

1 JEFFREY BLUMBERG (MD Bar)
2 E-mail: Jeffrey.blumberg@cfpb.gov
3 Phone: 202-435-9687

4 REBECCA COLEMAN (MD Bar)
5 E-mail: rebecca.coleman@cfpb.gov
6 Phone: 202-435-7541
7 1700 G Street NW
8 Washington, DC 20552
9 Fax: (202) 435-7722

10 LEANNE HARTMANN, CA Bar # 264787 - Local Counsel
11 301 Howard St., Suite 1200
12 San Francisco, CA 94105
13 Phone: (415) 844-9787
14 Email: leanne.hartmann@cfpb.gov
15 Attorneys for Plaintiff
16 Bureau of Consumer Financial Protection

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

19 Bureau of Consumer Financial
20 Protection,

21 Plaintiff,

22 v.

23 GST Factoring, Inc., et al.,

24 Defendants.

Case No. 8-20-cv-01239-DOC-ADS

**DEFAULT JUDGMENT AND
ORDER FOR PERMANENT
INJUNCTION, MONETARY
RELIEF, AND CIVIL MONEY
PENALTIES AGAINST
DEFENDANT AMANDA
JOHANSON [64]**

25 Plaintiff, the Bureau of Consumer Financial Protection (Bureau), filed its
26 Complaint for Injunctive Relief, Restitution, Civil Money Penalties, and Disgorgement
27 (Complaint), [ECF 1](#), pursuant to the Telemarketing and Consumer Fraud and Abuse
28 Prevention Act (Telemarketing Act), [15 U.S.C. §§ 6101](#) et seq., and its implementing

1 rule, the Telemarketing Sales Rule (TSR), 16 C.F.R. Part 310. The Bureau alleged that
2 the Defendants engaged in abusive telemarketing practices in violation of the TSR by
3 requesting and receiving payment of unlawful advance fees from consumers seeking
4 debt-relief services for their private student loans.

5 Defendant Amanda Johanson was duly served on October 14, 2020 ([ECF 40](#)), but
6 she failed to file an answer or otherwise respond to the Complaint. The clerk entered
7 default against Defendant Johanson (Defaulting Defendant) on November 10, 2020. [ECF](#)
8 [47](#). The Bureau has filed an Application for Entry of Default Judgment and Order for
9 Permanent Injunction, Monetary Relief, and Civil Money Penalties against Defaulting
10 Defendant pursuant to [Fed. R. Civ. P. 55\(b\)\(2\)](#) and Local Rules 55-1 and 55-2. The
11 Court, having considered the Bureau's application, supporting declarations and exhibits
12 and other evidence filed in this matter, finds good cause to grant the relief requested.

13 **THEREFORE, it is HEREBY ORDERED, ADJUDGED, AND DECREED** as
14 follows:

15 **FINDINGS AND CONCLUSIONS**

16 1. This is an action by the Bureau pursuant to Section 6 of the Telemarketing
17 Act, its implementing rule, the TSR, 16 C.F.R. Part 310, and Sections 1054, 1055, and
18 1061 of the Consumer Financial Protection Act of 2010 (CFPA), [12 U.S.C. §§ 5564,](#)
19 [5565, 5581](#). The Bureau has authority to seek the relief contained herein.

20 2. This Court has jurisdiction over the subject-matter of this action and has
21 jurisdiction over Defaulting Defendant pursuant to [12 U.S.C. § 5565\(a\)\(1\)](#), and [28 U.S.C.](#)
22 [§§ 1331](#) and [1345](#).

23 3. Venue in the Central District of California is proper under [12 U.S.C.](#)
24 [§ 5564\(f\)](#).

25 4. Defaulting Defendant was duly served with the Complaint and the summons
26 issued to her.

27 5. Defaulting Defendant has failed to answer or otherwise defend this action.

28 6. The Clerk of Court properly entered default against Defaulting Defendant.

1 7. Defaulting Defendant is not a minor, an incompetent person, or current
2 member of the military service.

3 8. Defaulting Defendant was served with written notice of the Application via
4 email on December 7, 2020, at least seven days before any hearing on the Application.
5 The written notice included the amount of the money judgment requested, comprised of
6 restitution and civil money penalties, in the Bureau's Application.

7 9. The Bureau's Complaint states a claim upon which relief may be granted.

8 10. The allegations in the Complaint, except with respect to damages, are taken
9 as true because of Defaulting Defendant's default.

10 11. Judgment is entered on behalf of the Bureau and against Defaulting
11 Defendant on Count I of the Complaint.

12 12. This Court is empowered to issue injunctive relief, monetary relief, and civil
13 money penalties pursuant to [12 U.S.C. § 5565](#).

14 13. The Bureau is entitled to an Order imposing a permanent injunction against
15 Defaulting Defendant and requiring Defaulting Defendant to pay restitution in the
16 amount of \$4,992,606, and to pay civil money penalties in the amount of \$5,000,000.

17 14. This action and the relief awarded in this Order are in addition to, and not in
18 lieu of, other remedies as may be provided by law, including both civil and criminal
19 remedies.

20 15. Entry of this Order is in the public interest.

21 **Defaulting Defendant Violated the TSR By Requesting and Receiving Advance Fees**
22 **For a Telemarketed Debt-Relief Service (Count I)**

23 16. Defaulting Defendant, having entered into engagement agreements with
24 consumers in connection with telemarketing to provide a debt-relief service purported to
25 reduce or eliminate those consumers' private student-loan debts primarily through
26 negotiation, charged those consumers fees on a monthly basis starting at or just after
27 enrollment, and before their debts were reduced or eliminated.

1 17. Defaulting Defendant, as a seller under the TSR, unlawfully requested and
 2 received payment of fees for debt-relief services before the terms of at least one of the
 3 consumer's debts had been negotiated, settled, reduced, or otherwise altered pursuant to
 4 an agreement executed by the consumer; and the consumer had made at least one
 5 payment pursuant to that agreement, in violation of the TSR. 16 C.F.R.
 6 § 310.4(a)(5)(i)(A)-(B).

7 **Basis for Equitable and Monetary Relief**

8 18. The Bureau is proceeding on behalf of thousands of financially distressed
 9 individuals unlawfully charged millions of dollars for debt-relief services. *Consumer Fin.*
 10 *Prot. Bureau v. Siringoringo*, No. SACV1401155JVSJWX, 2016 WL 102435, at *6
 11 (C.D. Cal. Jan. 7, 2016). Considering the balance of hardships and the public interest, the
 12 public interest is served by an injunction preventing Defaulting Defendant from engaging
 13 in behavior related to her previous illegal conduct. *FTC v. Affordable Media*, 179 F.3d
 14 1228, 1236 (9th Cir. 1999). Defaulting Defendant was involved in an elaborate, illegal
 15 scheme from its inception, in which she participated for three years, and therefore
 16 broader “fencing-in” relief provisions help to “prevent similar and related violations from
 17 occurring in the future.” *World Accounts, Inc. v. FTC*, 594 F.2d 212, 215 (9th Cir. 1979).
 18 Accordingly, the permanent injunction ordered in Sections I and II below constitutes
 19 “appropriate ... equitable relief.” 12 U.S.C. §§ 5564(a), 5565(a).

20 19. Legal restitution is “measured by the loss to consumers.” *FTC v. Inc21.com*
 21 *Corp.*, 475 F. App'x 106, 108 (9th Cir. 2012); *see also Consumer Fin. Prot. Bureau v.*
 22 *Gordon*, 819 F.3d 1179, 1195 (9th Cir. 2016) (the appropriate measure for restitution is
 23 the “full amount lost by consumers rather than limiting damages to a defendant's
 24 profits.”) (quoting *FTC v. Stefanichik*, 559 F.3d 924, 931 (9th Cir. 2009)).

25 20. The Bureau has established, through competent evidence, that Defaulting
 26 Defendant received \$4,992,606 in unlawful advance fees, net of refunds, from 1,024
 27 consumers, providing a basis for the monetary judgment amount ordered in Section III.
 28

- vi. acting or serving as an owner, officer, director, manager, principal, partner, or limited partner of any entity; and
- vii. investing or loaning money.

C. **“Debt-Relief Service”** means any program or service represented, directly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt or obligation, including, but not limited to a reduction in the balance, interest rate, or fees owed by a consumer to an unsecured creditor or debt collector.

D. **“Defaulting Defendant”** means Amanda Johanson and by any other name by which she might be known.

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

F. **“Engagement Agreement”** means an agreement with Defaulting Defendant to provide a Debt-Relief Service relating to private student-loan debt, the receivables from which were assigned to Defendant GST Factoring, Inc. through a factoring agreement.

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

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

I.

PERMANENT BAN ON DEBT-RELIEF SERVICES

IT IS ORDERED that:

23. Defaulting Defendant, whether acting directly or indirectly, is permanently restrained and enjoined from:

- 1 A. Advertising, marketing, promoting, offering for sale, selling, or providing
2 any Debt-Relief Service;
- 3 B. Assisting Others in advertising, marketing, promoting, offering for sale,
4 selling, or providing any Debt-Relief Service; or
- 5 C. Receiving any remuneration or other consideration from, holding any
6 ownership interest in, providing services to, or working in any capacity for
7 any Person that is engaged in advertising, marketing, promoting, offering for
8 sale, selling, or providing any Debt-Relief Service.

9 **II.**

10 **PROHIBITION ON COLLECTING ACCOUNTS AND USE OF CONSUMER**
11 **INFORMATION**

12 **IT IS FURTHER ORDERED** that:

13 24. As of the Effective Date, Defaulting Defendant, whether acting directly or
14 indirectly, is permanently restrained and enjoined from charging fees to Affected
15 Consumers or collecting, attempting to collect, or selling, assigning, or otherwise
16 transferring any right to collect payment from any Affected Consumer.

17 25. Defaulting Defendant, whether acting directly or indirectly, may not
18 disclose, use, or benefit from, consumer information, including the name, address,
19 telephone number, email address, social security number, other identifying information,
20 or any data that enables access to a consumer's account (including a credit card, bank
21 account, or other financial account) of any person that Defaulting Defendant obtained
22 prior to the Effective Date in connection with the advertising, marketing, promotion,
23 offering for sale, sale, or providing of any Debt-Relief Service. However, consumer
24 information may be disclosed if requested by a government agency or required by law,
25 regulation, or court order.

1 **III.**

2 **ORDER TO PAY REDRESS**

3 **IT IS FURTHER ORDERED** that:

4 26. A judgment for monetary relief is entered in favor of the Bureau and against
5 Defaulting Defendant in the amount of \$4,992,606, for the purpose of providing redress
6 to Affected Consumers.

7 27. Any funds received by the Bureau in satisfaction of this judgment will be
8 deposited into a fund or funds administered by the Bureau or to the Bureau's agent
9 according to applicable statutes and regulations to be used for redress for injured
10 consumers, including, but not limited to, refund of moneys, restitution, damages, or other
11 monetary relief, and for any attendant expenses for the administration of any such
12 redress.

13 28. If the Bureau determines, in its sole discretion, that redress to consumers is
14 wholly or partially impracticable or if funds remain after the administration of redress is
15 completed, funds will not revert to Defaulting Defendant. Defaulting Defendant will
16 have no right to challenge the Bureau's choice of remedies under this Section and will
17 have no right to contest any actions that the Bureau or its representatives may take under
18 this paragraph.

19 29. Payment of redress to any Affected Consumer under this Order may not be
20 conditioned on that Affected Consumer waiving any right.

21 **IV.**

22 **ORDER TO PAY CIVIL MONEY PENALTIES**

23 **IT IS FURTHER ORDERED** that:

24 30. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the
25 violations of law alleged in the Complaint and taking into account the factors in 12
26 U.S.C. § 5565(c)(3), a judgment awarding a civil money penalty in the amount of
27 \$5,000,000 is entered against Defaulting Defendant with post-judgment interest at the
28

1 legal rate. This monetary judgment is enforceable against any asset owned by, on behalf
2 of, for the benefit of, or in trust by or for Defaulting Defendant.

3 31. The civil money penalties paid under this Order shall be deposited in the
4 Civil Penalty Fund of the Bureau as required by Section 1017(d) of the CFPA, 12 U.S.C.
5 § 5497(d).

6 **V.**

7 **ADDITIONAL MONETARY PROVISIONS**

8 **IT IS FURTHER ORDERED** that:

9 32. Defaulting Defendant must relinquish all dominion, control, and title to any
10 funds paid pursuant to this Order to the fullest extent permitted by law and no part of the
11 funds may be returned to Defaulting Defendant.

12 33. Defaulting Defendant shall not seek or accept, directly or indirectly,
13 reimbursement or indemnification from any source, including any insurance policy, with
14 regard to any civil money penalty paid pursuant to this Order.

15 34. Defaulting Defendant shall not claim, assert, or apply for a tax deduction or
16 tax credit with regard to any federal, state, or local tax for any civil money penalty that
17 Defaulting Defendant pays pursuant to this Order.

18 **VI.**

19 **RETENTION OF JURISDICTION**

20 **IT IS FURTHER ORDERED** that:

21 35. The Court will retain jurisdiction of this matter for the purposes of
22 construction, modification, and enforcement of this Order.

VII.
SERVICE

IT IS FURTHER ORDERED that:

36. This Order may be served upon Defaulting 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.

SO ORDERED this 15th day of Dec, 2020.



Honorable David O. Carter
United States District Judge