k. Sworn Declaration of Lawrence Williamson, signed on March 12, 2019.

14 48. If the Bureau in its sole discretion determines that any of the Defendants
15 have failed to disclose any material Asset, or that any of their financial statements and
16 supporting documents submitted to the Bureau or oral testimony described above contain
17 any material misrepresentation or omission, including misstating the value of any Asset,
18 then the Bureau can petition the Court to terminate the suspension of the monetary
19 judgment entered in Section VI and to terminate the suspension of the civil money
20 penalty entered in Section VII. If the Court determines that any of the Defendants failed
21 to disclose any material Asset or that any of their financial statements, supporting
22 documents, or related testimony contain material misrepresentations or omissions, the
23 Court shall order as immediately due and payable: (a) the full judgment entered in
24 Paragraph 34 of this Judgment—\$35,256,275—less any amounts Defendants paid under
25 Section VI of this Judgment; and (b) the full civil money penalty entered in Paragraph 41
26 of this Judgment—\$40,000,000—less any amounts Defendants paid under Section VII of
27 this Judgment.

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1 49. After the reinstatement of the monetary judgment and civil money penalty
2 under this Section, the Bureau will be entitled to interest on the judgment, computed from
3 the Effective Date, at the rate prescribed by 28 U.S.C. § 1961, as amended, on any
4 outstanding amounts not paid.

5 50. Defendants must pay the full balance of the monetary judgment plus interest
6 and civil money penalty pursuant to Paragraphs 48 and 49 within ten (10) days of the
7 Court's entry of an Judgment by wire transfer to the Bureau or to the Bureau's agent, and
8 according to the Bureau's wiring instructions.

9 51. Should the Court reinstate the monetary judgment and civil money penalty
10 pursuant to this Section, in all other respects this Judgment shall remain in full force and
11 effect unless otherwise ordered by the Court. Proceedings to reinstate the monetary
12 judgment and civil money penalty shall be in addition to, and not in lieu of, any other
13 civil or criminal remedies as may be provided by law, including any other proceedings
14 that the Bureau may initiate to enforce this Judgment.

15 **IX. ADDITIONAL MONETARY PROVISIONS**

16 **IT IS FURTHER ORDERED** that:

17 52. In the event of any default on Defendants' obligations to make payment
18 under this Judgment, interest, computed under 28 U.S.C. § 1961, as amended, will accrue
19 on any outstanding payments not paid from the date of default to the date of payment,
20 and will immediately become due and payable.

21 53. Defendants relinquish all dominion, control, and title to the funds paid to the
22 fullest extent permitted by law and no part of the funds may be returned to Defendants.

23 54. Under 31 U.S.C. § 7701, Defendants must furnish to the Bureau their
24 taxpayer identification numbers, which may be used for purposes of collecting and
25 reporting on any delinquent amount arising out of this Judgment.

26 55. Within 30 days of the entry of a final judgment, consent order, or settlement
27 in a Related Consumer Action, Defendants must notify the Enforcement Director of the
28 final judgment, consent order, or settlement in writing. That notification must indicate the

1 amount of redress, if any, that Defendant paid or are required to pay to consumers and
2 describe the consumers or classes of consumers to whom that redress has been or will be
3 paid.

4 56. Under Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C.
5 § 1681b(a)(1), any consumer reporting agency may furnish a consumer report concerning
6 Defendants to the Bureau, which may be used for purposes of collecting and reporting on
7 any delinquent amount arising out of this Judgment.

8 **X. REPORTING REQUIREMENTS**

9 **IT IS FURTHER ORDERED** that:

10 57. Defendants must notify the Bureau of any development that may affect
11 compliance obligations arising under this Judgment, including, but not limited to, a
12 dissolution, assignment, sale, merger, or other action that would result in the emergence
13 of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate
14 that engages in any acts or practices subject to this Judgment; the filing of any
15 bankruptcy or insolvency proceeding by or against Defendants; or a change in any
16 Defendant's name or address. Defendants must provide this notice, if practicable, at least
17 30 days before the development, but in any case no later than 14 days after the
18 development.

19 58. Within 7 days of the Effective Date, each Defendant must:

- 20 a. Designate at least one telephone number and email, physical and postal
21 address as points of contact, which the Bureau may use to communicate
22 with Defendant;
- 23 b. Identify all businesses for which Defendant is the majority owner, or that
24 Defendant directly or indirectly controls, by all of their names, telephone
25 numbers, and physical, postal, email and Internet addresses;
- 26 c. Describe the activities of each such business, including the products and
27 services offered, and the means of advertising, marketing, and sales;
28

- 1 d. For the Individual Defendants, identify all telephone numbers and all
2 email, Internet, physical and postal addresses, including all residences;
3 e. For the Individual Defendants, describe in detail their involvement in any
4 business for which they perform services in any capacity or which they
5 wholly or partially own, including their title, role, responsibilities,
6 participation, authority, control, and ownership.

7
8 59. Defendants must report any change in the information required to be
9 submitted under Paragraph 58 at least 30 days before the change or as soon as practicable
10 after learning about the change, whichever is sooner.

11 60. Within 90 days of the Effective Date, and again one year after the Effective
12 Date, Defendants must submit to the Enforcement Director an accurate written
13 compliance progress report sworn under penalty of perjury (“Compliance Report”),
14 which, at a minimum:

- 15 a. Lists each applicable paragraph and subparagraph of the Judgment and
16 describes in detail the manner and form in which Defendants have
17 complied with each such paragraph and subparagraph of this Judgment;
18 and
19 b. Attaches a copy of each Judgment Acknowledgment obtained under
20 Section XI, unless previously submitted to the Bureau.

21 **XI. ORDER DISTRIBUTION AND ACKNOWLEDGEMENT**

22 **IT IS FURTHER ORDERED** that:

23 61. Within 7 days of the Effective Date, Defendants must submit to the
24 Enforcement Director an acknowledgment of receipt of this Judgment, sworn under
25 penalty of perjury.

26 62. Within 30 days of the Effective Date, Defendants, for any business for
27 which they are majority owner or which they directly or indirectly control and which
28

1 provides consumer financial products or services, must deliver a copy of this Judgment to
2 each of its board members and executive officers;

3 63. Also within 30 days of the Effective Date, Defendants must deliver a copy
4 of this Judgment to any managers, employees, Service Providers, or other agents and
5 representatives who have responsibilities related to the subject matter of this Judgment,
6 including, but not limited to, Aissac Aiono, Seila Law, Jeffrey Katz, David Walker,
7 Amelia Brummel, and Brummel Legal Solutions.

8 64. For 7 years from the Effective Date, Defendants, for any business for which
9 they are the majority owner or which they directly or indirectly control and which
10 provides consumer financial products or services, must deliver a copy of this Judgment to
11 any business entity resulting from any change in structure referred to in Section X, any
12 future board members and executive officers, as well as to any managers, employees,
13 Service Providers, or other agents and representatives who will have responsibilities
14 related to the subject matter of this Judgment before they assume their responsibilities.

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

19 **XII. RECORDKEEPING**

20 **IT IS FURTHER ORDERED** that:

21 66. Defendants, individually and for any business for which any Defendant,
22 individually or collectively with any other Defendant, is a majority owner or which they
23 directly or indirectly control, must create, for at least 10 years from the Effective Date,
24 the following records:

- 25 a. All documents and records necessary to demonstrate full compliance
26 with each provision of this Judgment, including all submissions to the
27 Bureau;
28

- 1 b. Financial records, including, but not limited to, individual and corporate
2 tax returns, credit reports, any and all documentation required to
3 complete the Bureau's individual and corporate financial disclosure
4 forms, and accounting records showing gross and net revenues, all costs
5 incurred in generating revenues, and the resulting net profit or loss;
6 c. Records showing, for each employee providing services, that person's:
7 name; telephone number; email, physical, and postal addresses; job title
8 or position; dates of service; and, if applicable, the reason for
9 termination;
10 d. Records showing, for each service provider providing services, the name
11 of a point of contact, and that person's: telephone number; email,
12 physical, and postal addresses; job title or position; dates of service; and,
13 if applicable, the reason for termination;
14 e. For any person to whom any Defendant offers or provides a consumer
15 financial product or service, records showing the person's name, email
16 and postal address, telephone number, dates and dollar amounts of
17 payments made, and the quantity and description of goods and services
18 purchased; and
19 f. All consumer complaints and refund requests (whether received directly
20 or indirectly, such as through a third party), and any response to those
21 complaints or requests.
22

23 67. Defendants must retain the documents identified in Paragraph 66 for at least
24 5 years after creation.

25 68. Defendants must make the documents identified in Paragraph 66 available to
26 the Bureau upon the Bureau's request.
27
28

1 **XIII. NOTICES**

2 **IT IS FURTHER ORDERED** that:

3 69. Unless otherwise directed in writing by the Bureau, Defendants must
4 provide all submissions, requests, communications, or other documents relating to this
5 Judgment in writing, with the subject line, “*CFPB v. Howard, et al.*,” Case No. 17-cv-
6 00161,” and send them by overnight courier or first-class mail to the below address and
7 contemporaneously by email to Enforcement_Compliance@cfpb.gov:

8 Assistant Director for Enforcement
9 Bureau of Consumer Financial Protection
10 ATTENTION: Office of Enforcement
11 1700 G Street, N.W.
12 Washington, DC 20552

12 **XIV. COOPERATION WITH THE BUREAU**

13 **IT IS FURTHER ORDERED** that:

14 70. Defendants must cooperate fully to help the Bureau determine the identity
15 and location of, and the amount of injury sustained by, each Affected Consumer.
16 Defendants must provide such information in their or their agents’ possession or control
17 within 14 days of receiving a written request from the Bureau.

18 71. Defendants must cooperate fully to help the Bureau determine the identity,
19 location, and contact information of any other Defendant or any of the Defendants’
20 former employees. Defendants must provide such information in their or their agents’
21 possession or control within 14 days of receiving a written request from the Bureau.

22 72. Defendants must cooperate fully with the Bureau in this matter and in any
23 investigation or litigation related to or associated with the conduct described in the
24 Complaint, including, but not limited to, providing information, documents, and
25 testimony relating to the transfer of Defendants’ and Morgan Drexen’s former clients to
26 any third-parties, and the provision of debt relief services or any other consumer financial
27 product or service by those third parties. Defendants must provide truthful and complete
28 information, evidence, and testimony. The Individual Defendants must appear, and the

1 Corporate Defendants must cause their officers, employees, representatives, or agents to
2 appear for interviews, discovery, hearings, trials, and any other proceedings that the
3 Bureau may reasonably request upon 10 days written notice, or other reasonable notice,
4 at such places and times as the Bureau may designate, without the service of compulsory
5 process.

6 **XV. COMPLIANCE MONITORING**

7 **IT IS FURTHER ORDERED** that:

8 73. To monitor Defendants' compliance with this Judgment, including the
9 financial representations upon which the judgment was suspended, within 14 days of
10 receipt of a written request from the Bureau, Defendants must submit additional
11 compliance reports or other requested non-privileged information related to the
12 requirements of this Judgment, which must be sworn under penalty of perjury; provide
13 sworn testimony related to the requirements of this Judgment; or produce non-privileged
14 documents related to the requirements of this Judgment and Defendants' compliance with
15 those requirements.

16 74. For matters concerning this Judgment, the Bureau is authorized by the
17 Judgment to communicate directly with Defendants, unless Defendants retain counsel
18 related to these communications.

19 75. Defendants must permit Bureau representatives to interview any employee
20 or other person affiliated with Defendants who has agreed to such an interview. The
21 person interviewed may have counsel present.

22 76. Nothing in this Judgment will limit the Bureau's lawful use of compulsory
23 process, including pursuant to 12 C.F.R. § 1080.6.

24 **XVI. RETENTION OF JURISDICTION**

25 **IT IS FURTHER ORDERED** that:

26 77. The Court will retain jurisdiction of this matter for the purposes of
27 construction, modification, and enforcement of this Judgment.
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XVII. FINAL JUDGMENT

78. The Bureau and Defendants have consented to the terms and conditions of this Judgment as set forth above and have consented to the entry thereof.

IT IS SO ORDERED, ADJUDGED, AND DECREED.

Dated: March 27, 2019



Honorable Josephine L. Staton
United States District Judge