UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Bureau of Consumer Financial Protection, Plaintiff, v. My Loan Doctor LLC d/b/a Loan Doctor and Edgar Radjabli, Defendants.	**CASE NO.**

COMPLAINT

The Bureau of Consumer Financial Protection (Bureau) brings this action against My Loan Doctor LLC d/b/a Loan Doctor (Loan Doctor) and Edgar Radjabli and alleges as follows.

INTRODUCTION

1. The Bureau brings this action against Loan Doctor and Radjabli under § 1054 of the Consumer Financial Protection Act of 2010 (CFPA) to address deceptive acts or practices in connection with offering consumers a "certificate of deposit" (CD), purportedly created to generate capital for Loan Doctor's healthcare-loan-origination business.

JURISDICTION AND VENUE

2. This Court has subject-matter jurisdiction because this action is "brought under Federal consumer financial law," 12 U.S.C. § 5565(a)(1), presents a federal question, 28 U.S.C. § 1331, and is brought by an agency of the United States, 28 U.S.C. § 1345.

3. This Court has personal jurisdiction over Defendants because the causes of action arise from Defendants' conduct in this district. 12 U.S.C. § 5564(f).

4. Venue is proper in this district because Defendants have done business in this district. 12 U.S.C. § 5564(f).

PARTIES

5. The Bureau is an agency of the United States charged with regulating the offering and provision of consumer-financial products and services under "Federal consumer financial laws," 12 U.S.C. § 5491(a), including the CFPA, 12 U.S.C. § 5481(14). The Bureau has independent litigating authority, including the authority to enforce the CFPA. 12 U.S.C. § 5564(a), (b).

6. Loan Doctor is a Delaware financial-services company operating in West Palm Beach, Florida, and New York, New York.

7. Because Loan Doctor is a company, it is a "person" as that term is defined in the CFPA. 12 U.S.C. § 5481(19).

8. At all times relevant to this Complaint, Loan Doctor has been a "covered person" under the CFPA, 12 U.S.C. § 5481(6)(A), because it "engages in offering or providing a consumer financial product or service." The CFPA defines

"consumer financial product or service" to include "engaging in deposit-taking activities . . . or otherwise acting as a custodian of funds . . . for use by or on behalf of a consumer" for personal, family, or household purposes. 12 U.S.C. § 5481(5), (15)(A)(iv). Loan Doctor offers to accept deposits from consumers and to act as a custodian of those funds for use by consumers for personal, family, or household purposes.

9. Radjabli is a "related person" under the CFPA, 12 U.S.C. § 5481(25)(C)(i), because he was an officer of Loan Doctor and was charged with managerial responsibility for Loan Doctor.

10. As a related person, Radjabli is liable because he is deemed to be a "covered person" under the CFPA, 12 U.S.C. § 5481(25)(B), and because he has engaged in the deceptive acts and practices described below, in violation of § 1036(a)(1)(B) of the CFPA, 12 U.S.C. § 5536(a)(1)(B).

FACTS

11. Radjabli founded Loan Doctor in July 2019 with the following business plan: Loan Doctor would originate loans for healthcare professionals wanting to purchase or start a new practice; Loan Doctor would then immediately sell those loans for a profit to pre-committed secondary investors.

12. To purportedly fund these loans before selling them to buyers, in August 2019, Loan Doctor began offering consumers what it dubbed a "Healthcare Finance (HCF) Savings CD Account," or an "HCF High Yield CD Account,"

featuring what Loan Doctor referred to in its advertising as "the highest return of any savings product in the US at 6% APY."

13. The minimum deposit required from a consumer to open an "HCF High Yield CD Account" was $1,000.

14. Loan Doctor advertised that any deposit made by a consumer would result in the purchase of a CD that matured monthly and could be withdrawn, with interest, with one month's notice.

15. Loan Doctor marketed its HCF High Yield CD Account through a variety of media: its website, targeted Facebook and Google advertisements, press releases, emails to individuals who had expressed interest, and emails to registered investment advisors. Radjabli wrote or edited most of the content for Loan Doctor's website and marketing materials.

16. Starting in August 2019, Loan Doctor took more than $15 million from at least 400 consumers who opened and deposited money into an HCF High Yield CD Account.

17. In its marketing materials, including on its website, Loan Doctor made false and inconsistent representations about both its business model and the stability of the funds deposited in its CDs.

18. Specifically, Loan Doctor:

a. falsely represented that it used the money deposited in its HCF High Yield CD Accounts to originate loans for healthcare professionals and that it always had a buyer lined up for the loans before each loan's origination;

b. falsely represented that, to the extent that money deposited in one of its HCF High Yield CD Accounts was not being used to originate loans, the money would be held in one of the following locations—an FDIC-insured account, a Lloyd's of London-insured account, or a "cash alternative" or "cash equivalent" account;

c. falsely touted the stability of its HCF High Yield CD Accounts by likening those accounts to various types of savings accounts and falsely describing itself as a "commercial bank"; and

d. falsely represented past returns on its HCF High Yield CD Accounts.

False, Misleading, and Inaccurate Representations that Loan Doctor Would Use Consumers' Money to Originate Loans for Resale to Pre-Committed Secondary Investors

19. Loan Doctor claimed that the money deposited in its HCF High Yield CD Accounts would be used to originate loans for healthcare professionals.

20. According to its website, "[s]imilar to a bank, the funds deposited in the account allow Loan Doctor to fund healthcare lending needs during very short time periods, before the originated loans are securitized and sold to large institutional investors."

21. Loan Doctor further claimed that whenever it originated such a loan, it already had an investor lined up to purchase that loan.

22. Specifically, Loan Doctor's website stated that "[w]hen loans are originated, Loan Doctor always has a securitization buyer/investor available."

23. Loan Doctor's website also stated that, "[u]nlike a bank which must account for defaults on the loans it issues, Loan Doctor's ability to immediately resell the loans ensures that it is not exposed to defaults."

24. Loan Doctor's website further explained that in the current market, there is a "tremendous appetite for highly performing loans such as those made to healthcare professionals," and "Loan Doctor therefore has only short term financing needs to help generate new lending activity to its high credit grade healthcare clients, as it is guaranteed to resell the debt within the 1 month term of the CD."

25. In addition, Loan Doctor's website made the claim: "The Loan Doctor team has helped over 3500 doctors nationwide, originating over $500MM in loans."

26. Finally, Loan Doctor's website also referred to its "trusted lending partners" and then listed specific banks' names.

27. But Loan Doctor never used the money invested in its HCF High Yield CD Accounts to originate loans for healthcare professionals.

28. In fact, Loan Doctor never originated a loan for a healthcare professional.

29. Loan Doctor never sold a loan to a bank or secondary-market investor.

30. Loan Doctor never entered into any contracts to sell at a future date to buyers or investors a loan that it originated.

False, Misleading, and Inaccurate Representations about the Location and Safety of Consumers' Deposits

31. Loan Doctor's website contained a detailed FAQ section that was dedicated to explaining how Loan Doctor's business operated and was designed to reassure consumers as to the safety of their deposits.

32. Loan Doctor specifically stated that, when not being used to originate healthcare loans, consumers' "idle" money would be held in one of the following places:

a. "During the times that the funds are idle, they are invested in FDIC insured cash and cash equivalents with our banking partners, where they also earn interest";

b. "The funds in the CD account are deposited at either US banks where they are covered by FDIC insurance, or in the case of cash alternatives, by Lloyd's of London up to $100MM"; and

c. "Loan Doctor maintains a cash reserve equivalent to the amount on deposit, therefore each account is 100% fully collateralized with cash/cash alternatives."

33. In fact, most of the money that consumers deposited with Loan Doctor was not held in the types of accounts described on Loan Doctor's website. Instead, money that consumers deposited with Loan Doctor was placed in a hedge fund owned by Radjabli and then invested in securities, or it was invested with a securities broker-dealer that offered individuals high-interest loans backed by those individuals' stock holdings.

34. Until February 2020, Loan Doctor invested between $100,000 and $200,000 of consumers' deposits in a fintech company that claimed on its website to have been insured by a $100 million policy from Lloyd's of London. But Loan Doctor ceased investing in the fintech company in February 2020 and later transferred the money to one of its other investment locations.

35. Additionally, Loan Doctor was not capitalized by any source apart from consumers who made cash deposits into its HCF High Yield CD Accounts, rendering false the statement that "Loan Doctor maintains a cash reserve equivalent to the amount on deposit."

36. Loan Doctor concealed its true business model from consumers.

False, Misleading, and Inaccurate Representations that Loan Doctor's HCF High Yield CD Accounts were Comparable to a Bank Savings Account

37. Loan Doctor made several claims that compared its HCF High Yield CD Accounts to a traditional savings account with a guaranteed return, when, in fact, Loan Doctor invested most of the consumers' money in volatile securities or securities-backed investments. Specifically, Loan Doctor claimed or implied that its HCF High Yield CD Accounts:

a. provided a "short term savings option for clients looking for a stable, guaranteed and predictable interest income, comparable to a traditional bank savings account or CD";

b. had "[t]he highest return of any savings product in the US at 6% APY";

c. provided a guaranteed return, asking in a Facebook advertisement, “Hey Mom and Dad, Are you getting a Guaranteed 6% APY on my college fund?”;

d. mimicked a bank CD, comparing Loan Doctor’s structure to “Fractional Reserve Banking” and stating: “How does the HCF High Yield CD Account Earn Interest? Similar to a bank, the funds deposited in the account allow Loan Doctor to fund healthcare lending needs during very short time periods, before the originated loans are securitized and sold to large institutional investors”; and

e. functioned like a bank CD, stating: “Can the interest rate change? Yes, just like any bank savings or CD account, the HCF High Yield CD account interest rate could rise or fall, depending on market conditions, such as the federal rate or healthcare lending environment.”

38. In fact, each representation described in paragraph 37 was false.

39. Loan Doctor’s Facebook page explicitly stated that it was a “Commercial Bank.”

40. Loan Doctor was not a commercial bank.

41. The money that consumers deposited with Loan Doctor was actively traded in the stock market or used to make stock-backed loans.

False, Misleading, and Inaccurate Representations about Past Performance of its HCF High Yield CD Accounts

42. Loan Doctor's Facebook page stated that, for the HCF High Yield CD Accounts it offered, "the principal is guaranteed and insured. The interest is not, but we have paid 6% through all of 2019 and 5% to 6.25% in years prior."

43. In fact, Loan Doctor only began offering its CD in August 2019, and consumers' principal was neither guaranteed nor insured.

Defendants' Post-Investigation Conduct

44. On March 20, 2020, the Bureau requested that Loan Doctor cease offering its High Yield CD product to consumers and remove all marketing of the CD product from its website.

45. On March 26, 2020, Loan Doctor partially heeded the Bureau's request, removing all new offerings of its CD product from its website. But Loan Doctor did not cease operating.

46. Instead, Radjabli contacted several financial advisors in an effort to continue to sell Loan Doctor's High Yield CD product under a different name while still concealing its risks to consumers.

47. In emails to those advisors, Radjabli made no mention of the Bureau's request that Loan Doctor cease offering and marketing its CD product and stop taking any new deposits from consumers. Rather, Radjabli explained: "Our lending partners (who are big banks, mostly) have decided they do not like that we have a CD program because it competes with the savings products *they* offer. . . . So we've

been basically given an ultimatum . . . which is: don't advertise/call it a CD or they will not work with us on the lending side. . . . [T]he investment has to be called something that does not resemble a banking product."

48. Radjabli sought the advisors' help to find a name for Loan Doctor's product "that conveys the security, predictable income, imperviousness to stock market volatility etc of the product but without sounding like a bank product."

VIOLATIONS OF LAW

49. Under the CFPA, it is unlawful for any covered person to engage in a deceptive 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).

50. A practice is deceptive if (1) there is a representation or omission of information that is likely to mislead consumers acting reasonably under the circumstances and (2) that information is material to consumers.

COUNT 1
Deceptive Representations about Healthcare Lending

51. The Bureau re-alleges and incorporates by reference paragraphs 1-50.

52. Defendants represented that the money consumers deposited in HCF High Yield CD Accounts would be used to originate loans for healthcare professionals and that, at the time Loan Doctor would originate such a loan, it would already have an investor lined up to purchase that loan.

53. In fact, these representations were false because Defendants never used the money consumers deposited into HCF High Yield CD Accounts to originate loans for healthcare professionals, nor did Defendants enter into a contract with any buyer or investor to purchase a loan.

54. Defendants' misrepresentations were likely to mislead consumers acting reasonably under the circumstances.

55. Defendants' misrepresentations were material because they were likely to affect the conduct or decisions of consumers regarding whether to deposit money into the HCF High Yield CD Accounts.

56. Therefore, Defendants engaged in deceptive acts or practices, in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

COUNT 2
Deceptive Representations about the Location of Consumers' Deposits

57. The Bureau re-alleges and incorporates by reference paragraphs 1-50.

58. Defendants represented that the money consumers deposited into HCF High Yield CD Accounts, when not being used to originate loans, would be held in an FDIC-insured account, an account that is insured by Lloyd's of London, or a "cash alternative" or "cash equivalent."

59. Defendants represented that Loan Doctor maintained a cash reserve in an amount "equivalent to" the money that consumers had deposited.

60. In fact, these representations were false because consumers' funds were primarily invested in actively traded securities or loaned, through a third party, to investors using their individual-stock portfolios as collateral.

61. Defendants' misrepresentations were likely to mislead consumers acting reasonably under the circumstances.

62. Defendants' misrepresentations were material because they were likely to affect the conduct or decisions of consumers regarding whether to deposit money in the HCF High Yield CD Accounts.

63. Therefore, Defendants engaged in deceptive acts or practices, in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

COUNT 3
Deceptive Representations Comparing Loan Doctor's HCF High Yield CD Account to a Savings Account

64. The Bureau re-alleges and incorporates by reference paragraphs 1-50.

65. Defendants represented that Loan Doctor was a commercial bank.

66. In fact, Loan Doctor was not a commercial bank.

67. Defendants represented that money deposited in Loan Doctor's HCF High Yield CD Accounts was safe and that the HCF High Yield CD Accounts were comparable to a traditional savings account with a guaranteed return.

68. In fact, these representations were false because Defendants invested consumers' money in volatile securities or securities-backed investments.

69. Defendants' misrepresentations were likely to mislead consumers acting reasonably under the circumstances.

70. Defendants' misrepresentations were material because they were likely to affect the conduct or decisions of consumers regarding whether to deposit money in Loan Doctor's HCF High Yield CD Accounts.

71. Defendants therefore engaged in deceptive acts or practices, in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

COUNT 4
Deceptive Representations about Past Performance

72. The Bureau re-alleges and incorporates by reference paragraphs 1-50.

73. Defendants' Facebook page stated that in years before 2019, the HCF High Yield CD Accounts paid interest at rates between 5% and 6.25%.

74. In fact, this representation was false, as Loan Doctor did not offer its HCF High Yield CD Accounts before August 2019.

75. Defendants' misrepresentation was likely to mislead consumers acting reasonably under the circumstances.

76. Defendants' misrepresentation was material because the past performance of the HCF High Yield CD Accounts was likely to affect the conduct or decision of consumers regarding whether to deposit money in those accounts.

77. Defendants therefore engaged in deceptive acts or practices, in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

DEMAND FOR RELIEF

The Bureau requests that the Court, as permitted by 12 U.S.C. § 5565:

a. enjoin Defendants from committing future violations of the CFPA;

b. award damages or other monetary relief against Defendants;

c. order Defendants to pay redress to consumers;

d. order disgorgement of Defendants' ill-gotten gains;

e. impose civil money penalties on Defendants;

f. order Defendants to pay the costs incurred in connection with prosecuting this action; and

g. award additional relief as the Court may determine to be just and proper.

Respectfully submitted,

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