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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,)	Case No. EDCV 11-01623 VAP (SPx)
)	
Plaintiff,)	JUDGMENT AND PERMANENT INJUNCTION
v.)	
)	
RINCON MANAGEMENT SERVICES, LLC, ET. AL.)	
)	
Defendants.)	

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

Pursuant to the Order filed herewith, IT IS ORDERED AND ADJUDGED that a Judgment and Permanent Injunction is entered in favor of Plaintiff, the Federal Trade Commission, and against Defendants Rincon Management Services, LLC, also d/b/a "Rincon Debt Management," "Rincon Filing Services," and "Pacific Management Recovery,"; Prime West Management Recovery, LLC; Union Management Services, LLC, also d/b/a "Union Filing Services,"; National Filing Services, LLC; City

1 Investment Services, LLC; Global Filing Services, LLC;
2 and Pacific Management Recovery, LLC, as follows:

3
4 **I. DEFINITIONS**

5 For the purposes of this Order, the following
6 definitions shall apply:

7
8 1. "Business Entity Defendants" means Rincon
9 Management Services, LLC, also d/b/a "Rincon Debt
10 Management," "Rincon Filing Services," and "Pacific
11 Management Recovery,"; Prime West Management Recovery,
12 LLC; Union Management Services, LLC, also d/b/a "Union
13 Filing Services,"; National Filing Services, LLC; City
14 Investment Services, LLC; Global Filing Services, LLC;
15 and Pacific Management Recovery, LLC, by whatever other
16 names each may be known, and their successors and
17 assigns, as well as any subsidiaries and any fictitious
18 business entities or business names created or used by
19 these entities, or any of them.

20
21 2. "Consumer" means any natural person.

22
23 3. "Credit repair services" means using any
24 instrumentality of interstate commerce or the mails to
25 sell, provide, or perform any service, in return for the
26 payment of money or other valuable consideration, for the
27 express or implied purpose of (a) improving any
28 consumer's credit record, credit history, or credit

1 rating, or (b) providing advice or assistance to any
2 consumer with regard to any activity or service described
3 in clause (a).

4

5 4. "Debt" means any obligation or alleged obligation
6 to pay money arising out of a transaction, whether or not
7 such obligation has been reduced to judgment.

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9 5. "Debt collection activities" means any activities
10 of a debt collector to collect or attempt to collect,
11 directly or indirectly, a debt owed or due, or asserted
12 to be owed or due, another.

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14 6. "Debt collector" means any person who uses any
15 instrumentality of interstate commerce or the mails in
16 any business the principal purpose of which is the
17 collection of any debts, or who regularly collects or
18 attempts to collect, directly or indirectly, debts owed
19 or due or asserted to be owed or due another. The term
20 also includes any creditor who, in the process of
21 collecting its own debts, uses any name other than its
22 own which would indicate that a third person is
23 collecting or attempting to collect such debts. The term
24 also includes any person to the extent such person
25 receives an assignment or transfer of a debt in default
26 solely for the purpose of facilitating collection of such
27 debt.

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1 7. "Defendants" means all of the Defendants set forth
2 in the First Amended Complaint, individually,
3 collectively, or in any combination.

4
5 8. "Financial-related product or service" means any
6 product, service, plan, or program represented, expressly
7 or by implication, to: (a) provide to any consumer,
8 arrange for any consumer to receive, or assist any
9 consumer in receiving, an extension of consumer credit;
10 (b) provide to any consumer, arrange for any consumer to
11 receive, or assist any consumer in receiving, credit
12 repair services; (c) provide to any consumer, arrange for
13 any consumer to receive, or assist any consumer in
14 receiving, any secured or unsecured debt relief product
15 or service.

16
17 9. "Person" means a natural person, organization, or
18 other legal entity, including a corporation, partnership,
19 proprietorship, association, cooperative, or any other
20 group or combination acting as an entity.

21
22 10. "Receiver" means Richard Weissman appointed as
23 Receiver in the Preliminary Injunction in this matter
24 [Doc. No. 40].

25
26 11. "Receivership Defendants" means the following
27 entities under receivership pursuant to the Preliminary
28

1 Injunction [Dkt. 40]: Rincon Management Services, LLC
2 also d/b/a "Rincon Debt Management," "Rincon Filing
3 Services," and "Pacific Management Recovery"; Prime West
4 Management Recovery, LLC; Union Management Services, LLC
5 also d/b/a "Union Filing Services"; National Filing
6 Services, LLC; City Investment Services, LLC; Global
7 Filing Services, LLC; Pacific Management Recovery, LLC;
8 Nationwide FilingServices, Inc.; Worldwide Filing
9 Services, Inc.; Maple Filing Services, LLC; Southcoast
10 Financial Services, Inc.; National Filing Services, LLC;
11 Raincross Filing Services, Inc.; Pacific Management and
12 Recovery, LLC; Prime Western Investments, LLC; Universal
13 Filing Services, Inc.; Rockwell Management Services, LLC;
14 Asset Filing Services, Inc.; Eagle Filing Services, LLC;
15 Capital Filing Services, Inc.; County Filing Services,
16 Inc.; Irvine Group & Associates; Statewide Associates
17 Group; Superior Filing Services, Inc.; West Coast Filing
18 Services, Inc.; Bagels Consulting Firm, Inc.; Lunsford
19 Investment and Management Services, Inc.; Debt Marketing
20 Solutions, LLC; Debt Tech Solutions, LLC; Heavy Hitters
21 Investments, Inc.; Heavy Hitters Motors, Inc.; Heavy
22 Hitters Real Estate, Inc.; Portfolio Investment Partners,
23 LP; Portfolio Investments Partners, Inc.; Portfolio
24 Investment Group, LP; Portfolio Investment Financial,
25 Inc.; Skyridge Legacy Trust (Jason R. Begley, Trustee);
26 WAL Legacy Trust (Wayne Lunsford, Trustee); Spiff Money
27 Legacy Gift Trust (Wayne Lunsford, Trustee); JRB

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1 Intellect, LLC; JBEG, LLC; LAL Intellect, LLC; Heavy
2 Hitters Spiff Money Management Corp.; Spiff Management,
3 Inc., and each of them by whatever names they might be
4 known.

5
6 12. "Secured or unsecured debt relief product or
7 service" means, with respect to any mortgage, loan, debt,
8 or obligation between a person and one or more secured or
9 unsecured creditors or debt collectors, any product,
10 service, plan, or program represented, expressly or by
11 implication, to (a) negotiate, settle, or in any way
12 alter the terms of payment or other terms of the
13 mortgage, loan, debt, or obligation, including but not
14 limited to, a reduction in the amount of interest,
15 principal balance, monthly payments, or fees owed by a
16 person to a secured or unsecured creditor or debt
17 collector; (b) stop, prevent, or postpone any mortgage or
18 deed of foreclosure sale for a person's dwelling, any
19 other sale of collateral, any repossession of a person's
20 dwelling or other collateral, or otherwise save a
21 person's dwelling or other collateral from foreclosure or
22 repossession; (c) obtain any forbearance or modification
23 in the timing of payments from any secured or unsecured
24 holder of any mortgage, loan, debt, or obligation; (d)
25 negotiate, obtain, or arrange any extension of the period
26 of time within which the person may (i) cure his or her
27 default on the mortgage, loan, debt, or obligation, (ii)

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1 reinstate his or her mortgage, loan, debt, or obligation,
2 (iii) redeem a dwelling or other collateral, or (iv)
3 exercise any right to reinstate the mortgage, loan, debt,
4 or obligation or redeem a dwelling or other collateral;
5 (e) obtain any waiver of an acceleration clause or
6 balloon payment contained in any promissory note or
7 contract secured by any dwelling or other collateral; or
8 (f) negotiate, obtain, or arrange (i) a short sale of a
9 dwelling or other collateral, (ii) a deed-in-lieu of
10 foreclosure, or (iii) any other disposition of a
11 mortgage, loan, debt, or obligation other than a sale to
12 a third party that is not the secured or unsecured loan
13 holder. The foregoing shall include any manner of claimed
14 assistance, including, but not limited to, auditing or
15 examining a person's application for the mortgage, loan,
16 debt, or obligation.

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II. DEBT COLLECTION BAN

IT IS ORDERED that the Business Entity Defendants are permanently restrained and enjoined from:

A. Engaging in debt collection activities;

B. Assisting others engaged in debt collection activities; and

1 C. Advertising, marketing, promoting, offering for
2 sale, selling, or assisting others engaged in the
3 advertising, marketing, promoting, offering for sale, or
4 selling, of any portfolio of consumer or commercial debt
5 and any program that gathers, organizes, or stores
6 consumer information relating to a debt or debt
7 collection activities.

8
9 **III. PROHIBITED MISREPRESENTATIONS RELATING TO**
10 **FINANCIAL-RELATED PRODUCTS OR SERVICES**

11 IT IS FURTHER ORDERED that the Business Entity
12 Defendants, Business Entity Defendants' officers, agents,
13 servants, employees, and attorneys, and all other persons
14 in active concert or participation with any of them, who
15 receive actual notice of this Order, whether acting
16 directly or indirectly, in connection with the
17 advertising, marketing, promotion, offering for sale or
18 sale of any financial related product or service, are
19 permanently restrained and enjoined from:

20
21 A. Misrepresenting or assisting others in
22 misrepresenting, expressly or by implication, any
23 material fact, including but not limited to:

24 1. The terms or rates that are available for any
25 loan or other extension of credit;

1 2. Any person's ability to improve or otherwise
2 affect a consumer's credit record, credit history, credit
3 rating, or ability to obtain credit;

4 3. That any person can improve any consumer's
5 credit record, credit history, or credit rating by
6 permanently removing negative information from the
7 consumer's credit record, credit history, or credit
8 rating, even where such information is accurate and not
9 obsolete;

10 4. Any aspect of any secured or unsecured debt
11 relief product or service, including but not limited to,
12 the amount of savings a consumer will receive from
13 purchasing, using, or enrolling in such secured or
14 unsecured debt relief product or service; the amount of
15 time before which a consumer will receive settlement of
16 that consumer's debts; or the reduction or cessation of
17 collection calls;

18 5. That a consumer will receive legal
19 representation;

20 6. That any particular outcome or result from a
21 financial-related product or service is guaranteed,
22 assured, highly likely or probable, or very likely or
23 probable;

24 7. The nature or terms of any refund,
25 cancellation, exchange, or repurchase policy, including,
26 but not limited to, the likelihood of a consumer
27 obtaining a full or partial refund, or the circumstances
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1 in which a full or partial refund will be provided to the
2 consumer; and

3 8. Any other fact material to consumers
4 concerning any financial-related product or service, such
5 as: the total costs; any material restrictions,
6 limitations, or conditions; or any material aspect of its
7 performance, efficacy, nature, or central
8 characteristics; and

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10 B. Advertising or assisting others in advertising
11 credit terms other than those terms that actually are or
12 will be arranged or offered by a creditor or lender.

13

14 **IV. MONETARY JUDGMENT AS TO BUSINESS ENTITY DEFENDANTS**

15 IT IS FURTHER ORDERED that:

16 A. Judgment is hereby entered against the Business
17 Entity Defendants, jointly and severally, in the amount
18 of \$23,395,653.99. This amount shall become immediately
19 due and payable by the Business Entity Defendants upon
20 entry of this Order, and interest computed at the rate
21 prescribed under 28 U.S.C. § 1961, as amended, shall
22 immediately begin to accrue on the unpaid balance;

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24 B. All funds paid pursuant to this Order shall be
25 deposited into a fund administered by the Commission or
26 its agent to be used for equitable relief, including, but
27 not limited to, consumer redress, and any attendant

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1 expenses for the administration of any redress fund. If a
2 representative of the Commission decides that direct
3 redress to consumers is wholly or partially impracticable
4 or money remains after redress is completed, the
5 Commission may apply any remaining money for such other
6 equitable relief (including consumer information
7 remedies) as it determines to be reasonably related to
8 Business Entity Defendants' practices alleged in the
9 Amended Complaint. Any money not used for such equitable
10 relief is to be deposited to the U.S. Treasury as
11 disgorgement. Business Entity Defendants have no right to
12 challenge any actions the Commission or its
13 representatives may take pursuant to this Subsection.

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15 C. Business Entity Defendants relinquish all legal
16 and equitable right, title, and interest in all assets
17 held by the Receiver including those in the name of and
18 for the benefit of the Business Entity Defendants and any
19 Receivership Defendant. After satisfaction of any
20 Court-authorized payments to the Receiver, the Receiver
21 shall transfer the Business Entity Defendants' remaining
22 assets and the net proceeds, if any, from the sale of any
23 remaining assets belonging to the Business Entity
24 Defendants to the Commission. Business Entity Defendants
25 shall make no claim to or demand for return of the funds,
26 directly or indirectly, through counsel or otherwise.

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1 **V. CUSTOMER INFORMATION**

2 IT IS FURTHER ORDERED that the Business Entity
3 Defendants, Business Entity Defendants' officers, agents,
4 servants, employees, and attorneys, and all other persons
5 in active concert or participation with any of them, who
6 receive actual notice of this Order, are permanently
7 restrained and enjoined from directly or indirectly:
8

9 A. Failing to provide sufficient customer information
10 to enable the Commission to administer efficiently
11 consumer redress. If a representative of the Commission
12 requests in writing any information related to redress,
13 Business Entity Defendants must provide it, in the form
14 prescribed by the Commission, within 14 days.
15

16 B. Disclosing, using, or benefitting from customer
17 information, including the name, address, telephone
18 number, email address, social security number, other
19 identifying information, or any data that enables access
20 to a consumer's account (including a credit card, bank
21 account, credit report, or other financial account) that
22 any Business Entity Defendant obtained prior to entry of
23 this Order in connection with the collection of consumer
24 debt; and
25

26 C. Failing to destroy such customer information in
27 all forms in their possession, custody, or control within
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1 30 days after receipt of written direction to do so from
2 a representative of the Commission.

3

4 Provided, however, that customer information need not
5 be disposed of, and may be disclosed, to the extent
6 requested by a government agency or required by a law,
7 regulation, or court order.

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VI. ORDER ACKNOWLEDGMENTS

10 IT IS FURTHER ORDERED that Business Entity Defendants
11 obtain acknowledgments of receipt of this Order:

12

13 A. Each Business Entity Defendant, within 7 days of
14 entry of this Order, must submit to the Commission an
15 acknowledgment of receipt of this Order sworn under
16 penalty of perjury.

17

18 B. For 15 years after entry of this Order, each
19 Business Entity Defendant for any business that such
20 Business Entity Defendant is the majority owner or
21 controls directly or indirectly, must deliver a copy of
22 this Order to: (1) all principals, officers, directors,
23 and LLC managers and members; (2) all employees, agents,
24 and representatives who participate in the collection of
25 consumer debt; and (3) any business entity resulting from
26 any change in structure as set forth in the Section
27 titled Compliance Reporting. Delivery must occur within 7

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1 days of entry of this Order for current personnel. For
2 all others, delivery must occur before they assume their
3 responsibilities.

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5 C. From each individual or entity to which a Business
6 Entity Defendant delivered a copy of this Order, that
7 Business Entity Defendant must obtain, within 30 days, a
8 signed and dated acknowledgment of receipt of this Order.

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VII. COMPLIANCE REPORTING

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IT IS FURTHER ORDERED that the Business Entity
Defendants make timely submissions to the Commission:

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A. One year after entry of this Order, each Business
Entity Defendant must submit a compliance report, sworn
under penalty of perjury, each Business Entity Defendant
must: (a) identify the primary physical, postal, and
email address and telephone number, as designated points
of contact, which representatives of the Commission may
use to communicate with Business Entity Defendant; (b)
identify all of that Business Entity Defendant's
businesses by all of their names, telephone numbers, and
physical, postal, email, and Internet addresses; (c)
describe the activities of each business, including the
goods and services offered, the means of advertising,
marketing, and sales, and the involvement of any other
Defendant (which Business Entity Defendants must describe

1 if they know or should know due to their own
2 involvement); (d) describe in detail whether and how that
3 Business Entity Defendant is in compliance with each
4 Section of this Order; and (e) provide a copy of each
5 Order Acknowledgment obtained pursuant to this Order,
6 unless previously submitted to the Commission.

7
8 B. For 20 years following entry of this Order, each
9 Business Entity Defendant must submit a compliance
10 notice, sworn under penalty of perjury, within 14 days of
11 any change in the following:

12 1. Each Business Entity Defendant must report
13 any change in: (a) any designated point of contact; or
14 (b) the structure of any entity that Business Entity
15 Defendant has any ownership interest in or controls
16 directly or indirectly that may affect compliance
17 obligations arising under this Order, including:
18 creation, merger, sale, or dissolution of the entity or
19 any subsidiary, parent, or affiliate that engages in any
20 acts or practices subject to this Order.

21
22 C. Each Business Entity Defendant must submit to the
23 Commission notice of the filing of any bankruptcy
24 petition, insolvency proceeding, or any similar
25 proceeding by or against such Defendant within 14 days of
26 its filing.

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1 D. Any submission to the Commission required by this
2 Order to be sworn under penalty of perjury must be true
3 and accurate and comply with 28 U.S.C. § 1746, such as by
4 concluding: "I declare under penalty of perjury under the
5 laws of the United States of America that the foregoing
6 is true and correct. Executed on: _____" and supplying the
7 date, signatory's full name, title, and signature.

8
9 E. Unless otherwise directed by a Commission
10 representative in writing, all submissions to the
11 Commission pursuant to this Order must be emailed to
12 DEbrief@ftc.gov or sent by overnight courier (not the
13 U.S. Postal Service) to: Associate Director for
14 Enforcement, Bureau of Consumer Protection, Federal Trade
15 Commission, 600 Pennsylvania Avenue NW, Washington, DC
16 20580. The subject line must begin: FTC v. Rincon
17 Management Services, et al., X120019.

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19 **VIII. RECORDKEEPING**

20 IT IS FURTHER ORDERED that the Business Entity
21 Defendants must create certain records for 20 years after
22 entry of the Order, and retain each such record for 5
23 years. Specifically, each Business Entity Defendant for
24 any business that such Business Entity Defendant is a
25 majority owner or controls directly or indirectly, must
26 create and retain the following records:

1 A. Accounting records showing the revenues from all
2 goods or services
3 sold;

4
5 B. Personnel records showing, for each person
6 providing services, whether as an employee or otherwise,
7 that person's: name; addresses; telephone numbers; job
8 title or position; dates of service; and (if applicable)
9 the reason for termination;

10
11 C. Records of all consumer complaints and refund
12 requests, whether received directly or indirectly, such
13 as through a third party, and any response; and

14
15 D. All records necessary to demonstrate full
16 compliance with each provision of this Order, including
17 all submissions to the Commission.

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19 **IX. COMPLIANCE MONITORING**

20 IT IS FURTHER ORDERED that, for the purpose of
21 monitoring the Business Entity Defendants' compliance
22 with this Order:

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24 A. Within 14 days of receipt of a written request
25 from a representative of the Commission, each Business
26 Entity Defendant must: submit additional compliance
27 reports or other requested information, which must be

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1 sworn under penalty of perjury; appear for depositions;
2 and produce documents for inspection and copying. The
3 Commission is also authorized to obtain discovery,
4 without further leave of court, using any of the
5 procedures prescribed by Federal Rules of Civil Procedure
6 29, 30 (including telephonic depositions), 31, 33, 34,
7 36, 45, and 69.

8
9 B. For matters concerning this Order, the Commission
10 is authorized to communicate directly with each Business
11 Entity Defendant. The Business Entity Defendants permit
12 representatives of the Commission to interview any
13 employee or other person affiliated with any Business
14 Entity Defendant who has agreed to such an interview. The
15 person interviewed may have counsel present.

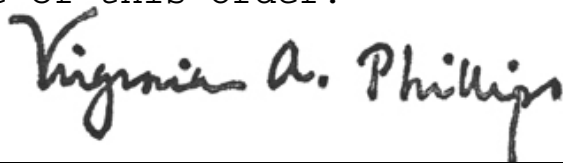
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17 C. The Commission may use all other lawful means,
18 including posing, through its representatives, as
19 consumers, suppliers, or other individuals or entities,
20 to Business Entity Defendants, or any individual or
21 entity affiliated with Business Entity Defendants,
22 without the necessity of identification or prior notice.
23 Nothing in this Order limits the Commission's lawful use
24 of compulsory process, pursuant to Sections 9 and 20 of
25 the FTC Act, 15 U.S.C. §§ 49, 57b-1.

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X. RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.



Dated: May 2, 2014

VIRGINIA A. PHILLIPS
United States District Judge