

JS-6

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

Consumer Financial Protection
Bureau,

Plaintiff,

v.

Daniel A. Rosen, Inc., d/b/a Credit
Repair Cloud, *et al.*,

Defendants.

Case No.: 2:21-cv-07492-JFW (JDEx)

**STIPULATED FINAL JUDGMENT
AND ORDER**

The Consumer Financial Protection Bureau (“Bureau”) commenced this civil action on September 21, 2021 to obtain injunctive and monetary relief and civil penalties from Daniel A. Rosen Inc., d/b/a Credit Repair Cloud (“CRC”), and Daniel Rosen (collectively, “Defendants”). The First Amended Complaint alleges violations of the Telemarketing Sales Rule (“TSR”), 16 C.F.R. § 310.3(b), and section 1036 of the Consumer Financial Protection Act (“CFPA”), 12 U.S.C. § 5536(a)(1)(A), in connection with the Defendants’ provision of substantial assistance or support to credit repair companies.

The Bureau alleged that Defendants violated the TSR and CFPA by providing CRC Tools and Services to CRC Users who used Telemarketing (by, for example,

1 running advertisements that feature a number to call for more information, including such
2 advertisements on websites or social media platforms, or otherwise encouraging
3 Consumers to call a number) and charging Advance Fees (by, for example, requesting or
4 receiving monthly fees, sign-up fees, first-work fees, document-processing fees, or
5 consultation fees) in connection with providing Credit Repair Services.

6 The Bureau and Defendants agree to entry of this Stipulated Final Judgment and
7 Order (“Order”), without adjudication of any issue of fact or law, to settle and resolve all
8 matters in dispute arising from the conduct alleged in the First Amended Complaint.

9 FINDINGS

10 1. This Court has jurisdiction over the parties and the subject matter of this
11 action.

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

16 3. Defendants waive all rights to seek judicial review or otherwise challenge or
17 contest the validity of this Order and any claim they may have under the Equal Access to
18 Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this
19 Order. Each Party agrees to bear its own costs and expenses, including, without
20 limitation, attorneys’ fees.

21 4. Entry of this Order is in the public interest.

22 DEFINITIONS

23 5. The following definitions apply to this Order:

24 a. “**Active Consumer**” means any Consumer identified as a client in CRC’s
25 software for whom an activity (including but not limited to importing or
26 providing credit reports or scores, creating or sending dispute letters,
27 making changes or associating notes to Consumer profiles, or charging
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1 Consumers any fees) was logged on CRC's software in the past 12
2 months.

3 b. "**Advance Fee**" means any fee or consideration requested or received
4 from a Person for Credit Repair Services before: (1) the time frame in
5 which the Seller has represented all of the goods or services will be
6 provided to that Person has expired; and (2) the Seller has provided the
7 Person with documentation in the form of a consumer report from a
8 consumer reporting agency demonstrating that the promised results have
9 been achieved, such report having been issued more than six months after
10 the results were achieved. Examples of fees that constitute Advance Fees
11 include:

- 12 i. Fees charged at or around the time a Customer agrees to enroll in
13 Credit Repair Services, regardless of whether those fees are called
14 sign-up fees, first-work fees, document-processing fees, or
15 consultation fees;
- 16 ii. Monthly recurring fees; and
- 17 iii. "Pay-per-delete" fees charged at the time or shortly after an item is
18 removed from a consumer's credit report.

19 c. "**Certification Program**" means the program that Defendants are
20 required to develop, implement, and maintain under Paragraph 8 of this
21 Order to screen whether Users are Telemarketing and charging Advance
22 Fees.

23 d. "**Clearly and Prominently**" means:
24 i. In textual communications (e.g., printed publications or words
25 displayed on the screen of an electronic device), the disclosure
26 must be of a type size and location sufficiently noticeable for an
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1 ordinary Person to read and comprehend it, in print that contrasts
2 with the background on which it appears;

3 ii. In communications disseminated orally or through audible means
4 (e.g., radio or streaming audio), the disclosure must be delivered in
5 a volume and cadence sufficient for an ordinary Person to hear and
6 comprehend it;

7 iii. In communications disseminated through video means (e.g.,
8 television or streaming video), the disclosure must be in writing in
9 a form consistent with subsection (i), and must appear on the
10 screen for a duration sufficient for an ordinary Person to read and
11 comprehend it;

12 iv. In communications made through interactive media such as the
13 internet, online services, and software, the disclosure must be
14 unavoidable and presented in a form consistent with subsection (i);

15 v. In communications that contain both audio and visual portions, the
16 disclosure must be presented simultaneously in both the audio and
17 visual portions of the communication; and

18 vi. In all instances, the disclosure must be presented before the Person
19 incurs any financial obligation, in an understandable language and
20 syntax, and with nothing contrary to, inconsistent with, or in
21 mitigation of the disclosures used in any communication with the
22 Person.

23 e. “**Consumer**” means an individual or an agent, trustee, or representative
24 acting on behalf of an individual.

25 f. “**Compliance Monitoring Program**” means the program that
26 Defendants are required to develop, implement, and maintain under
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1 Paragraph 9 of this Order to monitor whether Users are Telemarketing
2 and charging Advance Fees.

- 3 g. **“Corporate Defendant”** means Daniel A. Rosen, Inc. d/b/a Credit
4 Repair Cloud, and its successors and assigns.
- 5 h. **“CRC Tools and Services”** means any goods or services Defendants
6 offer or provide to Persons to support the offering or provision of Credit
7 Repair Services to Consumers and includes, but is not limited to, the
8 Credit Repair Cloud customer-relationship management software; written
9 or oral training materials; sales or marketing scripts; template contracts;
10 template dispute letters; website domains; website templates; credit
11 monitoring services; written publications including books, blog posts,
12 and manuals; and social media groups.
- 13 i. **“Credit Repair Service”** means any goods or services represented to
14 remove derogatory information from, or improve, a Person’s credit
15 history, credit record, or credit rating.
- 16 j. **“Customer”** means any Person who is or may be required to pay for
17 goods or services offered through Telemarketing.
- 18 k. **“Defendants”** means both the Individual Defendant and the Corporate
19 Defendant, individually, collectively, or in any combination.
- 20 l. **“Effective Date”** means the date on which this Order is entered by the
21 Court.
- 22 m. **“Enforcement Director”** means the Assistant Director of the Office of
23 Enforcement for the Consumer Financial Protection Bureau, or their
24 delegate.
- 25 n. **“Individual Defendant”** means Daniel Rosen, including any other
26 names by which he might be known.
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- 1 o. **“Person”** means any individual, group, unincorporated association,
2 limited or general partnership, corporation, or other business entity.
- 3 p. **“Related Consumer Action”** means a private action by or on behalf of
4 one or more Consumers or an enforcement action by another
5 governmental agency brought against a Defendant based on substantially
6 the same facts as described in the Complaint.
- 7 q. **“Seller”** means any person who, in connection with a Telemarketing
8 transaction, provides, offers to provide, or arranges for others to provide
9 goods or services to the Customer in exchange for consideration.
- 10 r. **“Substantially Assisting”** means providing “substantial assistance or
11 support” within the meaning of § 310.3(b) of the TSR, and may include,
12 but is not limited to:
- 13 i. providing customer-relationship management tools or services,
14 including software;
 - 15 ii. consulting in any form whatsoever;
 - 16 iii. providing administrative support services;
 - 17 iv. performing customer service functions, including but not limited
18 to, receiving or responding to consumer complaints;
 - 19 v. formulating or providing, or arranging for the formulation or
20 provision of, any advertising or marketing material, including but
21 not limited to, any telephone sales script, direct mail solicitation, or
22 the text of any Internet website, email, or other electronic
23 communication or advertisement. For purposes of this subpart,
24 formulating or providing any advertising or marketing material
25 includes formulating or providing template versions of the same;
 - 26 vi. formulating or providing, or arranging for the formulation or
27 provision of, any marketing support material or service, including
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1 but not limited to, web or internet protocol addresses or domain
2 name registration for any Internet websites, affiliate marketing
3 services, or media placement services;

- 4 vii. providing names of, or assisting in the generation of, potential
5 Customers;
6 viii. performing marketing, billing, or payment services of any kind;
7 and
8 ix. acting or serving as an owner, officer, director, manager, or
9 principal of any entity.

10 Nothing in this definition shall be construed to limit any Defendant's
11 liability after the Effective Date for conduct otherwise prohibited by the
12 CFPA or TSR, including § 310.3(b) of the TSR.

- 13 s. **"Telemarketer"** means any Person who, in connection with
14 telemarketing, initiates or receives telephone calls to or from a Customer
15 or donor.
16 t. **"Telemarketing"** means a plan, program, or campaign which is
17 conducted to induce the purchase of goods or services or a charitable
18 contribution, by use of one or more telephones and which involves more
19 than one interstate telephone call. Telemarketing calls include calls
20 conducted using any type of telephone technology, such as traditional,
21 analog, Internet, cloud-based, cellular, Voice Over Internet Protocol
22 ("VoIP"), and other telephone systems, with or without camera or video.
23 Examples of conduct that constitute Telemarketing include:

- 24 i. Initiating telephone calls to potential Customers or hiring others to
25 call Customers to market or sell Credit Repair Services, if at least
26 two of the telephone calls are interstate calls.
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1 ii. Running advertisements on websites, social media, billboards, TV,
2 or radio to market their Credit Repair Services that feature a
3 number to call for more information.

4 iii. Emailing or mailing a letter saying they can increase Customers'
5 credit scores. The email or letter encourages recipients to call to
6 learn more about the service.

7 iv. Hiring someone else to engage in Telemarketing the Person's
8 Credit Repair Services.

9 u. "User" means any Person that offers or provides or has offered or
10 provided Credit Repair Services to Consumers and has paid to use any
11 CRC Tools and Services. The term "User" does not include Consumers
12 who directly enrolled in or subscribed to any CRC Tools and Services
13 that do not include billing and payment features and which are solely for
14 personal, not commercial, use.

15 **CONDUCT PROVISIONS**

16 **I**

17 **Prohibited Conduct**

18 **IT IS ORDERED that:**

19 6. Defendants and their officers, agents, servants, employees, attorneys, and all
20 other persons in active concert or participation with them, who receive actual notice of
21 this Order, whether acting directly or indirectly, are permanently restrained from
22 Substantially Assisting any Person who any Defendant knows or consciously avoids
23 knowing uses Telemarketing to market or sell Credit Repair Services and who requests or
24 receives Advance Fees for those services. Nothing in this Order shall be read as an
25 exception to this Paragraph.

26 7. Defendants, whether acting directly or indirectly, are permanently restrained
27 and enjoined from violating the TSR, 16 C.F.R. pt. 310, in connection with the offering
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1 or providing of Credit Repair Services. Nothing in this Order shall be read as an
2 exception to this Paragraph.

3 **II**

4 **Affirmative Requirements**

5 **IT IS FURTHER ORDERED that:**

6 8. Within 60 days of the Effective Date, Defendants must develop, implement,
7 and maintain a Certification Program to screen new and existing Users to determine
8 whether those Users are Telemarketing their Credit Repair Services and charging
9 Advance Fees. The Certification Program shall include a requirement that all Users
10 submit to Defendants a certification, within 90 days of the Effective Date for Users who
11 subscribed or enrolled to CRC's software before the Certification Program was
12 implemented or within 30 days of becoming a new User after the Certification Program is
13 implemented, and annually thereafter, that:

- 14 a. Identifies any other Users with whom they share common ownership,
15 including affiliated companies, parent companies, and subsidiaries;
- 16 b. Certifies whether the User has engaged in or used Telemarketing to
17 market its Credit Repair Services during the preceding 12 months;
- 18 c. Certifies whether the User will engage in or use Telemarketing to market
19 its Credit Repair Services during the next 12 months;
- 20 d. Describes all fees the User charges for Credit Repair Services, including
21 when Consumers are charged, any recurring fees or other consideration,
22 and any preconditions to requesting or receiving payment; and
- 23 e. If the User has engaged in or used Telemarketing or will engage in or use
24 Telemarketing:
- 25 i. Certifies whether the User provides each Customer with a time
26 frame in which all goods or services will be provided, and whether
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1 the User requests or receives payment of any fee or consideration
2 before the expiration of that time frame; and

- 3 ii. Certifies whether the User provides each Customer with
4 documentation in the form of a consumer report from a consumer
5 reporting agency demonstrating that the promised results have
6 been achieved, such report having been issued more than six
7 months after the results were achieved, and whether the User
8 requests or receives payment of any fee or consideration before
9 doing so.

10 9. Within 120 days of the Effective Date, Defendants must develop,
11 implement, and maintain a Compliance Monitoring Program to monitor new and existing
12 Users to determine whether those Users are Telemarketing and charging Advance Fees.
13 The Compliance Monitoring Program shall include:

- 14 a. A system to monitor on an annual basis, on or around the anniversary
15 date of the User enrolling or subscribing to CRC's software, the total
16 number of Active Consumers for whom the User is providing or has
17 provided Credit Repair Services.
- 18 b. A requirement that Defendants perform the following audits to determine
19 whether Users are Telemarketing:
- 20 i. If the monitoring system identifies that a User has provided Credit
21 Repair Services to **150 or more** Active Consumers within the prior
22 12-month period, then Defendants must conduct an audit of the
23 User within 30 days. For purposes of this subparagraph, Users that
24 have any common ownership, including affiliated companies,
25 parent companies, and subsidiaries, shall be treated as the same
26 User.

1 ii. Defendants must randomly select **50** Users per quarter for an audit
2 who do not meet the criteria in Subparagraph (i) above.

3 c. The audits required by Subparagraph (b) shall include, at a minimum:

4 i. A review of the User's website, and any other advertising or
5 marketing material made available to Defendants, to determine
6 whether the User's website or other advertising or marketing
7 material includes a telephone number for potential Customers to
8 contact the User for more information about or to sign up for its
9 Credit Repair Services.

10 ii. A review of the User's fee structure to determine whether the User
11 is charging a monthly fee, a first-work fee, or any other fee within
12 the first six months of the Customer enrolling in Credit Repair
13 Services.

14 d. After conducting the audit of a User required under Subparagraph (b),
15 Defendants must make the determination and follow the provisions
16 required by Paragraph 11.

17 10. If Defendants are unable to obtain the certification(s) from a User required
18 by Paragraph 8, Defendants must immediately revoke that User's access to CRC's
19 software.

20 11. For each User, Defendants must make a determination as to whether that
21 User is Telemarketing and charging Advance Fees, and must take the following
22 affirmative steps:

23 a. If Defendants determine that the User is charging Advance Fees for
24 Telemarketed Credit Repair Services, then Defendants must immediately
25 revoke that User's access to CRC's software and notify the Bureau of its
26 determination within 5 days of the revocation of the User's access.
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- 1 b. If Defendants determine that the User is not charging Advance Fees for
2 Telemarketed Credit Repair Services, then Defendants must document
3 that determination with the reasons for it.

4 12. Defendants must provide notice of this Order to: (1) existing Users within 30
5 days of the Effective Date, and (2) new Users, for a period of 5 years from the Effective
6 Date, before they are provided access to any CRC Tools and Services. The notice shall be
7 substantially in the form attached as **Appendix A**, and must Clearly and Prominently
8 include the following:

- 9 a. A description of the Bureau's lawsuit against Defendants; and
10 b. A notice describing the TSR's definition of Telemarketing and Advance
11 Fees as applicable to the offering or provision of Credit Repair Services,
12 including examples of what constitutes Telemarketing and Advance Fees
13 as identified in the definitions of those terms in this Order.

14 Defendants must require Users to certify that they have received and read the notice
15 described in this paragraph. If any User fails to complete such certification within 30
16 days of delivery of the notice, Defendants must immediately revoke that User's access to
17 CRC's software.

18 13. Within 10 days of the Effective Date, Defendants must:

- 19 a. Remove from all CRC Tools and Services any reference to soliciting
20 potential Customers or contacting leads for Credit Repair Services by
21 telephone or videoconferencing platforms; and
22 b. Remove from all CRC Tools and Services any language or software
23 feature that recommends that Users charge Consumers monthly fees for
24 Credit Repair Services.

1 **III.**

2 **Compliance Plan**

3 **IT IS FURTHER ORDERED** that:

4 14. Within 60 days of the Effective Date, Defendants must submit to the
5 Enforcement Director for review and determination of non-objection a comprehensive
6 compliance plan designed to ensure that Defendants' provision of CRC Tools and
7 Services complies with all applicable laws that the Bureau enforces, including Federal
8 consumer financial laws, and the terms of this Order (the "Compliance Plan"). The
9 Compliance Plan must include, at a minimum:

- 10 a. Detailed steps for addressing each action required by this Order;
11 b. A mechanism to ensure that the Chief Executive Officer is kept apprised
12 of the status of compliance actions; and
13 c. Specific timeframes and deadlines for implementation of the steps
14 described above.

15 15. The Enforcement Director will have the discretion to make a determination
16 of non-objection to the Compliance Plan or direct Defendants to revise it. If the
17 Enforcement Director directs Defendants to revise the Compliance Plan, Defendants must
18 revise and resubmit the Compliance Plan to the Enforcement Director within 15 days
19 unless the Bureau agrees in writing to extend that time.

20 16. After receiving notification that the Enforcement Director has made a
21 determination of non-objection to the Compliance Plan, Defendants must implement and
22 adhere to the steps, recommendations, deadlines, and timeframes outlined in the
23 Compliance Plan.

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IV.

Role of the Executives

IT IS FURTHER ORDERED that:

17. Corporate Defendant’s Chief Executive Officer has the ultimate responsibility for ensuring that Corporate Defendant complies this Consent Order.

18. Corporate Defendant’s Chief Executive Officer must review all plans and reports required by this Order, and any submissions to the Bureau prior to such submission.

19. One year after the Effective Date, and yearly thereafter for a period of 5 years, Corporate Defendant must submit to the Enforcement Director an accurate written compliance progress report (the “Corporate Compliance Report”), the accuracy of which is sworn to under penalty of perjury by Corporate Defendant’s Chief Executive Officer, and which, at a minimum:

- a. Describes the steps that the Chief Executive Officer has taken to reasonably assess whether Corporate Defendant is complying with the Compliance Plan, and each applicable paragraph and subparagraph of the Order;
- b. Describes in detail whether and how Corporate Defendant has complied with the Compliance Plan, and each applicable paragraph and subparagraph of the Order, including the manner of verification of such compliance and any corrective actions taken to remedy potential non-compliance with the applicable requirement, paragraph, or subparagraph; and
- c. Attaches a copy of each Order Acknowledgment obtained under Section VIII, unless previously submitted to the Bureau.

20. Corporate Defendant’s Chief Executive Officer must:

- a. Authorize whatever actions are necessary for Corporate Defendant to assess whether Corporate Defendant is complying with the Compliance Plan, and each applicable paragraph and subparagraph of the Order;
- b. Authorize whatever actions, including corrective actions, are necessary for Corporate Defendant to fully comply with the Compliance Plan, and each applicable paragraph and subparagraph of the Order; and
- c. Require timely reporting by management to the Chief Executive Officer on the status of compliance obligations.

MONETARY PROVISIONS

V

Order to Pay Civil Money Penalty

IT IS FURTHER ORDERED that:

21. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law alleged in the First Amended Complaint, Corporate Defendant must pay a civil money penalty of \$1,000,000 to the Bureau.

22. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law alleged in the First Amended Complaint, Individual Defendant must pay a civil money penalty of \$2,000,000 to the Bureau.

23. Within 10 days of the Effective Date, Corporate Defendant must pay the full amount of its civil money penalty, and Individual Defendant must pay \$500,000 of his civil money penalty. Individual Defendant must pay the remaining \$1,500,000 of his civil money penalty within 90 days of the Effective Date. Defendants must make these payments by wire transfers to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.

24. The civil money penalties 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).

1 30. Defendants acknowledge that their Taxpayer Identification Numbers (Social
2 Security Number or Employer Identification Number), which Defendants previously
3 submitted to the Bureau, may be used for collecting and reporting on any delinquent
4 amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

5 31. Within 30 days of the entry of a final judgment, order, or settlement in a
6 Related Consumer Action, Defendants must notify the Enforcement Director of the final
7 judgment, order, or settlement in writing. That notification must indicate the amount of
8 redress, if any, that Defendants paid or are required to pay to consumers and describe the
9 consumers or classes of consumers to whom that redress has been or will be paid. To
10 preserve the deterrent effect of the civil money penalty in any Related Consumer Action,
11 Defendants may not argue that Defendants are entitled to, nor may Defendants benefit by,
12 any offset or reduction of any monetary remedies imposed in the Related Consumer
13 Action because of the civil money penalty paid in this action or because of any payment
14 that the Bureau makes from the Civil Penalty Fund. If the court in any Related Consumer
15 Action offsets or otherwise reduces the amount of compensatory monetary remedies
16 imposed against Defendants based on the civil money penalty paid in this action or based
17 on any payment that the Bureau makes from the Civil Penalty Fund, Defendants must,
18 within 30 days after entry of a final order granting such offset or reduction, notify the
19 Bureau and pay the amount of the offset or reduction to the U.S. Treasury. Such a
20 payment will not be considered an additional civil money penalty and will not change the
21 amount of the civil money penalty imposed in this action.

22 32. Upon written request of a representative of the Bureau, any consumer
23 reporting agency must furnish consumer reports to the Bureau concerning Individual
24 Defendant under Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681
25 b(a)(1), which may be used for purposes of collecting and reporting on any delinquent
26 amount arising out of this Order.

1 **COMPLIANCE PROVISIONS**

2 **VII**

3 **Reporting Requirements**

4 **IT IS FURTHER ORDERED** that:

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

14 34. Within 7 days of the Effective Date, each Defendant must:

- 15 a. Designate at least one telephone number and email, physical, and postal
16 addresses as points of contact that the Bureau may use to communicate
17 with each Defendant;
- 18 b. Identify all businesses for which each Defendant is the majority owner,
19 or that such Defendant directly or indirectly controls, by all of their
20 names, telephone numbers, and physical, postal, email, and Internet
21 addresses;
- 22 c. Describe the activities of each such business, including the products and
23 services offered, and the means of advertising, marketing, and sales;
- 24 d. Identify Individual Defendant's telephone numbers and all email,
25 Internet, physical, and postal addresses, including all residences; and
- 26 e. Describe in detail Individual Defendant's involvement in any business
27 for which he performs services in any capacity or which he wholly or
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1 partially owns, including Defendant's title, role, responsibilities,
2 participation, authority, control, and ownership.

3 35. Defendants must report any change in the information required to be
4 submitted under Paragraph 34 at least 30 days before the change or as soon as practicable
5 after learning about the change, whichever is sooner.

6 36. One year after the Effective Date, Individual Defendant must submit to the
7 Enforcement Director an accurate written compliance progress report sworn to under
8 penalty of perjury (the "Individual Compliance Report"), which, at a minimum:

- 9 a. Lists each applicable paragraph and subparagraph of the Order and
10 describes in detail whether and how Individual Defendant has complied
11 with each such paragraph and subparagraph of this Order; and
12 b. Attaches a copy of each Order Acknowledgment obtained under Section
13 VIII, unless previously submitted to the Bureau.

14 VIII

15 Order Distribution and Acknowledgment

16 **IT IS FURTHER ORDERED** that:

17 37. Within 7 days of the Effective Date, each Defendant must submit to the
18 Enforcement Director an acknowledgment of receipt of this Order, sworn under penalty
19 of perjury.

20 38. Within 30 days of the Effective Date, Corporate Defendant, and Individual
21 Defendant, for any business for which he is the majority owner or which he directly or
22 indirectly controls, must deliver a copy of the First Amended Complaint and this Order to
23 each of its executive officers, as well as to any managers, employees, service providers,
24 or other agents and representatives who have responsibilities related to the subject matter
25 of the Order.

26 39. For 5 years from the Effective Date, Corporate Defendant, and Individual
27 Defendant, for any business for which he is the majority owner or which he directly or
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1 indirectly controls, must deliver a copy of the First Amended Complaint and this Order to
2 any business entity resulting from any change in structure referred to in Section VII, any
3 future board members and executive officers, as well as to any managers, employees,
4 service providers, or other agents and representatives who will have responsibilities
5 related to the subject matter of the Order before they assume their responsibilities.

6 40. Defendants must secure a signed and dated statement acknowledging receipt
7 of a copy of this Order, ensuring that any electronic signatures comply with the
8 requirements of the E-Sign Act, 15 U.S.C. §§ 7001-7006, within 30 days of delivery,
9 from all persons receiving a copy of this Order under this Section.

10 41. Ninety days from the Effective Date, Defendants must provide the Bureau
11 with a list of all persons and their titles to whom this Order was delivered through that
12 date under Paragraphs 38 and 39 and a copy of all signed and dated statements
13 acknowledging receipt of this Order under Paragraph 40.

14 IX

15 Recordkeeping

16 **IT IS FURTHER ORDERED** that:

17 42. Defendants must create, for at least 5 years from the Effective Date, the
18 following business records for Corporate Defendant and for any other business related to
19 Credit Repair Services for which Individual Defendant is a majority owner or which he
20 directly or indirectly controls:

- 21 a. All documents and records necessary to demonstrate full compliance with
22 the Compliance Plan and each provision of this Order, including all
23 submissions to the Bureau.
- 24 b. For each User, a record of:
- 25 i. The User's business name, address, telephone number, and email
26 address;
- 27 ii. The date on which any CRC Tools and Services were purchased;
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- iii. A copy of any promotional or welcome materials provided; and
- iv. If applicable, the date the User stopped using CRC Tools and Services, or the date and reason the User had access to any CRC Tools and Services revoked.

c. Records showing, for each employee providing User support or training, that Person's:

- i. Name, telephone number, email, physical, and postal address;
- ii. Job title or position;
- iii. Dates of service; and,
- iv. If applicable, the reason for termination.

Defendants must retain these documents for at least 5 years after creation and make them available to the Bureau upon the Bureau's request.

43. Defendants must maintain, for at least 5 years from the Effective Date or 5 years after creation, whichever is longer:

- a. All documents and records created by or provided to Defendants, including User certifications obtained pursuant to Paragraph 8, and documentation of Defendants' determinations made pursuant to Paragraph 11 of this Order;
- b. Copies or documentation of all CRC Tools and Services made available to Users; and
- c. All Consumer complaints and refund requests (whether received directly or indirectly, such as through a third party), and any responses to those complaints or requests.

Defendant must make these materials available to the Bureau upon the Bureau's request.

1 44. All documents and records must be maintained in their original electronic
2 format. Data should be centralized and maintained in such a way that access, retrieval,
3 auditing, and production are not hindered.

4 **X**

5 **Notices**

6 **IT IS FURTHER ORDERED** that:

7 45. Unless otherwise directed in writing by the Bureau, Defendants must
8 provide all submissions, requests, communications, or other documents relating to this
9 Order in writing, with the subject line, “CFPB v. Daniel A. Rosen, Inc. d/b/a Credit
10 Repair Cloud, et al., Case No. 21-07492,” and send them by email to
11 Enforcement_Compliance@cfpb.gov:

12 ATTN: Enforcement Director
13 Consumer Financial Protection Bureau
14 Office of Enforcement

15 **XI**

16 **Cooperation with the Bureau**

17 **IT IS FURTHER ORDERED** that:

18 46. Defendants must cooperate fully with the Bureau in this matter and in any
19 investigation or litigation related to or associated with the conduct described in the First
20 Amended Complaint. Defendants must provide truthful and complete information,
21 evidence, and testimony. Individual Defendant must appear, and Corporate Defendant
22 must cause Corporate Defendant’s officers, employees, representatives, or agents to
23 appear, for interviews, discovery, hearings, trials, and any other proceedings that the
24 Bureau may reasonably request upon 14 days written notice, or other reasonable notice,
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1 at such places and times as the Bureau may designate, without the service of compulsory
2 process.

3 47. Within 30 days of the Effective Date, Corporate Defendant must complete
4 all steps necessary to register for the Bureau's Company Portal, including providing the
5 information required at www.consumerfinance.gov/company-signup and in the Bureau's
6 Company Portal Boarding Form (OMB No. 3170-0054). Corporate Defendant, in
7 connection with responding to consumer complaints and inquiries on the Company
8 Portal, must comply with the timely response requirements set forth in § 1034(b)(1)-(3)
9 of the CFPA, 12 U.S.C. § 5534(b).

10 XII

11 Compliance Monitoring

12 **IT IS FURTHER ORDERED** that:

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

16 49. For purposes of this Section, the Bureau may communicate directly with
17 Defendants, unless Defendants retain counsel related to these communications.

18 50. Defendants must permit Bureau representatives to interview any employee
19 or other person affiliated with Corporate Defendant who has agreed to such an interview
20 regarding: (a) this matter; (b) anything related to or associated with the conduct described
21 in the First Amended Complaint; or (c) compliance with this Order. The person
22 interviewed may have counsel present.

23 51. Nothing in this Order will limit the Bureau's lawful use of compulsory
24 process under 12 C.F.R. § 1080.6.

1 **XIII**

2 **Transfer or Assignment of Operations**

3 52. Should Defendants seek to transfer or assign all or part of their operations
4 that are subject to this Order, Defendants must, as a condition of sale, obtain the written
5 agreement of the transferee or assignee to comply with all applicable provisions of this
6 Order.

7 **XIV**

8 **Retention of Jurisdiction**

9 **IT IS FURTHER ORDERED** that:

10 53. The Court will retain jurisdiction of this matter for the purpose of enforcing
11 this Order.

12
13 **IT IS SO ORDERED.**

14
15 DATED this 12th day of August, 2024.

16
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18 United States District Court Judge
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1 **Appendix A**
2 **Notice to Users**

3 The notice shall state as follows:
4

5 On September 20, 2021, the Consumer Financial Protection Bureau (the “CFPB”
6 or “Bureau”) sued Daniel A. Rosen, Inc. d/b/a Credit Repair Cloud and its owner,
7 Daniel Rosen, alleging that they violated various consumer financial protection
8 laws and regulations. The case was filed in Federal District Court in Los Angeles,
9 California, and is captioned *Consumer Financial Protection Bureau v. Daniel A.*
10 *Rosen Inc., et al.*, 21-07492-JFW.
11

12 The Bureau and the Defendants have agreed to settle the case. A copy of the
13 Stipulated Judgment and Order (the “Order”) entered in the case is attached to this
14 notice. As part of that settlement, Credit Repair Cloud and Daniel Rosen are
15 required to provide you with this notice about certain legal obligations arising from
16 the Order.
17

18 The Order expressly prohibits Credit Repair Cloud and Daniel Rosen from
19 providing substantial assistance or support to any credit repair organization that
20 markets or sells its services through telemarketing and violates the Telemarketing
21 Sales Rule (“TSR”) by charging certain fees.
22

23 The TSR defines “telemarketing” as “a plan, program, or campaign which is
24 conducted to induce the purchase of goods or services or a charitable contribution,
25 by use of one or more telephones and which involves more than one interstate
26 telephone call.” 16 C.F.R. § 310.2(gg). As identified in the Order, examples of
27 conduct that constitutes telemarketing in this context include:
28

- 1 • Initiating telephone calls to potential customers or hiring others to call
2 customers to market or sell credit-repair services, if at least two of the
3 telephone calls are interstate calls.
- 4 • Running advertisements on websites, social media, billboards, TV, or radio
5 to market their credit-repair services that feature a number to call for more
6 information.
- 7 • Emailing or mailing a letter saying they can increase customers' credit
8 scores. The email or letter encourages recipients to call to learn more about
9 the service.
- 10 • Hiring someone else to engage in telemarketing the credit repair
11 organizations' services.

12
13 As identified in the Order, Credit Repair Cloud and Daniel Rosen may not assist
14 any credit repair organization that charges advance fees and either initiates phone
15 calls to consumers *or* receives phone calls from consumers in response to general
16 marketing, or hires someone else to do so. There is no exemption for companies
17 based on the type of telephone technology used; it makes no difference whether a
18 company makes or receives calls using low-tech equipment or the newest
19 technology. And there is no exemption for companies who speak to consumers via
20 webcam or videoconferencing services or platforms.

21
22 Under the TSR, credit repair organizations that market or sell their services over
23 the phone may not request or receive payment of any fee for credit repair services
24 until (i) the time frame in which they have represented all goods or services will be
25 provided to that person has expired; and (ii) they have provided the person with
26 documentation in the form of a consumer report from a consumer reporting agency
27 demonstrating that the promised results have been achieved, such report having
28

1 been issued more than six months after the results were achieved. As identified in
2 the Order, examples of advance fees in this context include:

- 3 • Fees charged at or around the time a customer agrees to enroll in credit
4 repair services, regardless of whether those fees are called sign-up fees, first-
5 work fees, document-processing fees, or consultation fees;
- 6 • Monthly recurring fees; and
- 7 • “Pay-per-delete” fees charged at the time or shortly after an item is removed
8 from a consumer’s credit report.

9
10 The Order also requires Credit Repair Cloud and Daniel Rosen to implement a
11 compliance program to determine whether its users are engaged in telemarketing or
12 charging advance fees, and under certain circumstances, Credit Repair Cloud and
13 Daniel Rosen must provide that information to the CFPB.

14
15 If a credit repair organization markets and sells its services by phone and charges
16 any fee before the waiting period required by the TSR, it may be violating the
17 TSR. *See* 16 C.F.R. part 310. For more information about complying with the TSR,
18 visit: [https://www.ftc.gov/business-guidance/resources/complying-telemarketing-](https://www.ftc.gov/business-guidance/resources/complying-telemarketing-sales-rule)
19 [sales-rule](https://www.ftc.gov/business-guidance/resources/complying-telemarketing-sales-rule).