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*Attorneys for Plaintiff Bureau of Consumer Financial Protection*

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

13 Bureau of Consumer Financial Protection, )  
14 Plaintiff, )

15 vs. )

16 Chou Team Realty, LLC f/k/a Chou Team )  
17 Realty, Inc., d/b/a Monster Loans, d/b/a )  
18 MonsterLoans; Lend Tech Loans, Inc.; )  
Docu Prep Center, Inc., d/b/a DocuPrep )  
19 Center, d/b/a Certified Document Center; )  
Document Preparation Services, LP, d/b/a )  
20 DocuPrep Center, d/b/a Certified )  
Document Center; Certified Doc Prep, Inc.; )  
21 Certified Doc Prep Services, LP; Assure )  
Direct Services, Inc.; Assure Direct )  
22 Services, LP; Direct Document Solutions, )  
Inc.; Direct Document Solutions, LP; )  
23 Secure Preparation Services, Inc.; Secure )  
Preparation Services, LP; Docs Done )  
24 Right, Inc.; Docs Done Right, LP; Bilal )  
Abdelfattah, a/k/a Belal Abdelfattah, a/k/a )  
25 Bill Abdel; Robert Hoose; Eduardo “Ed” )  
Martinez; Jawad Nesheiwat; Frank )  
Anthony Sebreros; and David Sklar, )

26 Defendants, )

27 Thomas “Tom” Chou; and Sean Cowell, )  
28

Case No.: 8:20-cv-00043-JVS-ADS  
**FIRST AMENDED COMPLAINT**

1	Defendants and	}
	Relief Defendants,	}
2	Kenneth Lawson; Cre8labs, Inc.; XO	}
3	Media, LLC; and TDK Enterprises,	}
	LLC,	}
4	Relief Defendants.	}

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**JURISDICTION AND VENUE**

1. This Court has subject-matter jurisdiction over this action because it 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.

2. Venue is proper in this district because Defendants and Relief Defendants are located, reside, or do business in this district. 12 U.S.C. § 5564(f).

**INTRODUCTION**

3. The Bureau of Consumer Financial Protection (Bureau) brings this action to address unlawful conduct by several companies and individuals in connection with providing debt-relief services to consumers with student loans.<sup>1</sup>

4. Between 2015 and 2017, a mortgage company known as Monster Loans unlawfully obtained consumer reports from the consumer-reporting agency Experian. Monster Loans provided the reports to other companies that used the reports to market debt-relief services to consumers with student loans.

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<sup>1</sup> On May 14, 2020, the Court entered a stipulated final judgment and order against Defendant Chou Team Realty, LLC, Defendants and Relief Defendants Thomas Chou and Sean Cowell, and Relief Defendants TDK Enterprises, LLC and Cre8labs, Inc., which resolved the Bureau’s claims against them. ECF No. 90. On July 7, 2020, the Court entered a stipulated final judgment and order against Defendant Robert Hoose, which resolved the Bureau’s claims against him. ECF No. 115.

1 From August 2017 through at least January 2019, a sham entity known as Lend  
2 Tech also unlawfully obtained consumer reports from Experian and provided  
3 them to other companies, including companies that used the lists to market  
4 student-loan debt-relief services.

5 5. In direct-mailings and in telemarketing-sales calls, certain of these  
6 debt-relief companies represented to consumers that: (1) the consumers would  
7 obtain lower interest rates by consolidating their federal student loans, (2) the  
8 consumers would improve their credit scores by consolidating their loans, and  
9 (3) the United States Department of Education (ED) would become the “new  
10 servicer” on their loans. All of this was false.

11 6. Additionally, several of these companies unlawfully charged and  
12 collected their fees before consumers’ applications for loan consolidations, loan  
13 repayment plans, and loan forgiveness plans were approved and before  
14 consumers made payments under the altered terms of their student loans.

15 7. The Bureau brings this action to secure injunctive relief to stop  
16 Defendants’ unlawful conduct, to obtain redress for harmed consumers, to  
17 obtain penalties against Defendants for their violations of Federal consumer  
18 financial law, and to require Relief Defendants to disgorge profits they received  
19 due to those violations.

20 **PLAINTIFF**

21 8. The Bureau is an independent agency charged with enforcing  
22 Federal consumer financial laws. 12 U.S.C. § 5491(a). The Bureau has  
23 independent litigating authority, 12 U.S.C. § 5564(a)-(b), including the  
24 authority to enforce prohibitions on unfair, deceptive, and abusive acts or  
25 practices in the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C.  
26 §§ 5531, 5536; the Fair Credit Reporting Act, 15 U.S.C. § 1681s; and the  
27  
28

1 Telemarketing Sales Rule (TSR), 16 C.F.R. Part 310, as it applies to persons  
2 subject to the CFPB, 15 U.S.C. §§ 6102(c), 6105(d).

3 9. The Bureau has authority to bring civil actions against persons  
4 violating Federal consumer financial laws and to seek all appropriate legal and  
5 equitable relief, including injunctive relief, refund of monies paid, damages,  
6 restitution, disgorgement, and civil money penalties. 12 U.S.C. §§ 5564(a),  
7 5565(a)(2).

8 **DEFENDANTS AND RELIEF DEFENDANTS**

9 10. Chou Team Realty, Inc. was a California corporation registered on  
10 July 18, 2003. Chou Team Realty, Inc. was registered and located at 3  
11 Whatney, Irvine, CA 92618, and later moved to 25391 Commercentre Drive,  
12 Suite 200, Lake Forest, CA 92630. In March 2018, Chou Team Realty, Inc. was  
13 converted into Defendant Chou Team Realty, LLC. Chou Team Realty, LLC is  
14 a California limited-liability company registered and located at 25391  
15 Commercentre Drive, Suite 200, Lake Forest, CA 92630.

16 11. Chou Team Realty, LLC is a successor to Chou Team Realty, Inc.

17 12. Chou Team Realty, Inc. and Chou Team Realty, LLC (collectively,  
18 Monster Loans) have held themselves out as doing business as Monster Loans  
19 and MonsterLoans.

20 13. Since 2014, Monster Loans has operated as a mortgage lender. It is  
21 licensed in at least 30 states, including California.

22 14. Defendant Lend Tech Loans, Inc. (Lend Tech) is a California  
23 corporation registered on June 15, 2017. Lend Tech has held itself out as doing  
24 business at 25391 Commercentre Drive, Suite 100, Lake Forest, CA 92630 and  
25 1851 E. First St. #810, Santa Ana, CA 92705.

26 15. Lend Tech is licensed by the California Department of Real Estate  
27 and has held itself out as doing business as a mortgage-brokerage company.  
28

1           16. Defendant Docu Prep Center, Inc. registered as a California  
2 corporation on February 3, 2015, and it has held itself out as doing business at 3  
3 Whatney, Suite 100, Irvine, CA 92618.

4           17. Defendant Document Preparation Services, LP registered as a  
5 California limited partnership on October 19, 2015, and it has held itself out as  
6 doing business at 3 Whatney, Suite 100, Irvine, CA 92618. Docu Prep Center,  
7 Inc. was the general partner of Document Preparation Services, LP  
8 (collectively, Docu Prep Center).

9           18. Docu Prep Center has held itself out as doing business as  
10 DocuPrep Center and Certified Document Center.

11           19. Defendant Certified Doc Prep, Inc. registered as a California  
12 corporation on October 14, 2015, and it has held itself out as doing business at  
13 1015 E. Imperial Highway, Unit C8, Brea, CA 92821.

14           20. Defendant Certified Doc Prep Services, LP registered as a  
15 California limited partnership on October 21, 2015, and it has held itself out as  
16 doing business at 1015 E. Imperial Highway, Unit C8, Brea, CA 92821.  
17 Certified Doc Prep, Inc. was the general partner of Certified Doc Prep Services,  
18 LP (collectively, Certified Doc Prep Services).

19           21. Defendant Assure Direct Services, Inc. registered as a California  
20 corporation on August 22, 2016, and it has held itself out as doing business at  
21 23785 El Toro Road, Suite 467, Lake Forest CA 92630.

22           22. Defendant Assure Direct Services, LP registered as a California  
23 corporation on August 17, 2016, and it has held itself out as doing business at 5  
24 Oldfield, 2<sup>nd</sup> Floor, Irvine, CA 92618. Assure Direct Services, Inc. was the  
25 general partner of Assure Direct Services, LP (collectively, Assure Direct  
26 Services).

1           23. Defendant Direct Document Solutions, Inc. registered as a  
2 California corporation on January 3, 2017, and it has held itself out as doing  
3 business at 23785 El Toro Road, Suite 493, Lake Forest, CA 92630.

4           24. Defendant Direct Document Solutions, LP registered as a  
5 California limited partnership on January 3, 2017, and it has held itself out as  
6 doing business at 23785 El Road, Suite 493, Lake Forest, CA 92630 and 5  
7 Oldfield, 2<sup>nd</sup> Floor, Irvine, CA 92618. From January 2017 to March 2018,  
8 Direct Document Solutions, Inc. was the general partner of Direct Document  
9 Solutions, LP (collectively, Direct Document Solutions).

10           25. Defendant Secure Preparation Services, Inc. registered as a  
11 California corporation on January 12, 2017, and it has held itself out as doing  
12 business at 2500 E. Imperial Highway, Suite 201-396, Brea, CA 92821.

13           26. Defendant Secure Preparation Services LP registered as a  
14 California limited partnership on January 12, 2017, and it has held itself out as  
15 doing business at 2500 E. Imperial Highway, Suite 201-396, Brea, CA 92821  
16 and 5 Oldfield, 2<sup>nd</sup> Floor, Irvine, CA 92618. From January 2017 to March 2018,  
17 Secure Preparation Services, Inc., was the general partner of Secure Preparation  
18 Services, LP (collectively, Secure Preparation Services).

19           27. Defendants Docu Prep Center, Certified Doc Prep Services, Assure  
20 Direct Services, Direct Document Services, and Secure Preparation Services  
21 (collectively, the Student Loan Debt Relief Companies) marketed and sold  
22 debt-relief services to consumers with federal student loans.

23           28. Defendant Docs Done Right, Inc. registered as a California  
24 corporation on October 22, 2015, and it has held itself out as doing business at  
25 895 Dove Street, 3<sup>rd</sup> Floor, Newport Beach, CA 92660.

26           29. Defendant Docs Done Right, LP registered as a California limited  
27 partnership on March 8, 2016, and it has held itself out as doing business at 3  
28

1 Whatney, Suite 100, Irvine, CA 92618. Docs Done Right, Inc. was the general  
2 partner of Docs Done Right, LP (collectively, Docs Done Right).

3 30. Relief Defendant TDK Enterprises, LLC registered as a California  
4 limited-liability company on March 18, 2016, and it has held itself out as doing  
5 business at 3 Whatney, Suite 200, Irvine, CA 92618.

6 31. Relief Defendant Cre8labs, Inc. registered as a California  
7 corporation on April 1, 2016, and it has held itself out as doing business at  
8 24632 La Plata Drive, Laguna Niguel, CA 92677.

9 32. Relief Defendant XO Media, LLC registered as a California  
10 limited liability company on March 2, 2010, and it has held itself out as doing  
11 business at 26500 W. Agoura Road Suite 102-595, Calabasas, CA 91302.

12 33. Defendant and Relief Defendant Thomas “Tom” Chou was  
13 Monster Loans’ president and owner between January 2015 and December  
14 2017. Chou exercised substantial managerial responsibility for and control over  
15 Monster Loans’ business practices.

16 34. Chou owned limited partnership interests in each of the Student  
17 Loan Debt Relief Companies. At times, Chou has held those limited partnership  
18 interests through Relief Defendant TDK Enterprises, LLC. Chou is the  
19 president and sole member of TDK Enterprises, LLC.

20 35. Defendant Jawad Nesheiwat was the chief operating officer of  
21 Monster Loans between January 2015 and April 2017. Nesheiwat exercised  
22 substantial managerial responsibility for and control over Monster Loans’  
23 business practices.

24 36. Nesheiwat owned limited partnership interests in each of the  
25 Student Loan Debt Relief Companies.

1           37. Nesheiwat exercised substantial managerial responsibility for and  
2 control over Docu Prep Center’s business practices, including its sales  
3 practices, marketing practices, and fees.

4           38. Nesheiwat participated in the conduct of the affairs of Certified  
5 Doc Prep Services, Assure Direct Services, Direct Document Solutions, and  
6 Secure Preparation Services, including their marketing practices.

7           39. Defendant and Relief Defendant Sean Cowell co-founded Monster  
8 Loans and was its chief visionary officer between at least January 2015 and  
9 February 2017. Cowell exercised managerial responsibility for Monster Loans  
10 and participated in the conduct of its affairs.

11           40. Cowell registered Lend Tech in June 2017, and he was its sole  
12 owner until November 2017.

13           41. Cowell owned limited-partnership interests in each of the Student  
14 Loan Debt Relief Companies. At times, Cowell has held those limited-  
15 partnership interests through Relief Defendant Cre8labs, Inc. Cowell is  
16 Cre8labs, Inc.’s president and owner.

17           42. Defendant David Sklar was Docu Prep Center’s chief executive  
18 officer. Sklar was the part-owner of Docu Prep Center, Inc. and owned a  
19 limited-partnership interest in Document Preparation Services LP. Sklar  
20 exercised substantial managerial responsibility for and control over Docu Prep  
21 Center’s business practices, including its sales practices, marketing practices,  
22 and fees.

23           43. Defendant Robert Hoose was Docu Prep Center’s chief operating  
24 officer. Hoose was the part-owner of Docu Prep Center, Inc. and owned a  
25 limited-partnership interest in Document Preparation Services, LP. Hoose  
26 exercised substantial managerial responsibility for and control over Docu Prep  
27  
28

1 Center’s business practices, including its sales practices, marketing practices,  
2 and fees.

3 44. Defendant Frank Anthony Sebreros was the president of Assure  
4 Direct Services. Sebreros owned Assure Direct Services, Inc. and he owned a  
5 limited-partnership interest in Assure Direct Services, LP. Sebreros exercised  
6 substantial managerial responsibility for and control over Assure Direct  
7 Services’ business practices, including its sales practices, marketing practices,  
8 and fees.

9 45. Sebreros was identified as a manager of Lend Tech in the  
10 company’s application to Experian in June 2017.

11 46. Defendant Bilal Abdelfattah a/k/a Belal Abdelfattah a/k/a Bill  
12 Abdel (Abdel) was a marketing manager at Monster Loans in 2015 and 2016.

13 47. Abdel was a marketing manager at Docu Prep Center and was an  
14 employee of Assure Direct Services.

15 48. Abdel was identified as a manager of Lend Tech in the company’s  
16 application to Experian in June 2017.

17 49. Defendant Eduardo “Ed” Martinez is the president of Docs Done  
18 Right. Martinez exercised substantial managerial responsibility for and control  
19 over Docs Done Right’s business practices, including its assistance in the  
20 charging of fees to consumers.

21 50. Martinez represented that he was a manager or employee of Lend  
22 Tech in communications with Experian in 2017 and 2018.

23 51. Relief Defendant Kenneth Lawson owned limited-partnership  
24 interests in each of the Student Loan Debt Relief Companies. At times, Lawson  
25 has held those interests through XO Media, LLC. Lawson is the manager and  
26 owner of 90 percent of XO Media, LLC.

**FACTS**

**Monster Loans' Purchases of Prescreened Lists**

52. Monster Loans and Lend Tech have purchased from Experian prescreened consumer reports (also known as “prescreened lists”) that contained information regarding consumers with student loans, including consumers’ names, addresses, number of student loans, and aggregate student loan balances.

53. In 2015, Monster Loans applied for and received an account with Experian, which enabled it to purchase prescreened lists.

54. In its application, Monster Loans certified to Experian that it would use prescreened lists to make firm offers of credit for mortgage loans.

55. During and after the enrollment process, Monster Loans also represented to Experian that it would use prescreened lists to market its mortgage products.

56. Monster Loans did not disclose to Experian that prescreened lists would be provided to other companies and used to market debt-relief services.

57. Between at least December 2015 and May 2017, Monster Loans primarily used its account with Experian to obtain prescreened lists for use by other companies that marketed student-loan debt-relief services, including the Student Loan Debt Relief Companies.

58. In total, Monster Loans purchased prescreened lists containing information about more than 7 million consumers with student loans.

59. The prescreened lists that Monster Loans purchased were used to market debt-relief services, and not to make firm offers of credit or insurance.

60. Nesheiwat oversaw Monster Loans’ purchases of prescreened lists from Experian for use by the Student Loan Debt Relief Companies in their direct mailings.

1           61. Several other officers and employees of Monster Loans, including  
2 Chou, Cowell, and Abdel, were aware of and participated in the company's  
3 efforts to purchase prescreened lists for the Student Loan Debt Relief  
4 Companies through the company's account with Experian.

5           62. Sklar and Hoose obtained prescreened lists through Monster  
6 Loans' account with Experian and used the lists to market Docu Prep Center's  
7 student-loan debt-relief services.

8           63. In or around May 2017, Monster Loans stopped purchasing  
9 prescreened lists for the Student Loan Debt Relief Companies through its  
10 account with Experian.

11                           **Lend Tech's Purchases of Prescreened Lists**

12           64. In June 2017, Cowell registered Lend Tech as a purported  
13 mortgage-brokerage company.

14           65. In fact, Lend Tech is a sham entity that has only ever been used to  
15 obtain prescreened lists from Experian.

16           66. Lend Tech's application to Experian certified that it would use  
17 prescreened lists to make firm offers of credit for mortgage loans.

18           67. Lend Tech did not disclose to Experian that the prescreened lists  
19 would be provided to other companies and used for the purpose of marketing  
20 debt-relief services.

21           68. Monster Loans helped Lend Tech satisfy Experian's due-diligence  
22 review for new applicants so that Lend Tech could obtain an Experian account.  
23 For example, Monster Loans purported to provide Lend Tech office space  
24 under a sublease agreement, and also provided an approval letter agreeing to  
25 fund the loans that Lend Tech was purportedly going to broker.

26           69. During August and September 2017, Lend Tech used its account  
27 with Experian to order prescreened lists containing information regarding more  
28

1 than 1.5 million consumers with student loans for the Student Loan Debt Relief  
2 Companies.

3 70. Cowell, Abdel, Sebreros, and Chou were aware of and participated  
4 in Lend Tech's efforts to purchase prescreened lists for the Student Loan Debt  
5 Relief Companies during August and September 2017.

6 71. In November 2017, Cowell transferred ownership of Lend Tech to  
7 a friend of Martinez named Sergio Loza.

8 72. At the time of the transfer, Lend Tech had no meaningful assets  
9 other than the account with Experian.

10 73. Between November 2017 and at least January 2019, Abdel,  
11 Sebreros, and Martinez controlled Lend Tech's Experian account.

12 74. During that period, Lend Tech obtained prescreened lists  
13 containing information regarding more than 11 million consumers.

14 75. Lend Tech continued representing to Experian that it would use the  
15 prescreened lists for its own marketing of mortgage loans.

16 76. In fact, Lend Tech has never used the prescreened lists to market  
17 mortgage loans.

18 77. Martinez, Sebreros, and Abdel resold the prescreened lists to  
19 numerous other companies, including companies offering student-loan debt-  
20 relief services.

21 78. Martinez, Sebreros, and Abdel also used the prescreened lists to  
22 market student-loan debt-relief services through new companies created during  
23 or after September 2017.

24 79. The student-loan debt-relief companies that received prescreened  
25 lists purchased by Lend Tech between November 2017 and January 2019 did  
26 not use the lists to make firm offers of credit or insurance.

1                   **Student Loan Consolidations, Repayment Programs,**  
2                   **and Forgiveness Programs**

3           80.   ED offers several federal student-loan repayment and forgiveness  
4 programs. Some programs potentially offer lower monthly loan payments.  
5 Some allow consumers to obtain loan forgiveness.

6           81.   These programs are administered through third-party student-loan  
7 servicers that handle the billing and other services on federal student loans.

8           82.   To access certain repayment and forgiveness programs, consumers  
9 must first consolidate (*i.e.*, combine) multiple federal student loans into one  
10 loan. Consolidating results in, among other things, a single monthly payment  
11 instead of multiple monthly payments.

12           83.   Following consolidation or enrollment in a new repayment or  
13 forgiveness program, the consumer's loan continues to be serviced by a third-  
14 party student-loan servicer.

15                   **The Student Loan Debt Relief Companies and Docs Done Right**

16           84.   The Student Loan Debt Relief Companies each offered, in  
17 exchange for a fee, to assist consumers with consolidating their federal student  
18 loans and with choosing between and enrolling in repayment and forgiveness  
19 programs offered by ED. The Student Loan Debt Relief Companies did not  
20 themselves offer or extend credit.

21           85.   The Student Loan Debt Relief Companies primarily marketed their  
22 debt-relief services through direct mail.

23           86.   When consumers called in response to the direct-mail solicitations,  
24 sales representatives purported to advise consumers about their eligibility for  
25 and the potential benefits of consolidating their federal student loans and  
26 enrolling in ED's repayment and forgiveness programs.

1 87. After Docs Done Right was created in late 2015, its employees  
2 participated in a portion of the telemarketing sales call regarding consumers'  
3 understanding of the services.

4 88. Following enrollment, Docs Done Right handled communications  
5 with consumers concerning the debt-relief services, the payment of fees, and  
6 consumer complaints. Docs Done Right posed as the relevant Student Loan  
7 Debt Relief Company in those communications. Docs Done Right also handled  
8 the preparation and submission of consumers' applications to consolidate their  
9 federal student loans and enroll in ED's repayment and forgiveness programs.

10 **Misrepresentations about Lower Interest Rates**

11 89. In direct-mail solicitations and in sales calls, the Student Loan  
12 Debt Relief Companies represented that consumers could obtain a lower  
13 interest rate by consolidating their loans.

14 90. When a federal student loan is consolidated, the consolidated loan  
15 has a fixed interest rate for the life of the loan. The fixed rate is the weighted  
16 average of the interest rates on the consolidated loans, rounded up to the nearest  
17 one-eighth of one percent.

18 91. As a result, after consolidation, the consumer's new loan has either  
19 the same effective interest rate as the prior loans or a higher rate.

20 92. The Student Loan Debt Relief Companies' representations that  
21 consolidation would lead to a lower interest rate were therefore false.

22 93. Consumers with federal student loans are generally eligible for an  
23 interest rate reduction if they set up automatic monthly payments.

24 94. At times between 2015 and 2017, the Student Loan Debt Relief  
25 Companies implied that consumers were required to consolidate their loans to  
26 be eligible for the interest-rate reduction associated with setting up automatic  
27 monthly payments.  
28

1           95. But consumers can receive the interest-rate reduction associated  
2 with setting up automatic monthly payments regardless of whether they  
3 consolidate their loans.

4                   **Misrepresentations about Improved Credit Scores**

5           96. Between 2015 and 2017, the Student Loan Debt Relief Companies  
6 represented during sales calls that consolidating federal student loans would  
7 improve consumers' credit scores.

8           97. In many instances, consolidating is not likely to improve a  
9 consumer's credit score, such as when the consumer is current on their student  
10 loan payments.

11           98. By presenting themselves as experts on student loans and making  
12 representations about credit score changes, the Student Loan Debt Relief  
13 Companies implied that the Companies had a reasonable basis to represent that  
14 consolidation would increase consumers' credit scores.

15           99. Prior to making such representations, the Student Loan Debt Relief  
16 Companies had no reason to believe that consumers' credit scores would  
17 improve following consolidation, and the Companies did not attempt to  
18 measure thereafter whether consumers' credit scores did in fact improve  
19 following consolidation.

20                   **Misrepresentations that ED Would Become Consumers' "New Servicer"**

21           100. At times between 2015 and 2017, Docu Prep Center represented to  
22 consumers that, after they consolidated their loans, ED would become their  
23 "new servicer."

24           101. Docu Prep Center also represented that student loan servicers did  
25 not act in consumers' best interests and implied that consumers would not have  
26 to interact with third-party student loan servicers after consolidating their loans.



1 was aware of a high probability of fraud along with an intentional avoidance of  
2 the truth.

3 108. Nesheiwat, Sklar, and Hoose each participated directly in the  
4 charging of fees by Docu Prep Center or had the authority to control its  
5 charging of fees, and each had knowledge of Docu Prep Center's fee-charging  
6 practices or was recklessly indifferent to those practices.

7 109. Sebreros participated directly in Assure Direct Services' making of  
8 the representations described in this Complaint or had the authority to control  
9 them, and had knowledge of the representations, was recklessly indifferent to  
10 the truth or falsity of the misrepresentations, or was aware of a high probability  
11 of fraud along with an intentional avoidance of the truth.

12 110. Sebreros participated directly in the charging of fees by Assure  
13 Direct Services or had the authority to control its charging of fees, and had  
14 knowledge of Assure Direct Services' fee-charging practices or was recklessly  
15 indifferent to those practices.

16 111. Martinez participated directly in the charging of fees by the  
17 Student Loan Debt Relief Companies and Docs Done Right or had the authority  
18 to control the charging of fees, and had knowledge of the Student Loan Debt  
19 Relief Companies' and Docs Done Right's fee-charging practices or was  
20 recklessly indifferent to those practices.

21 **Relief Defendants Lawson and XO Media, LLC**

22 112. In 2010, the Federal Trade Commission (FTC) amended the TSR  
23 to add specific provisions to curb deceptive and abusive practices associated  
24 with debt relief services. 75 Fed. Reg. 48458. Among other things, the  
25 amendments prohibited debt relief providers who sold their services through  
26 telemarketing from collecting advance fees. 16 C.F.R. § 310.4(a)(5).

1 113. In 2010, the FTC put out a guide for businesses offering “debt  
2 relief services” regarding the TSR amendments, which highlighted that “It’s  
3 illegal to charge upfront fees... [and] You can’t misrepresent your services.”

4 *See Debt Relief Services & the Telemarketing Sales Rule: A Guide for*  
5 *Businesses*, FTC, Aug. 2010, available at [https://www.ftc.gov/tips-](https://www.ftc.gov/tips-advice/business-center/guidance/debt-relief-services-telemarketing-sales-rule-guide-business)  
6 [advice/business-center/guidance/debt-relief-services-telemarketing-sales-rule-](https://www.ftc.gov/tips-advice/business-center/guidance/debt-relief-services-telemarketing-sales-rule-guide-business)  
7 [guide-business](https://www.ftc.gov/tips-advice/business-center/guidance/debt-relief-services-telemarketing-sales-rule-guide-business).

8 114. Lawson, through XO Media, LLC, made a capital contribution to  
9 Docu Prep Center at or around the time the company was created in February  
10 2015.

11 115. Prior to and around the time Lawson and XO Media, LLC initially  
12 made a capital contribution Docu Prep Center in February 2015, Lawson  
13 received information from Chou about the nature of Docu Prep Center’s  
14 business, which involved selling student loan debt relief services through direct  
15 mail and telemarketing sales calls.

16 116. Prior to Lawson and XO Media, LLC’s contribution, companies  
17 offering student loan debt relief services had received extensive press coverage  
18 for “scamming” consumers by engaging in deceptive marketing and charging  
19 unlawful advance fees.

20 117. For example, CNBC reported in July 2014 that “[s]cammers” were  
21 operating “phony student loan ‘debt relief’ companies that promise to help—for  
22 a price” and that law enforcement was “cracking down” on illegal conduct by  
23 such companies. *Student Debt ‘Relief’ Scams Offering Nothing but Distress*,  
24 CNBC, July 29, 2014, [https://www.cnbc.com/2014/07/28/student-loan-crisis-](https://www.cnbc.com/2014/07/28/student-loan-crisis-student-debt-relief-is-not-always-relieving.html)  
25 [student-debt-relief-is-not-always-relieving.html](https://www.cnbc.com/2014/07/28/student-loan-crisis-student-debt-relief-is-not-always-relieving.html); *see also* Robert Farrington,  
26 *Beware: Student Loan Scams Victimizing Students and Graduates*, Forbes, June  
27  
28

1 10, 2014, [https://www.forbes.com/sites/robertfarrington/2014/06/10/beware-](https://www.forbes.com/sites/robertfarrington/2014/06/10/beware-student-loan-scams-victimizing-students-and-graduates/#16876dec5160)  
2 [student-loan-scams-victimizing-students-and-graduates/#16876dec5160](https://www.forbes.com/sites/robertfarrington/2014/06/10/beware-student-loan-scams-victimizing-students-and-graduates/#16876dec5160).

3 118. News outlets also reported in December 2014 on two lawsuits the  
4 Bureau filed against student loan debt relief businesses that allegedly deceived  
5 consumers and charged unlawful advance fees, including one business based in  
6 Orange County. *See, e.g.*, Imran Ghori and Steve Greenhut, *U.S. Agency*  
7 *Claims OC Company Running Student Debt-Relief Scam*, Orange County  
8 Register, Dec. 15, 2014, [https://www.ocregister.com/2014/12/15/us-agency-](https://www.ocregister.com/2014/12/15/us-agency-claims-oc-company-running-student-debt-relief-scam/)  
9 [claims-oc-company-running-student-debt-relief-scam/](https://www.ocregister.com/2014/12/15/us-agency-claims-oc-company-running-student-debt-relief-scam/); *Students Tricked into*  
10 *High Fees by Debt Relief Companies*, American Banker, Dec. 11, 2014,  
11 [https://www.americanbanker.com/news/students-tricked-into-high-fees-by-](https://www.americanbanker.com/news/students-tricked-into-high-fees-by-debt-relief-companies)  
12 [debt-relief-companies](https://www.americanbanker.com/news/students-tricked-into-high-fees-by-debt-relief-companies); Erin E. Arvedlund, *Investing in You: Beware Offers of*  
13 *Student Debt 'Help'*, The Philadelphia Inquirer, Dec. 28, 2014,  
14 [https://www.inquirer.com/philly/education/20141228\\_Investing\\_in\\_You\\_Bew](https://www.inquirer.com/philly/education/20141228_Investing_in_You_Beware_offers_of_student_debt_help.html)  
15 [are\\_offers\\_of\\_student\\_debt\\_help.html](https://www.inquirer.com/philly/education/20141228_Investing_in_You_Beware_offers_of_student_debt_help.html).

16 119. Prior to Lawson and XO Media, LLC's capital contribution to  
17 Docu Prep Center in February 2015, there was thus readily available  
18 information that legal prohibitions on deceptive acts or practices and the TSR's  
19 advance fee prohibition could apply to student loan debt relief companies like  
20 Docu Prep Center. There was also readily available information indicating that  
21 failure to comply with such laws was pervasive in the student loan debt relief  
22 industry.

23 120. Prior to making their capital contribution in February 2015,  
24 Lawson and XO Media, LLC did not conduct any due diligence concerning  
25 whether Docu Prep Center would comply with applicable laws.

26 121. In 2015 and 2016 and prior to the creation of the other four Student  
27 Loan Debt Relief Companies, there were continued public reports about illegal  
28

1 conduct by student loan debt relief companies. *See, e.g.,* Adolfo Guzman-  
2 Lopez, *California Attorney General Warns of Student Loan Scams*, 89.3KPCC,  
3 Aug. 21, 2015, [https://www.scpr.org/news/2015/08/21/53909/california-  
4 attorney-general-warns-of-student-loan](https://www.scpr.org/news/2015/08/21/53909/california-attorney-general-warns-of-student-loan); Ann Carrns, *Fraudulent Student Debt  
5 Relief Firm Shut Down by Consumer Bureau*, *The New York Times*, Apr. 1,  
6 2016, [https://www.nytimes.com/2016/04/02/your-money/fraudulent-student-  
7 debt-relief-firm-shut-down-by-consumer-bureau.html](https://www.nytimes.com/2016/04/02/your-money/fraudulent-student-debt-relief-firm-shut-down-by-consumer-bureau.html).

8 122. Lawson and XO Media, LLC also did not conduct any due  
9 diligence concerning whether the other four Student Loan Debt Relief  
10 Companies would comply with applicable laws prior to receiving limited  
11 partnership interests in those companies between October 2015 and January  
12 2017.

13 123. Given the numerous public reports about student loan debt relief  
14 companies “scamming” consumers, charging unlawful advance fees, and  
15 engaging in deceptive conduct, Lawson and XO Media, LLC’s ongoing failure  
16 to conduct any due diligence of the Student Loan Debt Relief Companies was  
17 reckless and indicative of a lack of good faith.

18 124. After making their initial capital contribution in Docu Prep Center  
19 in February 2015, Lawson and XO Media, LLC received detailed updates from  
20 Sklar, Hoose, and others about Docu Prep Center’s operations, sales, marketing,  
21 and growth through periodic meetings and emails.

22 125. In a May 18, 2015 email copying Lawson regarding Docu Prep  
23 Center’s operations, Chou asked Sklar if Sklar had “any additional information  
24 about the potential ban on advance fees that might extend the time frame that  
25 we get payment.” Chou also asked whether a delay in receiving fees would  
26 “slow[] growth” towards Docu Prep Center’s goal of making 1,000 sales per  
27 month, which some involved with Docu Prep Center planned to celebrate with a  
28

1 trip to Las Vegas. Chou stated that he was concerned about slowing the  
2 company's growth "because I really want to go to Vegas. :-)"

3 126. Following this May 18, 2015 email, Docu Prep Center did not take  
4 any steps to comply with the TSR's ban on charging advance fees for debt relief  
5 services.

6 127. On the contrary, as Sklar reported in an email to Lawson and  
7 others on June 8, 2015, Docu Prep Center arranged with a payment processor to  
8 begin receiving consumers' fees through ACH transactions within only three to  
9 five business days, with the result that the company would not have to wait 30  
10 to 60 days before receiving consumers' fees. Sklar's email also stated that  
11 Docu Prep Center was working to obtain a credit card merchant account so that  
12 it could "process credit cards very quickly."

13 128. On July 1, 2015, Sklar emailed Lawson and others to report that  
14 Docu Prep Center was now receiving its customers' fees "7 to 9 days after the  
15 client has made their ACH payment, which is much improved over the 45 day  
16 turn time [sic] we were initially anticipating." This meant that Docu Prep  
17 Center charged and received fees before consumers' applications for loan  
18 consolidations, loan repayment plans, and loan forgiveness plans were approved  
19 and before consumers had made the first payment under the altered terms of  
20 their student loans.

21 129. By July 2015, prior to receiving any distributions from Docu Prep  
22 Center, Lawson and XO Media, LLC therefore knew or should have known that  
23 Docu Prep Center was charging unlawful advance fees for debt relief services  
24 in violation of the TSR.

25 130. Lawson, through XO Media, LLC, made a capital contribution to  
26 Certified Doc Prep Services at or around the time the company was created in  
27 October 2015.

1           131. Lawson, through XO Media, LLC, made a capital contribution to  
2 Assure Direct Services at or around the time the company was created in  
3 August 2016.

4           132. Lawson and XO Media, LLC knew, at the time they made capital  
5 contributions, that Certified Doc Prep Services and Assure Direct Services'  
6 business models and practices were based on Docu Prep Center's. For  
7 example, in an email Lawson received in October 2015, Certified Doc Prep  
8 Services was referred to as a "second location" of Docu Prep Center.

9           133. Lawson and XO Media, LLC therefore knew or should have  
10 known when they made capital contributions that Certified Docu Prep Services  
11 and Assure Direct Services would charge unlawful advance fees for debt relief  
12 services in violation of the TSR, just as Docu Prep Center was already doing.

13           134. On April 8, 2016, Sklar sent an email to Lawson and others  
14 indicating that Docu Prep Center was purchasing and using consumer reports  
15 obtained from Experian to market its debt relief services.

16           135. Lawson and XO Media, LLC knew or should have known at the  
17 time they made capital contributions to Assure Direct Services in August 2016  
18 that it too would use consumer reports obtained from Experian to market its  
19 debt relief services.

20           136. In October 2016, Lawson received an email stating that the use of  
21 Monster Loans' Experian account to buy prescreened lists for the Student Loan  
22 Debt Relief Companies was generating frequent complaints and threats of  
23 lawsuits from consumers. Thus, by that time, Lawson and XO Media, LLC  
24 knew or should have known that the Student Loan Debt Relief Companies' use  
25 of Experian consumer reports violated FCRA.

26           137. Lawson and XO Media, LLC did not make any capital  
27 contributions to Direct Document Solutions or Secure Preparation Services  
28

1 when those companies were formed in January 2017. Lawson and XO Media,  
2 LLC nonetheless received limited partnership interests in those two companies.  
3 In 2017 and 2018, XO Media, LLC received distributions of purported profits  
4 from Direct Document Solutions and Secure Preparation Services.

5 138. Direct Document Solutions and Secure Preparation Services’  
6 initial operations were funded with loans from certain of the earlier Student  
7 Loan Debt Relief Companies. Those loans consisted of funds that certain of the  
8 earlier Student Loan Debt Relief Companies had unlawfully taken from  
9 consumers through the violations described in this Complaint.

10 139. Lawson and XO Media, LLC knew or should have known at the  
11 time that they received limited partnership interests in Direct Document  
12 Solutions and Secure Preparation Services in January 2017 that those  
13 companies would also violate FCRA and the TSR, since those companies’  
14 business models and practices were based on the earlier companies’ business  
15 models and practices.

16 140. Lawson supported efforts to continue obtaining Experian consumer  
17 reports to market debt relief services even after he knew that doing so might  
18 violate FCRA. For example, in or around May 2017, Lawson participated in a  
19 meeting with Nesheiwat, Chou, and other limited partners regarding the  
20 possibility of setting up a new mortgage company to obtain a new Experian  
21 account to buy consumer reports for the Student Loan Debt Relief Companies.  
22 In an email to Chou on May 11, 2017, Nesheiwat noted that at the meeting  
23 “Ken” (i.e., Kenneth Lawson) had recommended that the company be located  
24 “far enough away” to keep it separate from the existing businesses but be set up  
25 so that “we can still have the access.”

26 141. Mikael van Loon was a close associate of Lawson’s, and owned  
27 10% of XO Media, LLC beginning in around mid-2016. During 2016 and  
28

1 2017, van Loon frequently acted as a representative of Lawson, XO Media,  
2 LLC, and other limited partners in dealings with the Student Loan Debt Relief  
3 Companies. Van Loon was also Monster Loans' CFO beginning in August  
4 2016 and then its CEO beginning in December 2016.

5 142. Like Lawson, van Loon knew or should have known about the  
6 Student Loan Debt Relief Companies' violations of the TSR by July 2015 and  
7 of FCRA by October 2016 based on information he received through meetings  
8 with the managers of the Student Loan Debt Relief Companies and emails he  
9 received regarding the companies. For example, Van Loon also received the  
10 emails to Lawson referenced in Paragraphs 125, 127, 128, and 136.

11 143. In addition, emails that van Loon received in May 2016 indicate  
12 that he was aware of other red flags about the Student Loan Debt Relief  
13 Companies. The emails state that federal regulators were taking enforcement  
14 actions against similar student debt-relief companies for charging unlawful fees  
15 and engaging in deceptive advertising. In one of the emails, Hoose also  
16 mentions that Docu Prep Center had "gotten ... past" past banks' due diligence  
17 requirements for merchant accounts. Docu Prep Center did that by presenting  
18 information to banks that was not consistent with its actual business practices.

19 144. Between October 2015 and November 2018, XO Media, LLC  
20 received at least \$585,000 in distributions of purported profits from the Student  
21 Loan Debt Relief Companies.

22 145. Between October 2015 and November 2018, the Student Loan  
23 Debt Relief Companies were committing or had committed the violations  
24 described in this Complaint, resulting in potential liabilities for, among other  
25 things, damages, consumer restitution or other monetary relief, and civil money  
26 penalties that were greater than the assets of those companies.

1           146. When the Student Loan Debt Relief Companies distributed  
2 purported profits to XO Media, LLC, Lawson and XO Media, LLC knew or  
3 should have known that the Student Loan Debt Relief Companies did not have  
4 assets equal to or exceeding those potential liabilities.

5           147. Lawson and XO Media, LLC continued receiving distributions  
6 from the Student Loan Debt Relief Companies even after those companies shut  
7 down in September 2017 in response to the Bureau's issuance of Civil  
8 Investigative Demands seeking information regarding potential FCRA, TSR,  
9 and CFPB violations by the Student Loan Debt Relief Companies.

10           148. XO Media, LLC passed at least \$277,000 of the distributions from  
11 the Student Loan Debt Relief Companies on to Lawson.

12           149. Lawson and XO Media, LLC commingled the distributions from  
13 the Student Loan Debt Relief Companies with their other assets.

14           150. Under the limited partnership agreements that governed Certified  
15 Doc Prep Services, Assure Direct Services, Direct Document Solutions, and  
16 Secure Preparation Services, their limited partners, including XO Media, LLC,  
17 owned interests in the partnerships as entities. Under those agreements, the  
18 assets of Certified Doc Prep Services, Assure Direct Services, Direct Document  
19 Solutions, and Secure Preparation Services were owned by the partnerships as  
20 entities, and not by their limited partners.

21           151. Under the limited partnership agreements that governed Certified  
22 Doc Prep Services, Assure Direct Services, Direct Document Solutions, and  
23 Secure Preparation Services, limited partners, including XO Media, LLC, were  
24 not guaranteed any distributions of purported profits, including any return of  
25 capital contributions.

1 **LEGAL BACKGROUND**

2 **FCRA**

3 152. FCRA defines a “consumer report” to include:

4 any written, oral, or other communication of any information  
5 by a consumer reporting agency bearing on a consumer’s  
6 credit worthiness, credit standing, credit capacity, character,  
7 general reputation, personal characteristics, or mode of living  
8 which is used or expected to be used or collected in whole or  
9 in part for the purpose of serving as a factor in establishing  
10 the consumer’s eligibility for (A) credit or insurance to be  
11 used primarily for personal, family, or household purposes;  
12 (B) employment purposes; or (C) any other purpose  
13 authorized under section 604 [§ 1681b].

14 15 U.S.C. § 1681a(d).

15 153. Monster Loans and Lend Tech purchased from Experian  
16 prescreened lists containing information regarding consumers with student  
17 loans, including consumers’ names, addresses, number of student loans, and  
18 aggregate student loan balances.

19 154. Information such as a consumer’s number of student loans and  
20 their aggregate balance bears on, among other things, a consumer’s credit  
21 worthiness and credit standing and is used or expected to be used or collected  
22 for the purpose of serving as a factor in determining a consumer’s eligibility for  
23 credit.

24 155. The prescreened lists that Monster Loans and Lend Tech  
25 purchased from Experian are therefore “consumer reports” under § 603(d) of  
26 FCRA. 15 U.S.C. § 1681a(d).

**The TSR**

156. The TSR is the implementing regulation of the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108.

157. The Bureau is authorized to enforce the Telemarketing Act and the TSR with respect to the offering or provision of a consumer-financial product or service subject to the CFPA. 15 U.S.C. § 6105(d).

158. The TSR defines “debt relief service” as “any program or service represented, directly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a person and one or more unsecured creditors or debt collectors, including, but not limited to, a reduction in the balance, interest rate, or fees owed by a person to an unsecured creditor or debt collector.” 16 C.F.R. § 310.2(o).

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

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

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

162. The Student Loan Debt Relief Companies offered services to renegotiate, settle, or alter the terms of payments of consumers’ federal student loans involving the preparation and submission of requests for loan

1 consolidations, loan forgiveness, and loan-repayment plans to consumers’  
2 student-loan servicers.

3 163. The Student Loan Debt Relief Companies offered and provided  
4 these services to consumers nationwide using the telephones and more than one  
5 interstate telephone call.

6 164. The Student Loan Debt Relief Companies offered and provided  
7 these services to consumers in exchange for payment of fees in connection with  
8 a telemarketing transaction.

9 165. The Student Loan Debt Relief Companies are each a  
10 “telemarketer” or “seller” offering a “debt relief service” under the TSR.

11 166. Docs Done Right provided services to renegotiate, settle, or alter  
12 the terms of payments of consumers’ federal student loans by preparing and  
13 submitting requests for loan consolidations, loan forgiveness, and loan-  
14 repayment plans to consumers’ student-loan servicers, and by handling  
15 communications with consumers concerning the services, payment of fees, and  
16 complaints.

17 167. Docs Done Right is a “seller” offering a “debt relief service” under  
18 the TSR.

19 168. Nesheiwat, Sklar, and Hoose each arranged for Docu Prep Center  
20 to provide debt-relief services to consumers in exchange for consideration.  
21 Nesheiwat, Sklar, and Hoose are each “sellers” offering a “debt relief service”  
22 under the TSR. 16 C.F.R. § 310.2(dd), (o).

23 169. Sebreros arranged for Assure Direct Services to provide debt-relief  
24 services to consumers in exchange for consideration. Sebreros is a “seller”  
25 offering a “debt relief service” under the TSR. 16 C.F.R. § 310.2(dd), (o).

1 170. Martinez arranged for Docs Done Right to provide debt-relief  
2 services to consumers in exchange for consideration. Martinez is a “seller”  
3 offering a “debt relief service” under the TSR. 16 C.F.R. § 310.2(dd), (o).

4 **The CFPA**

5 171. Sections 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531,  
6 5536(a)(1)(B), prohibit “covered person[s]” from engaging in any “unfair,  
7 deceptive, or abusive act or practice.”

8 172. A representation is deceptive under the CFPA if it is likely to  
9 mislead consumers acting reasonably under the circumstances, and the  
10 information is material to consumers.

11 173. The Student Loan Debt Relief Companies are each “covered  
12 persons” under the CFPA because they offered or provided consumer-financial  
13 products or services, including financial-advisory services such as assisting  
14 consumers with debt-management or debt-settlement and modifying the terms  
15 of any extension of credit. 12 U.S.C. § 5481(5), (6), (15)(A)(viii).

16 174. Docs Done Right is a “covered person” because it offered or  
17 provided consumer-financial products or services, including financial-advisory  
18 services such as assisting consumers with debt-management or debt-settlement  
19 and modifying the terms of any extension of credit. 12 U.S.C. § 5481(5), (6),  
20 (15)(A)(viii).

21 175. Monster Loans is a “covered person” because it offers or provides  
22 consumer-financial products or services, including extending credit for  
23 mortgage loans. 12 U.S.C. § 5481(5), (6), (15)(A)(i).

24 176. Monster Loans is a “service provider” because it provided the  
25 material service of obtaining and providing prescreened consumer reports for  
26 use in marketing to the Student Loan Debt Relief Companies in connection with  
27  
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1 the Student Loan Debt Relief Companies’ offering of a consumer-financial  
2 product or service. 12 U.S.C. § 5481(26).

3 177. Lend Tech is a “covered person” because it purports to offer or  
4 provide consumer-financial products or services, including extending credit by  
5 brokering mortgage loans. 12 U.S.C. § 5481(5), (6), (15)(A)(i).

6 178. Section 1002(25) of the CFPB defines the term “related person” to  
7 mean “any director, officer, or employee charged with managerial responsibility  
8 for, or controlling shareholder of,” or “any . . . other person . . . who materially  
9 participates in the conduct of the affairs of” a non-bank provider of a consumer-  
10 financial product or service. 12 U.S.C. § 5481(25)(C). Section 1002(25) further  
11 provides that a “related person” shall be “deemed to mean a covered person for  
12 all purposes of any provision of Federal consumer financial law.” 12 U.S.C.  
13 § 5481(25)(B).

14 179. Chou is a “related person” and “covered person” because he was  
15 Monster Loans’ president and had managerial responsibility for it.

16 180. Nesheiwat is a “related person” and “covered person” because he  
17 was Monster Loans’ COO and had managerial responsibility for it. Nesheiwat  
18 is also a “related person” and “covered person” because he materially  
19 participated in the conduct of the Student Loan Debt Relief Companies.

20 181. Cowell is a “related person” and “covered person” because he was  
21 an officer of Monster Loans and because he materially participated in the  
22 conduct of the company’s affairs. Cowell is also a “related person” and  
23 “covered person” because he was Lend Tech’s owner and had managerial  
24 responsibility for it.

25 182. Sklar is a “related person” and “covered person” because he was  
26 Docu Prep Center’s CEO and had managerial responsibility for it.

1 183. Hoose is a “related person” and “covered person” because he was  
2 Docu Prep Center’s COO and had managerial responsibility for it.

3 184. Sebreros is a “related person” and “covered person” because he  
4 was president of Assure Direct Services and had managerial responsibility for  
5 it. He is also a “related person” and “covered person” because he had  
6 managerial responsibility for Lend Tech.

7 185. Abdel is a “related person” and “covered person” because he was a  
8 marketing manager of Monster Loans and materially participated in the conduct  
9 of its affairs. He is also a “related person” and “covered person” because he was  
10 a marketing manager of Docu Prep Center and materially participated in the  
11 conduct of its affairs. He is also a “related person” and “covered person”  
12 because he was an employee of Assure Direct Services and materially  
13 participated in the conduct of its affairs. He is also a “related person” and  
14 “covered person” because he had managerial responsibility for Lend Tech.

15 186. Martinez is a “related person” and “covered person” because he  
16 was president of Docs Done Right and had managerial responsibility for it. He  
17 is also a “related person” and “covered person” because he had managerial  
18 responsibility for Lend Tech.

19 **COUNT I**

20 **Violations of FCRA**

21 **(Against Student Loan Debt Relief Companies, Monster Loans, Lend Tech,**  
22 **Chou, Nesheiwat, Cowell, Abdel, Sebreros, Martinez, Sklar, and Hoose)**

23 187. The allegations in Paragraphs 1 to 186 are incorporated here by  
24 reference.

25 188. FCRA prohibits persons from using or obtaining a consumer report  
26 unless the person obtains it for a permissible purpose and the purpose is  
27 certified by the prospective user of the report. 15 U.S.C. § 1681b(f).

1 189. FCRA provides that using or obtaining a prescreened consumer  
2 report to make “a firm offer of credit or insurance” is a permissible purpose. 15  
3 U.S.C. § 1681b(c). A “firm offer” is an offer that will be honored (subject to  
4 certain exceptions) if the consumer continues to meet the pre-selected criteria  
5 used to select them for the offer. 15 U.S.C. § 1681a(l).

6 190. Using or obtaining prescreened lists to send solicitations marketing  
7 debt-relief services is not a permissible purpose under FCRA.

8 191. Monster Loans’ and Lend Tech’s certifications to Experian did not  
9 state that the prescreened lists were being obtained for use by other companies  
10 or for the purpose of sending solicitations marketing debt-relief services.

11 192. The Student Loan Debt Relief Companies, Monster Loans, Lend  
12 Tech, Chou, Nesheiwat, Cowell, Abdel, Sebreros, Martinez, Sklar, and Hoose  
13 have, directly or indirectly, used or obtained consumer reports without a  
14 permissible purpose, and without a certification of the purpose by the  
15 prospective user of the report, in violation of FCRA. 15 U.S.C. § 1681b(f).

## 16 **COUNT II**

### 17 **Advance Fees in Violation of the TSR**

#### 18 **(Against Student Loan Debt Relief Companies, Docs Done Right,** 19 **Nesheiwat, Sklar, Hoose, Sebreros, and Martinez)**

20 193. The allegations in Paragraphs 1 to 186 are incorporated here by  
21 reference.

22 194. Under the TSR, it is an abusive act or practice for a seller or  
23 telemarketer to request or receive payment of any fee or consideration for any  
24 debt-relief services unless and until (A) the seller or telemarketer has  
25 renegotiated, settled, reduced, or otherwise altered the terms of at least one debt  
26 pursuant to a settlement agreement, debt-management plan, or other such valid  
27 contractual agreement executed by the customer; and (B) the customer has  
28

1 made at least one payment pursuant to that settlement agreement, debt-  
2 management plan, or other valid contractual agreement between the customer  
3 and the creditor or debt collector. 16 C.F.R. § 310.4(a)(5)(i)(A)-(B).

4 195. In the course of providing, offering to provide, or arranging for  
5 others to provide debt-relief services, the Student Loan Debt Relief Companies,  
6 Docs Done Right, Nesheiwat, Sklar, Hoose, Sebreros, and Martinez charged  
7 and received fees before consumers' applications for loan consolidations, loan-  
8 repayment plans, and loan-forgiveness plans were approved, and before  
9 consumers had made the first payments under the altered terms of their student  
10 loans, in violation of the TSR. 16 C.F.R. § 310.4(a)(5)(i)(A)-(B).

11 **COUNT III**

12 **Misrepresentations in Violation of the TSR – Lower Interest Rates**  
13 **(Against Student Loan Debt Relief Companies,**  
14 **Nesheiwat, Sklar, Hoose, and Sebreros)**

15 196. The allegations in Paragraphs 1 to 186 are incorporated here by  
16 reference.

17 197. It is a deceptive practice under the TSR for a seller or telemarketer  
18 to misrepresent any material aspect of a debt-relief service, including the  
19 amount of money or the percentage of the debt amount that a consumer may  
20 save. 16 C.F.R. § 310.3(a)(2)(x).

21 198. The Student Loan Debt Relief Companies, Nesheiwat, Sklar,  
22 Hoose, and Sebreros misrepresented, directly or indirectly, expressly or by  
23 implication, that:

24 a. consolidating would cause consumers to obtain a lower interest  
25 rate on their student loans; and

26 b. consumers were required to consolidate their student loans to  
27 obtain an interest-rate deduction.

1 199. The acts or practices of the Student Loan Debt Relief Companies,  
2 Nesheiwat, Sklar, Hoose, and Sebreros, as set forth in Paragraph 158, are  
3 deceptive acts or practices that violate the TSR, 16 C.F.R. 310.3(a)(2)(x).

4 **COUNT IV**

5 **Misrepresentations in Violation of the TSR – Improved Credit Scores**  
6 **(Against Student Loan Debt Relief Companies,**  
7 **Nesheiwat, Sklar, Hoose, and Sebreros)**

8 200. The allegations in Paragraphs 1 to 186 are incorporated here by  
9 reference.

10 201. It is a deceptive practice under the TSR for a seller or telemarketer  
11 to misrepresent any material aspect of a debt-relief service, including the effect  
12 of the service on a consumer’s creditworthiness. 16 C.F.R. § 310.3(a)(2)(x).

13 202. The Student Loan Debt Relief Companies, Nesheiwat, Sklar,  
14 Hoose, and Sebreros misrepresented, directly or indirectly, expressly or by  
15 implication, that consolidating student loans would improve consumers’ credit  
16 scores.

17 203. The Student Loan Debt Relief Companies, Nesheiwat, Sklar,  
18 Hoose, and Sebreros misrepresented, directly or indirectly, expressly or by  
19 implication, that they had a reasonable basis for representing that consolidating  
20 student loans would improve consumers’ credit scores.

21 204. The acts or practices of the Student Loan Debt Relief Companies,  
22 Nesheiwat, Sklar, Hoose, and Sebreros, as set forth in Paragraphs 162 and 163,  
23 are deceptive acts or practices that violate the TSR, 16 C.F.R. § 310.3(a)(2)(x).

1 **COUNT V**

2 **Misrepresentations in Violation of the TSR – New Servicer**  
3 **(Against Docu Prep Center, Nesheiwat, Sklar, and Hoose)**

4 205. The allegations in Paragraphs 1 to 186 are incorporated here by  
5 reference.

6 206. It is a deceptive practice under the TSR for a seller or telemarketer  
7 to misrepresent any material aspect of a debt-relief service. 16 C.F.R.  
8 § 310.3(a)(2)(x).

9 207. Docu Prep Center, Nesheiwat, Sklar, and Hoose misrepresented,  
10 directly or indirectly, expressly or by implication, that consolidating would  
11 result in ED becoming consumers’ “new servicer” and that consolidating would  
12 enable consumers to avoid interacting with third-party student-loan servicers.

13 208. The acts or practices of Docu Prep Center, Nesheiwat, Sklar, and  
14 Hoose, as set forth in Paragraph 167, are deceptive acts or practices that violate  
15 the TSR. 16 C.F.R. § 310.3(a)(2)(x).

16 **COUNT VI**

17 **Substantial Assistance in Violation of the TSR**  
18 **(Against Monster Loans and Nesheiwat)**

19 209. The allegations in Paragraphs 1 to 186 are incorporated here by  
20 reference.

21 210. The TSR prohibits any person from providing substantial  
22 assistance or support to any seller or telemarketer when that person knows or  
23 consciously avoids knowing that the seller or telemarketer is engaged in any act  
24 or practice that constitutes deceptive or abusive conduct under the Rule. 16  
25 C.F.R. § 310.3(b).

1 211. Monster Loans and Nesheiwat knew, or consciously avoided  
2 knowing, the material misrepresentations that the Student Loan Debt Relief  
3 Companies made to consumers.

4 212. Monster Loans and Nesheiwat knew, or consciously avoided  
5 knowing, that the Student Loan Debt Relief Companies charged and received  
6 fees from consumers before consumers' applications for loan consolidations,  
7 loan-repayment plans, and loan-forgiveness plans were approved, and before  
8 consumers had made the first payments under the altered terms of their student  
9 loans.

10 213. Monster Loans and Nesheiwat provided substantial assistance to  
11 the Student Loan Debt Relief Companies in their violations of the TSR. 16  
12 C.F.R. § 310.3(b).

13 **COUNT VII**

14 **Deception in Violation of the CFPA – Lower Interest Rates**  
15 **(Against Student Loan Debt Relief Companies,**  
16 **Nesheiwat, Sklar, Hoose, and Sebreros)**

17 214. The allegations in Paragraphs 1 to 186 are incorporated here by  
18 reference.

19 215. The Student Loan Debt Relief Companies, Nesheiwat, Sklar,  
20 Hoose, and Sebreros misrepresented, directly or indirectly, expressly or by  
21 implication, that:

22 a. consolidating would cause consumers to obtain a lower interest  
23 rate on their student loans; and

24 b. consumers were required to consolidate to obtain an interest-rate  
25 deduction.

26 216. These representations were material and likely to mislead  
27 consumers acting reasonably under the circumstances.

28





**COUNT XI**

**CFPA Violations Based on Violations of FCRA and TSR  
(Against Student Loan Debt Relief Companies, Monster Loans,  
Lend Tech, Docs Done Right, Chou, Nesheiwat, Cowell,  
Abdel, Sebreros, Martinez, Sklar, and Hoose)**

231. The allegations in Paragraphs 1 to 186 are incorporated here by reference.

232. FCRA and the Telemarketing Act are “Federal consumer financial laws” under the CFPA. 12 U.S.C. § 5481(12)(F), (14); 15 U.S.C. § 6105(d).

233. The violations of FCRA committed by the Student Loan Debt Relief Companies, Monster Loans, Lend Tech, Chou, Nesheiwat, Cowell, Abdel, Sebreros, Martinez, Sklar, and Hoose are deemed to be violations of the CFPA. 15 U.S.C. § 1681s(d).

234. Because the Student Loan Debt Relief Companies, Monster Loans, Lend Tech, Chou, Nesheiwat, Cowell, Abdel, Sebreros, Martinez, Sklar, and Hoose are “covered persons” who violated FCRA by, directly or indirectly, using or obtaining consumer reports without a permissible purpose and without a certification of the purpose by the prospective user of the report, they violated § 1036(a)(1)(A) of the CFPA. 12 U.S.C. § 5536(a)(1)(A).

235. The violations of the TSR committed by the Student Loan Debt Relief Companies, Docs Done Right, Nesheiwat, Sklar, Hoose, Sebreros, and Martinez are treated as violations of a rule under § 1031 of the CFPA. 15 U.S.C. § 6102(c).

236. Because the Student Loan Debt Relief Companies, Docs Done Right, Nesheiwat, Sklar, Hoose, Sebreros, and Martinez are “covered persons” who violated the TSR by charging and receiving illegal advance fees from

1 consumers, they violated § 1036(a)(1)(A) of the CFPA. 12 U.S.C.  
2 § 5536(a)(1)(A).

3 237. Because the Student Loan Debt Relief Companies, Nesheiwat,  
4 Sklar, Hoose, and Sebreros are “covered persons” who violated the TSR by  
5 engaging in deceptive conduct, they violated § 1036(a)(1)(A) of the CFPA. 12  
6 U.S.C. § 5536(a)(1)(A).

7 238. Because Monster Loans and Nesheiwat are “covered persons” who  
8 substantially assisted violations of the TSR, they violated § 1036(a)(1)(A) of  
9 the CFPA. 12 U.S.C. § 5536(a)(1)(A).

10 **COUNT XII**

11 **Relief Defendants**

12 239. The allegations in Paragraphs 1 to 186 are incorporated here by  
13 reference.

14 240. Chou, Cowell, Lawson, TDK Enterprises, LLC, Cre8labs, Inc., and  
15 XO Media, LLC have received, directly or indirectly, distributions from the  
16 Student Loan Debt Relief Companies.

17 241. All of those distributions are traceable to funds obtained from  
18 consumers through one or more of the violations of the CFPA, TSR, and FCRA  
19 described herein.

20 242. As limited partners, Lawson and XO Media, LLC had only an  
21 equity interest in the Student Loan Debt Relief Companies. They therefore lack  
22 a legitimate claim to distributions from the Student Loan Debt Relief  
23 Companies traceable to the violations described herein.

24 243. Lawson and XO Media, LLC also lack a legitimate claim to the  
25 distributions from the Student Loan Debt Relief Companies to the extent that, at  
26 the time of each of the distributions, those companies’ liabilities exceeded their  
27 available assets such that the companies had no assets or “profits” that could  
28

1 legitimately be distributed to their limited partners, including to Lawson and  
2 XO Media, LLC, under California law. Cal. Corp. Code § 15905.08(b)(2).

3 244. Lawson and XO Media, LLC also lack a legitimate claim to  
4 distributions from the Student Loan Debt Relief Companies because they did  
5 not invest in those companies in good faith or receive distributions from those  
6 companies in good faith.

7 245. Lawson and XO Media, LLC also lack a legitimate claim to the  
8 distributions from Direct Document Solutions and Secure Preparation Services  
9 because they made no capital contributions to those companies. The  
10 distributions from those companies to Lawson and XO Media, LLC were  
11 gratuitous transfers.

12 246. Lawson and XO Media, LLC would be unjustly enriched if not  
13 required to disgorge the funds distributed to them or the value of the benefits  
14 they received.

### 15 **DEMAND FOR RELIEF**

16 The Bureau requests that the Court:

17 a. permanently enjoin Defendants from committing future violations  
18 of the FCRA, TSR, and CFPA and enter such other injunctive relief as  
19 appropriate;

20 b. permanently enjoin Defendants from advertising, marketing,  
21 promoting, offering for sale, selling, or providing any form of assistance to any  
22 debt-relief service;

23 c. grant additional injunctive relief as the Court may deem to be just  
24 and proper;

25 d. order Monster Loans, the Student Loan Debt Relief Companies,  
26 Docs Done Right, Nesheiwat, Sklar, Hoose, Sebreros, and Martinez to pay  
27 redress to consumers harmed by their unlawful conduct;

- 1 e. award damages and other monetary relief against Defendants;
- 2 f. impose civil money penalties against Defendants;
- 3 g. order disgorgement of ill-gotten funds against Relief Defendants so  
4 that those funds can be returned to consumers;
- 5 h. order the rescission or reformation of contracts where necessary to  
6 redress injury to consumers; and
- 7 i. award the Bureau the costs of bringing this action, as well as such  
8 other and additional relief as the Court may determine to be just and proper.

9  
10  
11 Dated July 10, 2020

Respectfully Submitted,

12 /s/ Colin Reardon  
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