

1 Amanda J. Krause (NY Reg. #5323357)  
(Admitted *pro hac vice*)  
2 Tel.: (202) 445-8767 / Email: Amanda.Krause@cfpb.gov

3 Joyce Chen (NY Reg. #4717245)  
(Admitted *pro hac vice*)  
4 Tel.: (202) 702-4226 / Email: Joyce.Chen@cfpb.gov

5 Jeffrey Blumberg (MD Bar)  
(Admitted *pro hac vice*)  
6 Tel.: (202) 435-9687 / Email: Jeffrey.Blumberg@cfpb.gov

7 Consumer Financial Protection Bureau  
1700 G Street, NW  
8 Washington, DC 20552  
9 Fax: (202) 435-7722

10 Leanne E. Hartmann, CA Bar # 264787- Local Counsel  
11 301 Howard St., Suite 1200  
San Francisco, CA 94105  
12 Phone: (415) 844-9787  
13 Fax: (415) 844-9788  
14 Email: Leanne.Hartmann@cfpb.gov

15 Attorneys for Plaintiff  
16 Consumer Financial Protection Bureau

17 UNITED STATES DISTRICT COURT  
18 CENTRAL DISTRICT OF CALIFORNIA  
19 WESTERN DIVISION

20 Consumer Financial Protection Bureau,

21 Plaintiff,

22 v.

23 Daniel A. Rosen, Inc., d/b/a Credit Repair  
24 Cloud, and Daniel Rosen,

25 Defendants.  
26  
27

Case No. 2:21-cv-07492-VAP-JDE

**AMENDED COMPLAINT FOR  
INJUNCTIVE RELIEF,  
RESTITUTION,  
DISGORGEMENT, DAMAGES,  
AND CIVIL MONEY  
PENALTIES**

1 **Introduction**

2 1. The Consumer Financial Protection Bureau (“Bureau”) brings this action  
3 against Daniel A. Rosen, Inc. d/b/a Credit Repair Cloud (“Credit Repair Cloud” or  
4 “CRC”) and Daniel Rosen under the Telemarketing and Consumer Fraud and Abuse  
5 Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6102(c), 6105(d); the Telemarketing  
6 Sales Rule (“TSR”), 16 C.F.R. pt. 310; and the Consumer Financial Protection Act of  
7 2010 (“CFPA”), 12 U.S.C. §§ 5536(a), 5564, 5565. This Court has subject-matter  
8 jurisdiction over this action because it is brought under federal consumer financial law,  
9 12 U.S.C. § 5565(a)(1), presents a federal question, 28 U.S.C. § 1331, and is brought by  
10 an agency of the United States, 28 U.S.C. § 1345.

11 2. Defendants Credit Repair Cloud and Daniel Rosen have provided substantial  
12 assistance or support to credit-repair businesses charging unlawful advance fees to  
13 consumers in violation of the TSR.

14 3. The Bureau brings this action to stop Defendants’ unlawful conduct, obtain  
15 relief for harmed consumers from Defendants, disgorge Defendants’ unjust gains, and  
16 impose civil money penalties on Defendants for their unlawful actions.

17 **Venue**

18 4. Venue is proper in this district because each Defendant is located, resides, or  
19 does business in this District. 12 U.S.C. § 5564(f).

20 **Parties**

21 5. The Bureau is an independent agency of the United States created by the  
22 CFPA. 12 U.S.C. § 5491(a). It has independent litigating authority and may secure  
23 appropriate relief for violations of the CFPA, 12 U.S.C. § 5564(a)-(b), and for violations  
24 of the TSR with respect to consumer financial products or services subject to the CFPA,  
25 15 U.S.C. §§ 6102(c), 6105(d).

26 6. Credit Repair Cloud is a privately owned California corporation that  
27 operates out of 12517 Venice Blvd., Los Angeles, CA 90066. Since 2013, Credit Repair  
28

1 Cloud has advertised, marketed, promoted, offered for sale, and sold credit-repair-  
2 business software and other tools to credit-repair businesses (“CRC Users” or “Users”)  
3 throughout the United States.

4 7. Daniel Rosen is the founder, owner, and CEO of Credit Repair Cloud. Rosen  
5 resides in Los Angeles, California.

### 6 **The TSR and Credit-Repair Services**

7 8. A credit-repair business offers or provides to consumers services represented  
8 to remove derogatory information from, or improve, a consumer’s credit history, credit  
9 record, or credit rating.

10 9. Credit-repair businesses challenge or dispute negative items that appear on  
11 consumer reports on consumers’ behalf. Such items are supposed to be removed if found  
12 to be inaccurate or incomplete, or if they cannot be verified.

13 10. The TSR prohibits credit-repair businesses that telemarket their services  
14 from requesting or receiving any fee until they have provided the consumer with  
15 documentation in the form of a consumer report from a consumer reporting agency  
16 demonstrating that the promised results have been achieved, such report having been  
17 issued more than six months after the results were achieved. 16 C.F.R. § 310.4(a)(2).

### 18 **Credit Repair Cloud’s Business Practices**

19 11. Credit Repair Cloud offers an “all-in-one solution” for people to start and  
20 run their own credit-repair businesses. Credit Repair Cloud has advertised that it gives its  
21 Users “EVERYTHING you need to start a ... credit repair business!”

22 12. Credit Repair Cloud markets and sells its products and services to  
23 individuals and businesses nationwide.

24 13. Credit Repair Cloud advertises that to start a credit-repair business using  
25 Credit Repair Cloud, “all you need is a computer, a phone and software.”

26 14. Credit Repair Cloud targets as clients individuals who are seeking to start  
27 their own business and advertises that “credit repair is the lowest cost & most profitable  
28

1 business you can launch,” and that a credit repair business is “a very affordable startup”  
2 that costs “close to nothing.”

3 15. Credit Repair Cloud further advertises that it provides substantial support to  
4 its Users in conducting their credit-repair businesses. Specifically, Credit Repair Cloud  
5 advertises: “We’ll hold you by the hand as you launch your very own Credit Repair  
6 Business,” and in a Credit Repair Cloud training video, Rosen states that Credit Repair  
7 Cloud “will be directly involved in your success.”

8 16. Credit Repair Cloud provides CRC Users with software (the “Software”)  
9 that provides, among other things, a customer-relationship management (“CRM”) system.  
10 Through the CRM system, Users can track and organize customer details and activity,  
11 including customer names, contact information, the date they signed up for credit-repair  
12 services, and whether customers are up-to-date on their payments for credit-repair  
13 services.

14 17. The Software allows CRC Users to import and review their customers’  
15 credit reports, and the Software will automatically flag negative items on customers’  
16 credit reports for Users. Credit Repair Cloud has advertised that Users can “import credit  
17 reports and generate credit audits with 1 click!”

18 18. The Software contains a database of over 100 template-dispute letters that  
19 the Software will automatically pre-populate with customer information, allowing CRC  
20 Users to generate letters to mail to consumer-reporting agencies disputing information on  
21 customers’ credit reports. Credit Repair Cloud has advertised that with the Software,  
22 Users can “Generate dispute letters in seconds!”

23 19. The Software allows CRC Users to track whether a particular disputed item  
24 on a consumer’s credit report has been validated, whether it has been found to be  
25 inaccurate or incomplete, or whether it cannot be verified.

26 20. The Software contains template contracts for CRC Users to supply to their  
27 customers.

1           21. CRC Users can connect the Software with a third-party billing platform that  
2 allows CRC Users to easily set up monthly recurring billing for their customers.

3           22. Through the Software, CRC Users can track customer activity and key  
4 performance indicators, such as average revenue.

5           23. In addition to the Software, Credit Repair Cloud provides training programs  
6 on how to start and run a credit-repair business, as well as other resources to CRC Users,  
7 including telemarketing sales scripts, template marketing materials, and customizable  
8 website templates. Credit Repair Cloud advertises that its website templates are  
9 “professionally written and ready for your Credit Repair Business” and that Users can  
10 customize themselves “by easy point and click. No design experience necessary.”

11           24. Credit Repair Cloud’s training includes guidance on how CRC Users can  
12 increase their sales by generating more leads—*i.e.*, prospective customers—to add to a  
13 “sales funnel.” That guidance includes buying advertisements or enlisting affiliates, such  
14 as mortgage loan officers or auto lenders, to refer potential customers to the CRC User’s  
15 credit repair business.

16           25. The Software includes an affiliate portal for Users to employ, which allows  
17 affiliates to enter contact information, including telephone numbers, of potential  
18 customers who are seeking to improve their credit.

19           26. Credit Repair Cloud makes clear on its website that the goal for CRC Users  
20 is to remove derogatory information from, or improve, their customers’ credit history,  
21 credit record, or credit rating. In a section of its website entitled, “Introduction: How  
22 Does Credit Repair Work,” Credit Repair Cloud lays out steps for disputing “negative  
23 items” with the three nationwide consumer reporting agencies using the template letters  
24 the company provides. The final step listed on that page is: “Over time negative items are  
25 corrected, and the consumer’s score goes up! The client is thrilled and keeps paying your  
26 monthly fee!” On the same page, in response to the question, “How do successful Credit  
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1 Repair companies make a profit,” Credit Repair Cloud states that such companies, among  
2 other things, “Deliver what they promise.”

3 27. The template marketing materials that Credit Repair Cloud provides to  
4 Users, including printable pamphlets, fliers, and business cards, make clear what those  
5 “promises” are. Those marketing materials include statements such as: “Most people can  
6 raise their credit scores by 50-100 points or more by following our program”; “Credit  
7 issues? We can help! Most credit reports contain errors that can lower your score and  
8 keep you from living the life you deserve”; and “We can get your life back, so you can ...  
9 get approved for a mortgage; get approved for your dream car; get approved for credit  
10 cards.”

11 28. In addition to providing instructions and materials for Users, Credit Repair  
12 Cloud facilitates networking among Users through social media as well as through in-  
13 person gatherings. Credit Repair Cloud hosts an annual credit-repair conference, and it  
14 created a private community chat group on Facebook, through which Users solicit  
15 feedback on their websites and their advertisements, inquire about fee structures, or ask  
16 questions regarding, among other things, legal compliance issues related to credit repair.  
17 The private group provides an opportunity for Users to ask questions to other members of  
18 the Facebook group, and Daniel Rosen participates in responding to questions.

19 **Role of Daniel Rosen in Credit Repair Cloud**

20 29. Rosen is the sole owner and director of Credit Repair Cloud and has  
21 managerial responsibility for the company.

22 30. Rosen controls Credit Repair Cloud’s finances, as well as the content of the  
23 Software and the Credit Repair Cloud training programs.

24 31. Rosen participates directly in the Credit Repair Cloud training programs,  
25 including teaching Credit Repair Cloud’s “Master Class” on credit repair, and he is the  
26 featured speaker on many of the training videos available to CRC Users. He appears in  
27 over 100 videos on Credit Repair Cloud’s social media pages, in which he teaches on  
28

1 credit repair, how to get rich with a credit repair business, how to quickly start a credit-  
2 repair business, how to use affiliates for marketing, and how to convert leads into sales,  
3 among other topics. Rosen writes blog posts that are posted on the Credit Repair Cloud  
4 website in which he provides advice to prospective and active CRC Users regarding,  
5 among other things, how to convert prospective customers into active paying customers  
6 and how and when to collect fees.

7 32. Rosen wrote a book about how to start and run a credit-repair business,  
8 which included template-dispute letters, and he hosts a podcast on which he has  
9 interviewed successful CRC Users. Rosen's book and podcast are advertised on the  
10 Credit Repair Cloud website.

11 33. Rosen also sends emails directly to prospective and current CRC Users in  
12 which he, among other things, markets Credit Repair Cloud's training programs and  
13 provides tips on how to remove items from consumers' credit reports.

14 **CRC Users Have Been Violating the TSR**  
15 **by Telemarketing and Charging Advance Fees to Consumers**

16 34. CRC Users offer credit-repair services to consumers. CRC Users have  
17 advertised that their credit-repair services can help consumers get approved for a  
18 mortgage or auto loan or help reduce loan interest rates.

19 35. At least some, and likely many, CRC Users are engaged in telemarketing,  
20 and therefore they are required to comply with the TSR.

21 36. CRC Users advertise their credit-repair services in various mediums,  
22 including social media, and receive calls from and make calls to potential customers  
23 during which such Users endeavor to sell their credit-repair services. Some Users partner  
24 with third-party affiliates, such as mortgage brokers or auto lenders, who refer potential  
25 customers to the User, after which the User receives a call from or makes a call to the  
26 potential customer. Credit Repair Cloud's affiliate portal is used by such affiliates to  
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1 provide telephone numbers of potential customers for Users to call. Some Users utilize a  
2 combination of advertising and affiliate referrals to generate leads.

3 37. Many Users' websites request that potential customers provide their  
4 telephone number in order to receive a free telephone credit consultation, during which  
5 the User describes to the potential customer how the User's credit-repair services might  
6 help the potential customer improve or repair their credit. The credit consultation,  
7 therefore, is essentially a call to market and sell the User's credit-repair services.

8 38. For example, one CRC User (User A) uses the telephone to make sales calls  
9 to potential customers who provide their telephone number to User A through User A's  
10 website. User A has utilized Credit Repair Cloud's website template. The Credit Repair  
11 Cloud website template includes a telephone number for the User and a link to a web  
12 form that encourages potential customers to fill out their contact information, including a  
13 telephone number, that the User can employ to reach out to the potential customer to  
14 make a sale. User A has contacted potential customers who have completed the form to  
15 schedule a telephone call, during which User A would explain the credit repair process  
16 and answer the potential customer's questions, and from there, enroll the customer in  
17 User A's credit-repair services. User A conducted such telephone calls with customers in  
18 more than one state.

19 39. User A has charged customers a fee at the time of enrollment, followed by  
20 recurring monthly fees.

21 40. Another CRC User (User B) has conducted telephone sales calls with  
22 customers residing in more than one state, and has used a robo-dialer to conduct calls.  
23 User B also has conducted telephone sales calls with potential customers whose phone  
24 numbers have been input into Credit Repair Cloud's affiliate portal by User B's affiliates.

25 41. User B has charged customers a fee for an initial consultation, followed by  
26 recurring monthly fees.

1           42. A third CRC User (User C) has advertised on social media and paid social  
2 media influencers to advertise its credit-repair services, and has advertised its telephone  
3 number on its website next to a statement that reads: “CALL TODAY.” When potential  
4 customers have called the telephone number advertised on User C’s website, either an  
5 employee of User C would answer the call, or the potential customer would hear a pre-  
6 recorded message that explained User C’s credit-repair services before being connected  
7 with an employee to enroll the customer in credit-repair services. User C has conducted  
8 such calls with customers residing in more than one state.

9           43. User C has charged customers at the time of enrollment, followed by  
10 recurring monthly fees.

11           44. A fourth CRC User (User D) has received referrals of potential customers  
12 from affiliates, including mortgage loan officers, after which User D would initiate a  
13 telephone call to the potential customer, or the potential customer would call User D.  
14 During such calls, User D has explained its credit-repair services, answered the potential  
15 customers questions, and then enrolled customers in User D’s credit-repair services. User  
16 D has conducted such calls with customers in more than one state.

17           45. User D has charged customers for an initial consultation, followed by  
18 recurring monthly fees.

19           46. None of the CRC Users described in paragraphs 38–45 have waited to  
20 request or receive payment from customers until after providing such customers with  
21 documentation in the form of a consumer report from a consumer reporting agency  
22 demonstrating that the promised results have been achieved, such report having been  
23 issued more than six months after the results were achieved.

24           47. At least 80 additional CRC Users have advertised telephone numbers on  
25 their websites, sometimes accompanied by statements encouraging potential customers to  
26 call the CRC User to learn more about their services. Those same websites show that  
27 those Users charge fees at enrollment, on a recurring monthly basis, or both.

28

1 48. Therefore, CRC Users have been violating the TSR.

2 49. As discussed below, Credit Repair Cloud and Rosen have encouraged and  
3 facilitated both the use of telemarketing and the charging of advance fees by Users.

4 **Credit Repair Cloud and Rosen Have Encouraged**  
5 **CRC Users to Telemarket their Credit-Repair Services**

6 50. Credit Repair Cloud and Rosen have encouraged the use of telemarketing to  
7 sell credit-repair services.

8 51. Credit Repair Cloud encourages CRC Users to provide their telephone  
9 number on their websites because “[s]ome people want to speak to a real person.”

10 52. In a Credit Repair Cloud training video, Rosen states that the most important  
11 information on a CRC User’s website should be at the top of the page, which should  
12 include a “visible call to action.” According to Rosen: “Call to action is a button ... that  
13 should be visible in the top part above the fold. And [that button] should go to a form that  
14 populates right into your software. That’s going to get you the most leads that you  
15 follow-up with by phone.”

16 53. In the same training video, Rosen further advises: “Make sure you have your  
17 phone number on the site. Yes, you do want to have your phone number. You do want  
18 leads to call you, this is sales and people need to reach you.” Rosen further states:  
19 “Remember the goal of the [web]site is lead generation. By having a ... [web]site that  
20 pushes people to request information from you ... they become leads in your sales  
21 funnel.”

22 54. The template websites Credit Repair Cloud provides to Users include toll-  
23 free telephone numbers and stock language instructing potential customers to call Users,  
24 and the template marketing materials Credit Repair Cloud provides Users include toll-  
25 free telephone numbers along with language encouraging a potential customer to “call  
26 now for a free consultation and credit analysis.”

1           55. Credit Repair Cloud has included links on its website to some of its  
2 successful Users’ websites, which in turn advertise toll-free telephone numbers.

3           56. In addition to encouraging Users to advertise a telephone number to conduct  
4 sales, Credit Repair Cloud and Rosen—through the Credit Repair Cloud training  
5 program, blog posts available on the Credit Repair Cloud website, Rosen’s book, and  
6 Rosen’s podcast—advise Users on how to conduct a successful telephone sales call.

7           57. For instance, in a July 26, 2015 blog post on Credit Repair Cloud’s website  
8 titled “Creating a Killer Sales Script for Credit Repair Services,” Rosen writes: “When  
9 creating a script or training your sales representatives to communicate with prospects,  
10 especially over the phone, building in opportunities to share their passion and energy is  
11 key.”

12           58. In his book, Rosen provides guidance regarding how to conduct a telephone  
13 sales call, including guidance on what Users should say to prospective customers to  
14 induce the purchase of credit-repair services:

15  
16           Convincing [potential customers] that your credit repair service can help them  
17 achieve their goals requires a softer, more engaging technique that begins the  
18 process of building trust. ... First, it helps a great deal to think about sales as  
19 an extension of your marketing pipeline. Before each sales call, your sales  
20 reps should know how the prospect entered the pipeline. This will create  
21 context for their conversation. ... [W]hen you’re working with leads and  
22 prospects it’s very important to keep detailed sales notes in your Credit Repair  
23 Cloud.

24           Ultimately, the goal is to invite the client to a free consultation where you will  
25 explain the credit repair process, how the bureaus work, give them a general  
26 timeline, help them order a credit report, and encourage them to start services.

27           59. Credit Repair Cloud and Rosen also provide Users with template sales  
28 scripts to use during telemarketing calls. They distribute such scripts, including one  
entitled, “The Perfect Sales Script for Credit Repair Leads” in Credit Repair Cloud

1 training courses, including the Master Class course taught by Rosen. “The Perfect Sales  
2 Script for Credit Repair Leads” includes multiple references to conducting sales calls by  
3 telephone.

4 **Credit Repair Cloud and Rosen Have**  
5 **Encouraged and Facilitate CRC Users’ Charging of Advance Fees**

6 60. Credit Repair Cloud and Rosen have encouraged CRC Users to charge  
7 consumers at enrollment, with monthly fees thereafter.

8 61. Credit Repair Cloud advises Users to charge an initial fee after doing “some  
9 initial document processing,” followed by monthly recurring fees. In the FAQ page on its  
10 website, in response to the question, “Can I charge upfront fees for Credit Repair,” Credit  
11 Repair Cloud states:

12 This is how all successful credit repair companies get paid: ... they import a  
13 report and send off a round of letters (about 10 mins of work) and then they  
14 charge a ‘1st work fee.’ Then every month they send off another round of  
15 letters or click to update status of items that were removed (about 5 minutes  
16 of work) and they charge a monthly fee. This is why the monthly recurring  
model [of charging] works so well for credit repair.

17 62. In Credit Repair Cloud’s training program, the company represents: “We  
18 have seen thousands of credit repair companies. The companies that do the best follow  
19 the other leaders in this business. They charge a ‘First Work’ fee when the client first  
20 signs up. Then they charge a small monthly fee each month.”

21 63. Credit Repair Cloud’s materials guide Users to charge initial fees followed  
22 by monthly recurring fees. For example, the template contracts provided by Credit Repair  
23 Cloud are prepopulated with blanks for Users to fill in amounts for the “first work” fee  
24 and the monthly fee.

25 64. The Software integrates a billing platform, run by a third party, that allows  
26 Users to charge an enrollment or first-work fee, as well as monthly recurring fees. Rosen  
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1 encourages Users to sign up for this third-party billing platform, which he says will  
2 “pay[] for itself in the extra revenue it collects for you.”

3 65. Credit Repair Cloud has advertised that using the third-party billing platform  
4 integrated with Credit Repair Cloud’s Software allows Users to “[c]ollect recurring client  
5 payments from within Credit Repair Cloud” and that customer payments “can be  
6 triggered by events in Credit Repair Cloud.”

7 66. Neither Credit Repair Cloud nor Rosen instruct or encourage Users to wait  
8 to charge fees until after they have provided the consumer a consumer report, issued  
9 more than six months after the promised results have been achieved.

10 67. Credit Repair Cloud further encourages the charging of advance fees by  
11 holding out as models certain Users who employ a business model that violates the TSR.

12 68. In many of Credit Repair Cloud’s social-media postings and on its website,  
13 it advertises a Millionaire’s Club, showcasing Users who have obtained \$1 million in  
14 revenue and suggesting, through its advertisements, that new Users can also achieve the  
15 same success.

16 69. For instance, Credit Repair Cloud advertises that Users can “build [their]  
17 dream business” and “learn how to become a credit repair millionaire from industry  
18 leaders through a built-in membership community and a simple business management  
19 platform.”

20 70. Credit Repair Cloud has highlighted the business practices, business models,  
21 or websites of some of the Users who are members of the Millionaires Club, including  
22 Users B, C, and D, and some of such Users also discuss their business model and success  
23 at in-person gatherings. At least some of the Users who are showcased as Millionaires  
24 telemarket and charge advance fees in violation of the TSR, including Users B, C, and D.

25 71. Rosen himself encourages Users to charge consumers enrollment fees and  
26 monthly recurring fees, including through training videos and in his blog posts available  
27 on the Credit Repair Cloud website, his book, and his podcast.  
28



1 conducted sales calls with potential customers and what is discussed with those  
2 customers during calls to induce them to purchase User A's credit-repair services.

3 79. Rosen and Credit Repair Cloud employees who provide User support have  
4 administrative access that allows them to see the Software from a specific User's  
5 perspective, including any call notes and information showing that Users' customers  
6 reside in more than one state.

7 80. Users A, B, C, and D all have information contained in the Software,  
8 including information showing that their customers reside in more than one state.

9 81. Credit Repair Cloud and Rosen have known or consciously avoided  
10 knowing that CRC Users charge advance fees. They have knowledge or have consciously  
11 avoided knowing that CRC Users charge advance fees because they actively encourage  
12 the charging of advance fees.

13 82. At least some CRC Users told Credit Repair Cloud employees that they  
14 charged advance fees.

15 83. In the podcast interview Rosen conducted with User A referenced in  
16 paragraph 78, Rosen explained that he had reviewed User A's website and knew that  
17 User A was charging customers monthly fees for credit-repair services.

18 84. Through the back-end of the Software, Credit Repair Cloud employees,  
19 including Rosen, can view Users' fee structures, which are outlined in the Software for  
20 anyone enrolled in the integrated subscription billing service, as well as in Users'  
21 individual customer contracts. Credit Repair Cloud employees in fact viewed CRC Users'  
22 Software portals to provide User support, and employees, including Rosen, have  
23 reviewed CRC Users' revenue to identify members of the Millionaire's Club.

24 85. Users A, B, C, and D all charge consumers fees at the time of enrollment  
25 and monthly recurring fees, and they were featured by Credit Repair Cloud or Rosen on  
26 the Credit Repair Cloud website or other media after Credit Repair Cloud or Rosen  
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1 reviewed those Users’ business models, websites, or information about those Users’  
2 revenue that was contained in the Software.

3 86. Through the Master Class and in training materials, Credit Repair Cloud and  
4 Rosen have helped Users build their websites, reviewed websites created by CRC Users,  
5 and provided template content for those websites. These websites routinely include  
6 information regarding fee structure such as monthly fees and enrollment fees.

### 7 **VIOLATIONS OF THE TSR**

8 87. The Bureau is authorized to enforce the Telemarketing Act and the TSR  
9 with respect to the offering or provision of a consumer-financial product or service  
10 subject to the CFPA. 15 U.S.C. § 6105(d). A consumer-financial product or service is  
11 defined by the CFPA to include, among other things, “providing financial advisory  
12 services ... including ... credit counseling” and “collecting, analyzing, maintaining, or  
13 providing consumer report information, including information relating to the credit  
14 history of consumers.” 12 U.S.C. § 5481(15)(A)(viii), (ix).

15 88. The TSR defines a “seller” as “any person who, in connection with a  
16 telemarketing transaction, provides, offers to provide, or arranges for others to provide  
17 goods or services to the customer in exchange for consideration.” 16 C.F.R. § 310.2(dd).

18 89. The TSR defines a “telemarketer” as “any person who, in connection with  
19 telemarketing, initiates or receives telephone calls to or from a customer....” 16 C.F.R.  
20 § 310.2(ff).

21 90. The TSR defines “telemarketing” in relevant part as “a plan, program, or  
22 campaign which is conducted to induce the purchase of goods or services ... by use of  
23 one or more telephones and which involves more than one interstate telephone call.” 16  
24 C.F.R. § 310.2(gg).

25 91. Many CRC Users are engaged in “telemarketing” because they engaged in a  
26 plan, program, or campaign through which they made telephone calls to, or received  
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1 telephone calls from, consumers in more than one state to induce those consumers to  
2 purchase credit-repair services. 16 C.F.R. § 310.2(gg).

3 92. Many CRC Users are “sellers” under the TSR because, in connection with  
4 telemarketing transactions, they are persons who provide, offer to provide, or arrange for  
5 others to provide goods or services to consumers in exchange for consideration. 16  
6 C.F.R. § 310.2(dd).

7 93. Many CRC Users are “telemarketers” under the TSR because they are  
8 persons who, in connection with telemarketing, initiate or receive telephone calls to or  
9 from consumers residing in more than one state. 16 C.F.R. § 310.2(ff), (gg).

10 94. It is an abusive telemarketing act or practice and a violation of the TSR for  
11 any seller or telemarketer to request or receive payment of any fee or consideration for  
12 goods or services represented to remove derogatory information from, or improve, a  
13 person’s credit history, credit record, or credit rating, until:

- 14 a. the timeframe in which the seller has represented that all of the goods or  
15 services will be provided to that person has expired; and
- 16 b. the seller has provided the person with documentation in the form of a  
17 consumer report from a consumer reporting agency demonstrating that  
18 the promised results have been achieved, such report having been issued  
19 more than six months after the results were achieved.

20 16 C.F.R. § 310.4(a)(2).

21 95. CRC Users have made representations to consumers that their credit-repair  
22 services would remove derogatory information from, or improve, the consumers’ credit  
23 histories, credit record, or credit rating.

24 96. CRC Users who telemarket their credit-repair services have routinely  
25 requested and received payment of a fee or consideration for their credit-repair services  
26 before:

- 1 a. the timeframe in which they represented that all of the goods or services  
2 would be provided to consumers has expired; and  
3 b. they provided consumers with documentation in the form of a consumer  
4 report from a consumer reporting agency demonstrating that the  
5 promised results have been achieved, such report having been issued  
6 more than six months after the results were achieved.

7 **Count I**

8 *Violations of the TSR by Credit Repair Cloud and Rosen*

9 97. The Bureau re-alleges and incorporates by reference paragraphs 1–86.

10 98. The TSR prohibits any person from providing substantial assistance or  
11 support to any seller or telemarketer when that person knows or consciously avoids  
12 knowing that the seller or telemarketer is engaged in any act or practice that constitutes  
13 deceptive or abusive conduct under the TSR. 16 C.F.R. § 310.3(b).

14 99. Credit Repair Cloud is a person under the TSR. 16 C.F.R. § 310.2(y).

15 100. Credit Repair Cloud has provided substantial assistance or support to CRC  
16 Users by, among other things, providing CRC Users with telemarketing scripts; template  
17 marketing materials; training on credit repair; advice on how and when to collect fees;  
18 and the Software, which automatically flags negative items on consumers' credit reports,  
19 generates pre-populated dispute letters, integrates with other companies' subscription-  
20 billing systems to facilitate the collection of advance fees, and includes a CRM system.

21 101. Credit Repair Cloud has known or consciously avoided knowing that CRC  
22 Users were engaged in telemarketing and were requesting and receiving fees from  
23 consumers for credit-repair services before providing consumers with documentation in  
24 the form of a consumer report from a consumer-reporting agency demonstrating that the  
25 promised results have been achieved, such report having been issued more than six  
26 months after the results were achieved, in violation of the TSR. 16 C.F.R. § 310.4(a)(2).



1 consumer report from a consumer reporting agency demonstrating that the promised  
2 results have been achieved, such report having been issued more than six months after the  
3 results were achieved violates the TSR. 16 C.F.R. § 310.4(a)(2).

4 111. Therefore, Rosen has violated the TSR’s ban on assisting and facilitating  
5 others’ violations of that rule. 16 C.F.R. § 310.3(b).

6 **VIOLATIONS OF THE CFPA**

7 **Count III**

8 *Violations of the CFPA by Credit Repair Cloud and Rosen*

9 112. The Bureau re-alleges and incorporates by reference paragraphs 1–86.

10 113. Section 1036(a)(1)(A) of the CFPA provides that it is “unlawful for any  
11 covered person or service provider to offer or provide to a consumer a financial product  
12 or service not in conformity with Federal consumer financial law, or otherwise commit  
13 any act or omission in violation of a Federal consumer financial law.” 12 U.S.C.  
14 § 5536(a)(1)(A).

15 114. Under the CFPA, the term “service provider” means “any person that  
16 provides a material service to a covered person in connection with the offering or  
17 provision by such covered person of a consumer financial product or service.” 12 U.S.C.  
18 § 5481(26).

19 115. CRC Users are “covered persons” under 12 U.S.C. § 5481(6)(A) because  
20 they offer or provide a consumer-financial product or service for use by consumers  
21 primarily for personal, family, or household purposes. The services offered or provided  
22 by CRC Users consist of financial-advisory services, including credit counseling, and  
23 “collecting, analyzing, maintaining, or providing consumer report information or other  
24 account information, including information relating to the credit history of  
25 consumers ....” 12 U.S.C. § 5481(15)(A)(viii), (ix).

26 116. Credit Repair Cloud and Rosen are “service providers” under 12 U.S.C.  
27 § 5481(26) because they participate in designing, operating, or maintaining CRC Users’  
28

1 provision of credit-repair services, and they therefore provide a material service to CRC  
2 Users.

3 117. The TSR is a federal consumer-financial law, as defined by the CFPA. 12  
4 U.S.C § 5481(14); 15 U.S.C § 6105(d).

5 118. Therefore, Credit Repair Cloud's and Rosen's violations of the TSR,  
6 described in Counts I and II, constitute violations of section 1036(a)(1)(A) of the CFPA.  
7 12 U.S.C. § 5536(a)(1)(A).

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**DEMAND FOR RELIEF**

WHEREFORE, the Bureau requests, under 12 U.S.C. § 5565, that the Court:

- a. impose appropriate injunctive relief against Credit Repair Cloud and Rosen for their violations of the TSR and the CFPA;
- b. grant additional injunctive relief as the Court may deem to be just and proper;
- c. award monetary relief against Defendants, including but not limited to the refund of monies paid, restitution, disgorgement or compensation for unjust enrichment, and payment of damages;
- d. award the Bureau civil money penalties;
- e. award the Bureau the costs of bringing this action; and
- f. award such other and additional relief as the Court may determine to be just and proper.

Dated: January 7, 2022

Respectfully submitted,

/s/ Amanda J. Krause

Amanda J. Krause (Admitted *pro hac vice*)

Joyce Chen (Admitted *pro hac vice*)

Jeffrey Blumberg (Admitted *pro hac vice*)

Leanne E. Hartmann (local counsel)

*Enforcement Attorneys*

Consumer Financial Protection Bureau

1700 G St., NW

Washington, DC 20552

*Attorneys for Plaintiff Consumer Financial Protection Bureau*