

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING
File No. 2024-CFPB-0010

In the Matter of:

EJUDICATE, INC. (D/B/A BRIEF)

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the consumer financial debt collection activities of Ejudicate, Inc., d/b/a Brief (Ejudicate or Respondent, as defined below) and has identified the following violations of law:

- Ejudicate engaged in unfair acts and practices by commencing arbitration proceedings for 68 Consumer Financial Disputes without the Consumers' consent, in violation of Sections 1031 and 1036 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a)(1)(B);
- Ejudicate engaged in deceptive acts and practices by making misrepresentations to Consumers about Ejudicate's neutrality, the nature of the arbitration proceedings, and the consequences of

Consumers' actions or inactions in the Ejudicate forum, in violation of Sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B);

- Ejudicate engaged in unfair acts and practices by unlawfully attempting to bind Consumers to Ejudicate's terms of service and platform rules, in violation of Sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I.

Overview

1. Ejudicate operates an online dispute resolution platform that connects debtors with creditors for the purpose of resolving disputes concerning, in some cases, debts related to Consumer Financial Products or Services.
2. Ejudicate used unfair and deceptive methods to commence and conduct consumer debt arbitrations.
3. In April 2022, Ejudicate commenced arbitration proceedings against a number of Affected Consumers without having the authority to do so, as those Consumers had not agreed to be subjected to Ejudicate's authority.

These arbitration proceedings related to Consumers' alleged default on Income Share Agreements (ISAs).

4. Ejudicate then deceived these Consumers about its role, the arbitration process, and the consequences of Consumers' action or inaction in response to the unlawful arbitration proceedings. Ejudicate falsely represented itself as a neutral and impartial forum for consumer debt arbitrations. It failed to disclose that it had financial interests aligned with the creditor who filed the claim against the Consumer. And it fashioned its rules and procedures to skew outcomes in favor of creditor-claimants by misrepresenting Consumers' ability to object to Ejudicate's jurisdiction and curtailing Consumers' ability to present a defense in the arbitration proceedings.
5. Ejudicate's conduct exposed the Affected Consumers to the risk of having arbitration awards for tens of thousands of dollars rendered against them even though these Consumers had never consented to arbitrate in Ejudicate's forum.

II.

Jurisdiction

6. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565.

III.

Stipulation

7. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated October 8, 2024 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

IV.

Definitions

8. The following definitions apply to this Consent Order:
- a. “Affected Consumers” means any Consumer against whom Ejudicate initiated an arbitration proceeding in which a Prehired Entity was the claimant.
 - b. “Assisting Others” includes, but is not limited to:
 - i. consulting in any form whatsoever;
 - ii. providing paralegal or administrative support services;

- iii. performing customer-service functions, including but not limited to receiving or responding to consumer complaints;
 - iv. encouraging or facilitating agreements to settle disputes between creditors and Consumers;
 - v. formulating or providing, or arranging for the formulation or provision of any Consumer-facing communications;
 - vi. performing billing or payment services of any kind; and
 - vii. acting or serving as an owner, officer, director, manager, or principal of any entity.
- c. “Consumer” means an individual or an agent, trustee, or representative acting on behalf of an individual.
- d. “Consumer Financial Dispute” means a dispute between a claimant and a Consumer concerning a Consumer Financial Product or Service.
- e. “Consumer Financial Product or Service” means any Financial Product or Service that is described in one or more categories under—
- i. subparagraph (h) and is offered or provided for use by Consumers primarily for personal, family, or household purposes; or
 - ii. clause (i), (iii), (ix), or (x) of subparagraph (h), and is delivered, offered, or provided in connection with a Consumer Financial

Product or Service referred to in subparagraph (e)(i) of this Paragraph.

- f. “Effective Date” means the date on which the Consent Order is entered on the administrative docket.
- g. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or their delegate.
- h. “Financial Product or Service” means—
 - i. extending credit and servicing loans, including acquiring, purchasing, selling, brokering, or other extensions of credit (other than solely extending commercial credit to a Person who originates consumer credit transactions);
 - ii. extending or brokering leases of personal or real property that are the functional equivalent of purchase finance arrangements, if—
 - I. the lease is on a non-operating basis;
 - II. the initial term of the lease is at least 90 days; and
 - III. in the case of a lease involving real property, at the inception of the initial lease, the transaction is intended to result in ownership of the leased property to be transferred to the lessee, subject to standards prescribed by the Bureau;

- iii. providing real estate settlement services, except the business of insurance or electronic conduit services as defined by 12 U.S.C. § 5481, or performing appraisals of real estate or personal property;
- iv. engaging in deposit-taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any financial instrument for use by or on behalf of a Consumer;
- v. selling, providing, or issuing stored value or payment instruments, except that, in the case of a sale of, or transaction to reload, stored value, only if the seller exercises substantial control over the terms or conditions of the stored value provided to the Consumer where, for purposes of this clause—
 - I. a seller shall not be found to exercise substantial control over the terms or conditions of the stored value if the seller is not a party to the contract with the Consumer for the stored value product, and another Person is principally responsible for establishing the terms or conditions of the stored value; and
 - II. advertising the nonfinancial goods or services of the seller on the stored value card or device is not in itself an exercise of substantial control over the terms or conditions;

- vi. providing check cashing, check collection, or check guaranty services;
- vii. providing payments or other financial data processing products or services to a Consumer by any technological means, including processing or storing financial or banking data for any payment instrument, or through any payments systems or network used for processing payments data, including payments made through an online banking system or mobile telecommunications network, except that a Person shall not be deemed to be a covered person with respect to financial data processing solely because the Person—
 - I. is a merchant, retailer, or seller of any nonfinancial good or service who engages in financial data processing by transmitting or storing payments data about a Consumer exclusively for purpose of initiating payments instructions by the Consumer to pay such Person for the purchase of, or to complete a commercial transaction for, such nonfinancial good or service sold directly by such Person to the Consumer; or

- II. provides access to a host server to a Person for purposes of enabling that Person to establish and maintain a website;
- viii. providing financial advisory services (other than services relating to securities provided by a Person regulated by the Securities and Exchange Commission or a Person regulated by a state securities commission, but only to the extent that such Person acts in a regulated capacity) to Consumers on individual financial matters or relating to proprietary Financial Products or Services (other than by publishing any bona fide newspaper, news magazine, or business or financial publication of general and regular circulation, including publishing market data, news, or data analytics or investment information or recommendations that are not tailored to the individual needs of a particular Consumer), including—
 - I. providing credit counseling to any Consumer; and
 - II. providing services to assist a Consumer with debt management or debt settlement, modifying the terms of any extension of credit, or avoiding foreclosure;
- ix. collecting, analyzing, maintaining, or providing consumer report information or other account information, including information relating to the credit history of Consumers, used or expected to be

used in connection with any decision regarding the offering or provision of a Consumer Financial Product or Service, except to the extent that—

I. a Person—

(aa) collects, analyzes, or maintains information that relates solely to the transactions between a Consumer and such Person;

(bb) provides the information described in item (aa) to an affiliate of such Person; or

(cc) provides information that is used or expected to be used solely in any decision regarding the offering or provision of a product or service that is not a Consumer Financial Product or Service, including a decision for employment, government licensing, or a residential lease or tenancy involving a Consumer; and

II. the information described in subclause (I)(aa) is not used by such Person or affiliate in connection with any decision regarding the offering or provision of a Consumer Financial Product or Service to the Consumer, other than credit described in 12 U.S.C. 5517(a)(2)(A);

- x. collecting debt related to any Consumer Financial Product or Service; and
- xi. such other Financial Product or Service as may be defined by the Bureau, by regulation, if the Bureau finds that such Financial Product or Service is—
 - I. entered into or conducted as a subterfuge or with a purpose to evade any Federal consumer financial law; or
 - II. permissible for a bank or for a financial holding company to offer or to provide under any provision of a Federal law or regulation applicable to a bank or a financial holding company, and has, or likely will have, a material impact on Consumers.
- i. “ISA” means an Income Share Agreement or Income Sharing Agreement under which borrowers repay the underlying obligation in installments over a period of time and which provides for payments based on a percentage of the borrower’s future income.
- j. “Person” is synonymous in meaning and equal in scope to the definition of the term in the CFPA, 12 U.S.C. § 5481(19).

- k. “Prehired Entities” means, collectively, non-parties Prehired LLC (Prehired), Prehired Accelerator, LLC (Prehired Accelerator) and Prehired Recruiting, LLC (Prehired Recruiting).
- l. “Related Consumer Action” means a private action by or on behalf of one or more Consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section V of this Consent Order.
- m. “Respondent” means Ejudicate, Inc., d/b/a Brief and its successors and assigns.

V.

Bureau Findings and Conclusions

The Bureau finds the following:

- 9. Ejudicate operates and administers an online dispute resolution platform (the Ejudicate Platform), launched in January 2020, that aims to facilitate resolutions and collection of debt through settlement negotiations and arbitration.
- 10. In April 2022, Ejudicate unlawfully commenced arbitrations against Affected Consumers related to allegedly defaulted ISAs extended by Prehired, LLC (Prehired). Non-party Prehired was a for-profit Delaware

limited liability company that operated an online training program.

Prehired's activities included, without limitation, offering vocational education services and extending credit via ISAs. Prehired's ISAs allowed students to purchase vocational education services and defer payment for those services until the student graduated and their income exceeded an income threshold or a certain period of years elapsed. They are, therefore, loans that impose a debt obligation on a student borrower. Prehired's ISAs therefore constitute credit offered or provided for use by Consumers primarily for personal, family, or household purposes, which makes them "Consumer financial product[s] or service[s]." 12 U.S.C. § 5481(5), (7), (15)(A)(i).

11. In the fall of 2021, Prehired's sole member and owner created Prehired Accelerator, LLC (Prehired Accelerator) and Prehired Recruiting, LLC (Prehired Recruiting) to hold defaulted ISAs originated by Prehired and to pursue collection activities on them. Therefore, the Prehired Entities offered or provided a "Consumer financial product or service" as defined in 12 U.S.C. §§ 5481(5), (15)(A)(x), and each is a "covered person" under the CFPA. 12 U.S.C. § 5481(5)-(7), (15)(A)(i).
12. The Prehired Entities permanently ceased operations in 2023 pursuant to a settlement with the State of Washington, the State of Oregon, the California

Department of Financial Protection and Innovation, the State of Delaware, the State of Minnesota, the State of Illinois, the State of South Carolina, the State of North Carolina, the Commonwealth of Massachusetts, the Commonwealth of Virginia, the State of Wisconsin, and the Consumer Financial Protection Bureau.

13. Ejudicate is a “service provider” as that term is defined by 12 U.S.C. § 5481(26) because Ejudicate provided a material service to the Prehired Entities in connection with their enforcement and collection of the Prehired ISAs.
14. As described in detail below, these material services included allowing the initiation of arbitration proceedings on the Ejudicate Platform and facilitating collection of allegedly defaulted ISAs, even though Ejudicate was aware that the Affected Consumers had not agreed to arbitrate via Ejudicate, and providing other advice, feedback, and assistance to the Prehired Entities in connection with their Consumer Financial Disputes and their attempted collection of the Prehired ISAs.

Ejudicate Purported to Operate a “Neutral and Unbiased” Online Dispute Resolution Forum for Arbitration Proceedings

15. Ejudicate has touted the enforceability of its awards in a variety of communications directed towards Consumers. For example, Ejudicate’s

website has claimed that its “neutral and unbiased” process is recognized by courts as “legally binding and enforceable.” And in an article on its website entitled “Will I go to jail if I default on debt?” Ejudicate claimed that because its “online arbitration is a formal legal process...the E-Judge assigned to the claim will issue a default” if parties do not respond to a claim and “an Award can be recorded as a judgment against you.”

16. Ejudicate hires, oversees, and assigns arbitrators, known as E-judges, to oversee and decide the merits of disputes.
17. Since October 2021, Ejudicate’s rules have stated that “By initiating and submitting to the EJUDICATE settlement and arbitration platform, the parties are deemed to have adopted, accepted and acquiesced to these rules (and any amendments) as part of their arbitration and agree to the applicability of these rules to their dispute(s).”
18. Claimants electing to pursue a claim via Ejudicate provide claim data to Ejudicate for processing, such as the parties’ contact information, amount in dispute, basis for the claim and other allegations, and evidence to support the claim. However, before commencing arbitration proceedings of the Prehired Claims, Ejudicate did not require proof of a valid arbitration agreement between the parties.

19. Once a claim is uploaded, or “onboarded,” to the Ejudicate Platform, Ejudicate serves a notice of arbitration upon the responding party on the claimant’s behalf. The notice of arbitration includes a statement that the responding party’s action is required and includes instructions for joining the Ejudicate Platform.
20. After issuing notices of arbitration to responding parties, Ejudicate facilitates settlement discussions between the parties before assigning an E-Judge to the claim. If the parties do not engage in settlement discussions, or settlement discussions fail, the parties proceed to arbitration.
21. At the time Ejudicate boarded the Prehired Entities claims onto the Ejudicate platform, Ejudicate’s rules barred discovery by prohibiting inter-party interrogatories, requests for productions, requests for admissions, or depositions. Only E-judges, at their discretion, could seek live testimony from parties, but that practice was not encouraged.
22. Consumers were also required to consent to Ejudicate’s Terms of Service before they could view or respond to the claim. Those Terms of Service purported to bind Consumers to use Ejudicate as the final arbiter of the dispute, waive the ability to conduct direct discovery, and acquiesce to Ejudicate’s jurisdiction and venue.

Ejudicate's Business Relationship with the Prehired Entities

23. In early March 2022, Prehired informed Ejudicate that Prehired Recruiting would be voluntarily dismissing or withdrawing lawsuits that it filed against Consumers in the Delaware Justice of the Peace Court to pursue arbitration proceedings.
24. Prehired Recruiting and Prehired Accelerator then entered into contracts with Ejudicate to arbitrate disputes arising from ISAs that the Prehired Entities claimed were in default. To arbitrate these disputes via Ejudicate, Prehired dismissed the cases it had already filed against Consumers in Delaware's Justice of the Peace Court.

Ejudicate Was Aware that No Prehired Consumer Consented to Arbitration via Ejudicate

25. Before contracting with the Prehired Entities, Ejudicate requested and reviewed representative Prehired ISAs, which did not contain arbitration clauses permitting Ejudicate to serve as the arbitrator of disputes arising out of the ISAs.
26. Some claims related to ISAs that contained a contractual clause that named the Southern District of New York, New York state courts, or a small claims court as the forum for deciding disputes. Other claims related to ISAs that contained a contractual clause requiring Consumers to submit claims to the

American Arbitration Association or a small claims court. Those contracts were silent regarding the forum for company-initiated disputes. The rest of the claims related to ISAs that contained a contractual clause requiring the American Arbitration Association as the forum for deciding all disputes, including those initiated by Prehired.

27. None of the ISAs that were the subject of the Prehired Claims contained a provision purporting to allow Prehired to unilaterally modify the contract without the Consumer's agreement. To the contrary, many of the contracts contained a clause stating the contract could not be modified, except with written consent of both parties.
28. Because none of the ISAs contained an arbitration clause permitting arbitration by Ejudicate, Ejudicate knew that it did not have jurisdiction over the Prehired Claims.
29. In lieu of valid arbitration clauses in the ISAs in dispute, Ejudicate advised the Prehired Entities to unilaterally modify the Prehired Terms of Service to require arbitration via Ejudicate, and on implementing those updates. The updated Terms of Service purported to supersede Consumers' ISAs and to provide for arbitration of claims arising out of the ISAs via the Ejudicate platform.

30. The updated Terms of Service did not afford Consumers the opportunity to opt out of arbitration via Ejudicate.
31. Prior to March 2022, none of Prehired's online versions of its Terms of Service referenced Ejudicate.

Ejudicate Commenced Arbitration Proceedings Against the Affected Consumers Despite its Awareness that None of the Consumers Agreed to Arbitrate in Ejudicate's Forum

32. In early April 2022, Prehired Recruiting and Prehired Accelerator began filing arbitration claims against Consumers on the Ejudicate Platform, including many of the same claims Prehired Recruiting previously filed and dismissed in Delaware (Prehired Claims). A total of 68 Prehired Claims were filed in the Ejudicate forum, against 68 Affected Consumers.
33. In each of the Prehired Claims, Prehired Recruiting or Prehired Accelerator alleged a total contractual amount due and owing of about \$23,000 - \$30,000 against the Affected Consumers and requested reimbursement for the cost of Ejudicate's service (\$500 to \$650 per dispute if the dispute was "contested" by the Consumer). "Contested" for purposes of the Prehired Recruiting and Prehired Accelerator contracts meant the Consumer logged in and joined the Ejudicate Platform.

34. Ejudicate sent a “Notice of Arbitration” to the Affected Consumers that, among other things, instructed the Consumers to view and respond to the claim by visiting Ejudicate’s website.
35. The Affected Consumers were required to “agree” to Ejudicate’s Terms of Service before they could view or respond to the claim. But the Terms of Service provided that use of the Ejudicate Platform constituted “acquiesc[ence] to its jurisdiction and venue as the arbiter of [the] dispute, claim or defense” and waiver of the “right to object to Ejudicate’s jurisdiction or venue to resolve [the] dispute, defense or claim.” The Affected Consumers had no opportunity to opt out of Ejudicate’s Terms of Service if they wanted to view the claim filed against them.
36. Ejudicate offers Ejudicate Platform participants access to an online portal that collects and displays claim information from claimants, responding parties, and E-Judges (Claims Portal). The notices of arbitration did not disclose that, by reviewing the Claims Portal, the Affected Consumers would be deemed to have consented to Ejudicate’s jurisdiction over the Prehired Claims.
37. After the initiation of the Prehired Claims on the Ejudicate Platform, at least one Prehired Borrower requested to view the claim against him without

agreeing to Ejudicate's Terms of Service. Ejudicate refused to provide the documents "for security and privacy reasons."

38. On April 8, 2022, Ejudicate received a subpoena from the Delaware Attorney General requesting information relating to Ejudicate's relationship with Prehired and the initiation of the Prehired Claims on the Ejudicate Platform.
39. Days after receiving that subpoena, Ejudicate stayed the Prehired Claims.
40. On May 18, 2022, the Delaware Attorney General demanded that Ejudicate cease and desist accepting and processing arbitration claims by the Prehired Entities on grounds that the "consumers targeted by Prehired for arbitration never agreed to arbitrate on the Ejudicate platform or consented to Ejudicate's Constitutionally questionable procedures." Ejudicate stopped accepting and processing such claims after receiving the cease and desist letter.

Ejudicate Was Not a Neutral Arbitration Forum

41. Ejudicate's contract with Prehired Recruiting was premised upon Prehired Recruiting initiating at least 300 initial arbitrations on the Ejudicate platform to receive the agreed-upon rates, and Prehired Recruiting paid Ejudicate \$30,000 up front for its services.

42. Between at least September 2021 and November 2022, many of Ejudicate's contracts with creditor-claimants contained a "Resolution Success Fee," which was a contingency fee the claimant must pay to Ejudicate for any claim that settled.

43. The Prehired Recruiting and Prehired Accelerator contracts both contained a contingency fee of 15% for any dispute that settled. The contingency fee clause stated:

When a matter that is entered into the Ejudicate platform is settled prior to the entry of a Court-Judgment, Ejudicate will charge a Resolution Fee ("RSF") of 15 percent (15%) of the total settlement amounts paid between the disputing parties. Such payment is payable to Ejudicate within 15 days of receipt by the disputing party that received the funds.

44. From mid-to-late March 2022, during the data collection and processing phase of Ejudicate's agreed-upon services to Prehired Accelerator and Prehired Recruiting, Ejudicate provided feedback on the evidence submitted by Prehired Recruiting in support of its claims.

45. Ejudicate also provided its "Claim Implementation and Timeline" to the Prehired Entities. This summary of Ejudicate's services to the Prehired entities reflected Ejudicate's intention to streamline, and implement feedback from E-Judges regarding, the arbitration of the Prehired Claims.

46. On the same day that Ejudicate initiated the Prehired Claims, Ejudicate also introduced Prehired to a law firm to assist with the Prehired Entities'

potential future collection attempts and to reduce any arbitration awards into judgments.

Ejudicate Deceived the Affected Consumers About its Role, the Nature of the Proceeding, and the Consequences of Consumers' Actions or Inactions

47. Ejudicate sent a “Notice of Arbitration” to the Affected Consumers that characterized their Prehired Claim proceeding as a “legal claim,” with a “Plaintiff” and “Defendant,” consisting of “formal and binding arbitration,” and noted that Consumers had “every right to dispute and fight this claim using the Ejudicate online dispute resolution platform.”
48. The “Notice of Arbitration” further informed the Affected Consumers that:
 - 1) Prehired had “filed a legal claim against” them, 2) the Consumer had “five (30) [sic] business days to settle this matter before formal and binding arbitration matters commence,” and 3) the “failure to respond may result in a court judgment against [the Consumer].”
49. After the initiation of the Prehired Claims on the Ejudicate Platform, at least one Prehired Borrower submitted a settlement offer.
50. Ejudicate’s website represented to Consumers that the awards rendered through Ejudicate’s arbitration process were recognized by courts as “legally binding and enforceable.”

51. Throughout Ejudicate's website, including the homepage, Terms of Service, and FAQs, Ejudicate represented itself as a neutral entity with no interest in the outcome of the proceeding.
52. Ejudicate reviews the information that is reflected in the Claims Portal, such as the allegations underlying the claimant's claim.
53. With respect to the Prehired Claims, Ejudicate's Claims Portal falsely stated that the Affected Consumers had contractually agreed to arbitration via Ejudicate.
54. As described above, no ISA contained an arbitration clause that provided for arbitration via Ejudicate.
55. Ejudicate's Claims Portal also falsely stated that there was a written assignment of the Prehired Claims from Prehired to Prehired Accelerator or Prehired Recruiting.
56. The notices of arbitration, Ejudicate website, and Claims Portal omitted that the Affected Consumers had no obligation to participate in an arbitration to which they had not agreed.
57. The notices of arbitration, Ejudicate website, and Claims Portal also omitted the fact that Ejudicate would receive a contingency fee of 15% of the settlement amount for any dispute that resulted in settlement.

Findings and Conclusions as to Ejudicate’s Unfair Arbitration of Consumer Financial Disputes Without the Affected Consumers’ Consent

58. Sections 1031 and 1036 of the CFPA prohibit covered persons or service providers from committing or engaging in any “unfair, deceptive or abusive act or practice” in connection with any transaction with a Consumer for a Consumer Financial Product or Service, or the offering of a Consumer Financial Product or Service. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).
59. An act or practice is unfair if it “causes or is likely to cause substantial injury to consumers” that “is not reasonably avoidable by consumers[] and ... is not outweighed by countervailing benefits to consumers or to competition.” 12 U.S.C. § 5531(c)(1).
60. Ejudicate committed an unfair act or practice by commencing arbitration proceedings for 68 Consumer Financial Disputes without the Affected Consumers’ consent.
61. The commencement of arbitration proceedings against the Affected Consumers that did not agree to arbitrate in the Ejudicate forum was likely to cause substantial injury because, without the Delaware Attorney General’s intervention, Ejudicate is likely to have issued awards (including defaults) against the Affected Consumers or encouraged or facilitated settlement payments by Consumers, for tens of thousands of dollars. In

addition, the Affected Consumers incurred or were likely to incur the harm of being forced to participate in an arbitration proceeding to which they never consented.

62. The Affected Consumers' substantial injuries were not reasonably avoidable because they were not given a choice about whether to be subjected to Ejudicate's process. The Affected Consumers had not agreed to arbitrate via Ejudicate in the underlying ISA or any separate arbitration agreement, and Ejudicate did not present its arbitration process as optional.
63. There were no countervailing benefits to Consumers or to competition.
64. Therefore, Ejudicate commenced arbitration proceedings in an unlawful manner that violated Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Findings and Conclusions as to Ejudicate's Deceptive Representations to the Affected Consumers About Its Role, the Nature of the Proceedings, and the Consequences of Consumers' Actions or Inactions

65. In connection with the Prehired Entities' efforts to collect on Consumers' purported ISA debts, Ejudicate deceived the Affected Consumers about the nature of the proceedings, Ejudicate's neutrality, and the consequences of Consumers' actions or inactions in the Ejudicate forum.
66. As described above, Ejudicate's homepage, Terms of Service, and FAQs, all of which contained representations about its neutrality, and which omitted

that Ejudicate would receive a contingency fee of 15% of the settlement amount for any dispute that resulted in settlement, were likely to mislead Consumers acting reasonably under the circumstances because Ejudicate had a financial interest aligned with the claimants, Prehired Accelerator and Prehired Recruiting, and adverse to the Consumer.

67. As described above, Ejudicate's Notice of Arbitration and website, which represented that its process was legally "binding," was likely to mislead Consumers acting reasonably under the circumstances because the representations implied that Ejudicate had authority to decide the Prehired Claims. This was false because no Affected Consumer consented to arbitrate via Ejudicate.
68. As described above, Ejudicate's representation in its Claims Portal asserting that the Affected Consumers' ISAs contained an arbitration clause naming Ejudicate was false because, in all 68 cases, none of the Affected Consumers' ISAs named Ejudicate as the arbitration company for resolving disputes. Ejudicate also falsely represented in its Claims Portal that it had a written assignment of the consumer's Prehired ISA to Prehired Recruiting or Prehired Accelerator.
69. As described above, Ejudicate's Notice of Arbitration and website falsely represented that the failure to respond may result in a court judgment.

Because Ejudicate lacked authority to decide the Prehired Claims, any award would have been unenforceable.

70. It is reasonable for Consumers to believe statements made on Ejudicate's arbitration notices, on its website, and in its Claims Portal. These representations were material because they were likely to affect a Consumer's choice about whether to proceed with defending themselves in the claim or initiating the settlement process even though they were under no obligation to arbitrate in a forum to which they had not consented.
71. Therefore, these representations were deceptive in violation of Sections 1031(a) and 1036(a)(1)(B) of the CFPB, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Findings and Conclusions as to Ejudicate's Unlawful Attempts to Bind the Affected Consumers to Ejudicate's Terms of Service and Ejudicate's Platform Rules

72. In April and May 2022, Ejudicate committed an unfair act or practice by attempting to bind the Affected Consumers to Ejudicate's Terms of Service and the rules of the Ejudicate Platform without the Consumers' consent.
73. Ejudicate's attempts were likely to cause substantial injury to the Affected Consumers because the Terms of Service limited Consumers' ability to contest jurisdiction. Consumers who refused to use the Ejudicate Platform

because they did not agree to jurisdiction may have had a default entered against them.

74. Ejudicate's rules and other policies infringed on Consumers' ability to obtain information and engage in live testimony that could rebut the claim.
75. The Affected Consumers could not reasonably avoid being subjected to Ejudicate's Terms of Service and rules because Ejudicate initiated arbitration proceedings in its forum even though it was aware that none of the Affected Consumers had agreed to arbitration via Ejudicate.
76. There were no countervailing benefits to Consumers or to competition.
77. Therefore, Ejudicate purported to bind Consumers to its Terms of Service and rules for resolving disputes in an unlawful manner that violated Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

VI.

Conduct Provisions

Permanent Ban on Arbitration Activity in Connection with Consumer Financial Disputes

IT IS ORDERED, under §§ 1053 and 1055 of the CFPA, that:

78. Respondent, whether acting directly or indirectly, is permanently restrained from engaging in or Assisting Others in:

- a. accepting, processing, settling, or arbitrating Consumer Financial Disputes;
- b. threatening Consumers with any actual or purported consequences of declining to settle or arbitrate Consumer Financial Disputes; or
- c. receiving any remuneration or other consideration from, holding any ownership interest in, providing services to, or working in any capacity for any person engaged in or Assisting Others in accepting, processing, settling, or arbitrating Consumer Financial Disputes.

Nothing in this Consent Order shall be read as an exception to this Paragraph.

VII.

Prohibited Conduct

IT IS ORDERED, under §§ 1053 and 1055 of the CFPA, that:

79. Respondent and its officers, agents, servants, employees, and attorneys, and all other Persons in active concert or participation with them who receive actual notice of this Consent Order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, sale, or performance of any Consumer Financial Product or Service, or the processing, settlement, or arbitration of any Consumer Financial Dispute, may not violate Sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531

and 5536, and are prohibited from misrepresenting, or Assisting Others in misrepresenting, expressly or impliedly:

- a. the neutrality of the arbitration forum, including representations or omissions regarding the alignment of financial interests;
- b. its authority to render legally binding arbitration decisions;
- c. the validity, strength, or nature of the evidence supplied by claimants in support of arbitration claims; and
- d. the enforceability of arbitration awards.

VIII.

Consumer Information

IT IS FURTHER ORDERED that:

80. Respondent, and its officers, agents, servants, employees, and attorneys, and all other Persons in active concert or participation with them who receive actual notice of this Consent Order, whether acting directly or indirectly, may not disclose, use, or benefit from Affected Consumers' information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to an Affected Consumer's account (including a credit card, bank account, or other financial account), that Respondent obtained before the Effective Date in connection with Ejudicate's debt collection and dispute

resolution activities. However, customer information may be disclosed if requested by a government agency or required by law, regulation, or court order.

IX.

Role of the Executives

IT IS FURTHER ORDERED that:

81. Respondent's President, Chief Executive Officer, General Counsel, Chairman, and Chief Financial Officer (collectively, "Respondent's Executives") have the ultimate responsibility for ensuring that Respondent complies with this Consent Order.
82. Respondent's Executives, at any time during the duration of this Order, for the duration of their service in those roles, must review all plans and reports required by this Consent Order, and any submissions to the Bureau prior to such submission.
83. One year after the Effective Date, Respondent must submit to the Enforcement Director an accurate written compliance progress report ("Compliance Report") that has been approved by Respondent's Executives, the accuracy of which is sworn to under penalty of perjury, and which, at a minimum:

- a. Describes the steps that Respondent's Executives have taken to reasonably assess whether Respondent is complying with each applicable paragraph and subparagraph of the Order;
- b. Describes in detail whether and how Respondent has complied with 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 XIII, unless previously submitted to the Bureau.

84. Respondent's Executives must:

- a. Authorize whatever actions are necessary for Respondent to assess whether Respondent is complying with each applicable paragraph and subparagraph of the Order;
- b. Authorize whatever actions, including corrective actions, are necessary for Respondent to fully comply with each applicable paragraph and subparagraph of the Order; and
- c. Require timely reporting by management to Respondent's Executives on the status of compliance obligations.

MONETARY PROVISIONS

X.

Order to Pay Civil Money Penalty

IT IS FURTHER ORDERED that:

85. Under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section V of this Consent Order, and taking into account Respondent's sworn and documented inability to pay as set forth below, Respondent must pay a civil money penalty of \$1.00 to the Bureau.
86. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
87. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
88. Respondent, for all purposes, must treat the civil money penalty paid under this Consent Order as a penalty paid to the government. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
 - a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or

- b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.
89. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action or because of any payment that the Bureau makes from the Civil Penalty Fund. If the court in any Related Consumer Action offsets or otherwise reduces the amount of compensatory monetary remedies imposed against Respondent based on the civil money penalty paid in this action or based on any payment that the Bureau makes from the Civil Penalty Fund, Respondent must, within 30 days after entry of a final order granting such offset or reduction, notify the Bureau, and pay the amount of the offset or reduction to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.
90. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as

amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.

91. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.
92. Respondent acknowledges that its Taxpayer Identification Number (Social Security Number or Employer Identification Number), which Respondent previously submitted to the Bureau, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.
93. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to Consumers and describe the Consumers or classes of Consumers to whom that redress has been or will be paid.

XI.

Effect of Misrepresentation or Omission Regarding Financial Condition

IT IS FURTHER ORDERED that:

94. The Bureau's agreement to issue this Consent Order and the civil money penalty imposed in Section X is expressly premised on the truthfulness, accuracy, and completeness of Respondent's sworn financial statements and supporting documents submitted to the Bureau, which Respondent asserts are truthful, accurate, and complete, and which include:
 - a. Financial Statement of Respondent Ejudicate, including the attachments, signed on August 8, 2024 and submitted to the Bureau on or about August 8, 2024; and
 - b. Respondent's oral testimony provided on March 17, 2023.
95. If Respondent has failed to disclose any material asset or any of its financial statements contain any material misrepresentation or omission, including materially misstating the value of any asset, then, by reason of the violations of law described in Section V of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent will be required to pay an additional civil money penalty of \$250,000, which is the amount of the discount provided to account for Respondent's inability to pay a greater amount in determining the civil money penalty imposed in Section X. The

Bureau can seek to enforce in any Federal district court for a district in which Respondent is located or resides or is doing business as immediately due and payable this order for an additional civil money penalty.

COMPLIANCE PROVISIONS

XII.

Reporting Requirements

IT IS FURTHER ORDERED that:

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

97. Within 7 days of the Effective Date, Respondent must:
- a. designate at least one telephone number and email, physical, and postal addresses as points of contact that the Bureau may use to communicate with Respondent;
 - b. identify all businesses for which Respondent is the majority owner, or that Respondent directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; and
 - c. describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
98. Respondent must report any change in the information required to be submitted under Paragraph 97 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.

XIII.

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

99. Within 7 days of the Effective Date, Respondent must submit to the Enforcement Director an acknowledgment of receipt of this Consent Order, sworn under penalty of perjury.

100. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its executive officers, as well as to any managers, employees, service providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.
101. For 10 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section XII, any future board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.
102. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, within 30 days of delivery, from all Persons receiving a copy of this Consent Order under this Section.
103. Ninety days from the Effective Date, Respondent must submit to the Bureau a list of all Persons and their titles to whom this Consent Order has been delivered under the Section of this Order titled “Order Distribution and Acknowledgment” and a copy of all signed and dated statements acknowledging receipt of this Consent Order under Paragraph 102.

XIV.

Recordkeeping

IT IS FURTHER ORDERED that:

104. Respondent must create and retain the following business records:
- a. all documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau;
 - b. copies of all training materials; advertisements; websites; and other marketing materials, including any such materials used by a third party on Respondent's behalf;
 - c. copies of all policies and procedures, rules, and terms of service;
 - d. accounting records showing the gross and net revenues generated by Respondent;
 - e. records showing, for each dispute submitted by a claimant that Respondent places, or considers for future placement, on the Ejudicate Platform, the documents submitted by the claimant for review or processing by Respondent; and
 - f. records showing, for each employee providing services related to the Ejudicate Platform, that Person's name, telephone number, email, physical, and postal address, job title or position, dates of service, and,

if applicable, the reason for termination.

105. All documents and records must be maintained in their original electronic format. Data should be centralized, and maintained in such a way that access, retrieval, auditing, and production are not hindered.
106. Respondent must make the documents identified in Paragraph 104 available to the Bureau upon the Bureau's request.

XV.

Notices

IT IS FURTHER ORDERED that:

107. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re* Ejudicate, Inc., File No. 2024-CFPB-0010," and send them to the following email: Enforcement_Compliance@cfpb.gov addressed as follows:

ATTN: Enforcement Director
Consumer Financial Protection Bureau
Office of Enforcement

XVI.

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

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

XVII.

Compliance Monitoring

IT IS FURTHER ORDERED that:

109. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.

110. For purposes of this Section, the Bureau may communicate directly with Respondent, unless Respondent retains counsel related to these communications.
111. Respondent must permit Bureau representatives to interview any employee or other Person affiliated with Respondent who has agreed to such an interview regarding: (a) this matter; (b) anything related to or associated with the conduct described in Section V; or (c) compliance with the Consent Order. The Person interviewed may have counsel present.
112. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

XVIII.

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

113. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Enforcement Director.
114. The Enforcement Director may, in their discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if they determine good cause justifies the

modification. Any such modification by the Enforcement Director must be in writing.

XIX.

ADMINISTRATIVE PROVISIONS

IT IS FURTHER ORDERED that:

115. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau from taking any other action against Respondent. Further, for the avoidance of doubt, the provisions of this Consent Order do not bar, estop, or otherwise prevent any other Person or governmental agency from taking any action against Respondent.
116. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
117. Except Paragraph 78 (Permanent Ban), Paragraph 80 (Consumer Information), and Paragraphs 109-112 (Compliance Monitoring), all other provisions of this Consent Order will terminate on the later of 10 years from the Effective Date or 10 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent, if such action is initiated within 10 years of the Effective Date.

If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the non-permanent provisions of the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.

118. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
119. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.
120. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under §1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve

Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.

121. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.
122. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing Respondent or its Executives, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 10th day of October, 2024.

Rohit Chopra

Rohit Chopra
Director
Consumer Financial Protection Bureau