



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

Bureau of Consumer Financial Protection,)
 Plaintiff,)
 vs.)
 Chou Team Realty, LLC, et al.,)
 Defendants.)

Case No.: 8-20-cv-00043-SB-ADS
 STIPULATED FINAL JUDGMENT AND
 ORDER AS TO DAVID SKLAR

The Bureau of Consumer Financial Protection (Bureau) commenced this civil action on January 9, 2020, to obtain injunctive relief, redress, civil penalties, and disgorgement. The Complaint alleges that, in connection with providing Debt-Relief Services to consumers with student loans, certain entities and individuals, including Defendant David Sklar, violated the Fair Credit Reporting Act (FCRA), 15 U.S.C. § 1681; the Telemarketing Sales Rule (TSR), 16 C.F.R. Part 310; and the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a)(1)(A).

The Bureau and Defendant Sklar agree to entry of this Stipulated Final Judgment and Order (Order), without adjudication of any issue of fact or law, to settle and resolve all matters in dispute between these parties.

1 **THEREFORE, it is ORDERED:**

2 **FINDINGS**

3 1. This Court has jurisdiction over the parties and the subject matter
4 of this action.

5 2. Venue is proper in this district under 12 U.S.C. § 5564(f).

6 3. The relief provided in this Order is appropriate and available under
7 sections 1054 and 1055 of the CFPA, 12 U.S.C. §§ 5564, 5565.

8 4. Defendant neither admits nor denies any allegations in the
9 Complaint, except as specified in this Order. For purposes of this Order,
10 Defendant admits the facts necessary to establish the Court’s jurisdiction over
11 him and the subject matter of this action.

12 5. Defendant waives all rights to seek judicial review or otherwise
13 challenge or contest the validity of this Order and any claim he may have under
14 the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution
15 of this action to the date of this Order. Each Party agrees to bear its own costs
16 and expenses, including, without limitation, attorneys’ fees.

17 6. Entry of this Order is in the public interest.

18 **DEFINITIONS**

19 7. The following definitions apply to this Order:

20 a. “Affected Consumers” includes all consumers who, since
21 January 1, 2015, were charged fees by Docu Prep Center.

22 b. “Assisting Others” includes, but is not limited to:

23 i. formulating or providing, or arranging for the
24 formulation or provision of, any advertising or marketing
25 material, including, but not limited to, any telephone
26 sales script, direct mail solicitation, or the text of any

1 Internet website, email, or other electronic
2 communication;

3 ii. providing names of, or contributing to the generation of,
4 potential customers;

5 iii. participating in or providing services related to the
6 offering, sale, or servicing of a product, or the collection
7 of payments for a product;

8 iv. acting or serving as an owner, officer, director, manager,
9 principal, partner, or limited partner of any entity;

10 v. investing or loaning money; and

11 vi. renting or otherwise providing office space.

12 c. “Consumer Financial Product or Service” is synonymous in
13 meaning and equal in scope to the definition of the term in the
14 CFPA, 12 U.S.C. § 5481(5), and, subject to applicable
15 restrictions contained in the CFPA, includes but is not limited
16 to:

17 i. extending credit and servicing loans, including acquiring,
18 purchasing, selling, brokering, or other extensions of
19 credit (other than solely extending commercial credit to a
20 person who originates consumer credit transactions);

21 ii. providing financial advisory services to consumers on
22 individual consumer financial matters or relating to
23 proprietary financial products or services, including
24 providing credit counseling to any consumer or providing
25 services to assist a consumer with debt management or
26 debt settlement, modifying the terms of any extension of
27 credit, or avoiding foreclosure; and
28

1 iii. engaging in deposit-taking activities, transmitting or
2 exchanging funds, or otherwise acting as a custodian of
3 funds or any financial instrument for use by or on behalf
4 of a consumer.

5 d. “Consumer Report” means a “consumer report,” as that term is
6 defined in Section 603(d) of FCRA, 15 U.S.C. § 1681a(d).

7 e. “Consumer Reporting Agency” means a “consumer reporting
8 agency,” as that term is defined in Section 603(f) of FCRA, 15
9 U.S.C. § 1681a(f).

10 f. “Debt-Relief Service” means any product, service, plan, or
11 program represented, directly or by implication, to renegotiate,
12 settle, or in any way alter the terms of payment or other terms
13 of the debt, including but not limited to a student loan debt,
14 mortgage loan debt, credit card debt, or tax debt or obligation,
15 between a person and one or more creditors or debt collectors,
16 including, but not limited to, a reduction in the balance,
17 interest rate, or fees owed by a person to a creditor or debt
18 collector.

19 g. “Defendant” means David Sklar, and any other name by which
20 he might be known.

21 h. “Docu Prep Center” means Docu Prep Center, Inc., d/b/a
22 DocuPrep Center, d/b/a Certified Document Center; Document
23 Preparation Services, LP, d/b/a DocuPrep Center, d/b/a
24 Certified Document Center; and their successors and assigns,
25 individually, collectively, or in any combination.

26 i. “Effective Date” means the date on which the Order is issued.

- 1 j. "Enforcement Director" means the Assistant Director of the
2 Office of Enforcement for the Bureau of Consumer Financial
3 Protection, or his or her delegate.
- 4 k. "Prescreened Consumer Reports" means Consumer Reports
5 relating to consumers furnished by a Consumer Reporting
6 Agency in connection with credit or insurance transactions that
7 are not initiated by the consumers, pursuant to 15 U.S.C.
8 § 1681b(c).
- 9 l. "Related Consumer Action" means a private action by or on
10 behalf of one or more consumers or an enforcement action by
11 another governmental agency brought against Defendant based
12 on substantially the same facts as described in the Complaint.
- 13 m. "Student Loan Debt Relief Companies" means Docu Prep
14 Center, Inc., d/b/a DocuPrep Center, d/b/a Certified Document
15 Center; Document Preparation Services, LP, d/b/a DocuPrep
16 Center, d/b/a Certified Document Center; Certified Doc Prep,
17 Inc.; Certified Doc Prep Services, LP; Assure Direct Services,
18 Inc.; Assure Direct Services, LP; Direct Document Solutions,
19 Inc.; Direct Document Solutions, LP; Secure Preparation
20 Services, Inc.; Secure Preparation Services, LP, and their
21 successors and assigns, individually, collectively, or in any
22 combination.
- 23 n. "Telemarketing" means a plan, program, or campaign which is
24 conducted to induce the purchase of goods or services or a
25 charitable contribution, by use of one or more telephones and
26 which involves more than one interstate phone call.
- 27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ORDER
CONDUCT RELIEF

I.

Permanent Ban on Offering or Providing Debt-Relief Services

IT IS ORDERED that:

8. Defendant, whether acting directly or indirectly, is permanently restrained and enjoined from:

- a. participating in, advertising, marketing, promoting, offering for sale, selling, or providing any Debt-Relief Service; or
- b. Assisting Others in, or receiving any remuneration or other consideration from, the provision, advertising, marketing, promoting, offering for sale, sale or production of any Debt-Relief Service.

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

II.

**Permanent Ban on Telemarketing Consumer
Financial Products or Services**

9. Defendant, whether acting directly or indirectly, is permanently restrained and enjoined from participating in Telemarketing or Assisting Others engaged in Telemarketing any Consumer Financial Product or Service. Nothing in this Order shall be read as an exception to this Paragraph.

III.

Permanent Ban on Using or Obtaining Prescreened Consumer Reports

IT IS ORDERED that:

10. Defendant, whether acting directly or indirectly, is permanently restrained and enjoined from using, obtaining, offering, providing, selling, or

1 arranging for others to use or obtain Prescreened Consumer Reports for any
2 purpose. Nothing in this Order shall be read as an exception to this Paragraph.

3 **IV.**

4 **Prohibition on Using or Obtaining Consumer Reports**
5 **for Any Business Purpose**

6 **IT IS ORDERED that:**

7 11. Defendant, and his officers, agents, servants, employees, and
8 attorneys, and all other persons in active concert or participation with them,
9 who receive actual notice of this Order, whether acting directly or indirectly,
10 are permanently restrained and enjoined from using, obtaining, offering,
11 providing, selling, or arranging for others to use or obtain Consumer Reports
12 for any business purpose. Nothing in this Order shall be read as an exception to
13 this Paragraph.

14 **V.**

15 **Consumer Information**

16 **IT IS ORDERED that:**

17 12. Defendant and his officers, agents, servants, employees, and
18 attorneys, and all other persons in active concert or participation with them,
19 who receive actual notice of this Order, whether acting directly or indirectly,
20 may not:

- 21 a. disclose, use, or benefit from consumer information, including
22 the name, address, or any information about the consumer's
23 student loans, contained in or derived from Prescreened
24 Consumer Reports obtained for use in marketing Debt-Relief
25 Services; or
26 b. disclose, use, or benefit from consumer information, including
27 the name, address, telephone number, email address, social
28

1 security number, other identifying information, or any data that
2 enables access to a customer's account (including a credit card,
3 bank account, or other financial account), obtained from or
4 through the activities of the Student Loan Debt Relief
5 Companies.

6 *However*, this Order does not prohibit the disclosure of consumer
7 information if lawfully requested by a government agency or required by law,
8 regulation, or court order.

9 **MONETARY PROVISIONS**

10 **VI.**

11 **Order to Pay Redress**

12 **IT IS FURTHER ORDERED** that:

13 13. A judgment for monetary relief is entered in favor of the Bureau
14 and against Defendant, in the amount of \$7,000,000 for the purpose of
15 providing redress to Affected Consumers; however, full payment of this
16 judgment will be suspended upon satisfaction of the obligations in Paragraphs
17 14 through 18 of this Section and Paragraphs 27 through 31 and 33 of Section
18 IX and subject to Section VII of this Order.

19 14. Within 10 days of the Effective Date, Defendant must pay to the
20 Bureau, by wire transfer to the Bureau or to the Bureau's agent, and according
21 to the Bureau's wiring instructions, \$3,000.00, in partial satisfaction of the
22 judgment referenced in Paragraph 13 of this Section.

23 15. With regard to any redress that Defendant pays under this Section,
24 if Defendant, directly or indirectly, receives any reimbursement or
25 indemnification from any source, including but not limited to payment made
26 under any insurance policy, or if Defendant secures a tax deduction or tax credit
27 with regard to any federal, state, or local tax, Defendant must: (a) immediately
28

1 notify the Enforcement Director in writing, and (b) within 10 days of receiving
2 the funds or monetary benefit, Defendant must transfer to the Bureau the full
3 amount of such funds or monetary benefit (Additional Payment) to the Bureau
4 or to the Bureau's agent according to the Bureau's wiring instructions. After the
5 Bureau receives the Additional Payment, the amount of the suspended judgment
6 referenced in Paragraph 13 will be reduced by the amount of the Additional
7 Payment and the Additional Payment will be applied toward satisfaction of the
8 monetary judgment entered in Paragraph 13.

9 16. Any funds received by the Bureau in satisfaction of this judgment
10 will be deposited into a fund or funds administered by the Bureau or to the
11 Bureau's agent according to applicable statutes and regulations to be used for
12 redress for Affected Consumers, including, but not limited to, refund of
13 moneys, restitution, damages or other monetary relief, and for any attendant
14 expenses for the administration of any such redress.

15 17. If the Bureau determines, in its sole discretion, that redress to
16 consumers is wholly or partially impracticable or if funds remain after redress is
17 completed, the Bureau will deposit any remaining funds in the U.S. Treasury as
18 disgorgement. Defendant will have no right to challenge any actions that the
19 Bureau or its representatives may take under this Section.

20 18. Payment of redress to any Affected Consumer under this Order
21 may not be conditioned on that Affected Consumer waiving any right.

22 VII.

23 **Effect of Misrepresentation or Omission Regarding Financial Condition** 24 **IT IS FURTHER ORDERED** that:

25 19. The suspension of the monetary judgment entered in Section VI of
26 this Order is expressly premised on the truthfulness, accuracy, and
27 completeness of Defendant's financial statements and supporting documents
28

1 submitted to the Bureau, which Defendant asserts are truthful, accurate, and
2 complete, and which include the Financial Statement of Defendant, including
3 the attachments, executed on September 8, 2020, and submitted to the Bureau
4 on or about September 29, 2020.

5 20. If upon motion by the Bureau, the Court determines that Defendant
6 has failed to disclose any material asset, or that his Financial Statement
7 identified in Paragraph 19 contains any material misrepresentations or
8 omissions, including materially misstating the value of any asset, the Court
9 shall terminate the suspension of the monetary judgment entered in Section VI
10 of this Order and the full judgment of \$7,000,000 entered shall be immediately
11 due and payable, less any amounts paid to the Bureau under Section VI of this
12 Order.

13 21. If the Court terminates the suspension of the monetary judgment
14 under this Section, the Bureau will be entitled to interest on the Order,
15 computed from the date of entry of this Order, at the rate prescribed by 28
16 U.S.C. § 1961, as amended, on any outstanding amounts not paid; provided,
17 however, that in all other respects this Order shall remain in full force and effect
18 unless otherwise ordered by the Court; and, provided further, that proceedings
19 instituted under this provision would be in addition to, and not in lieu of any
20 other civil or criminal remedies as may be provided by law, including any other
21 proceedings that the Bureau may initiate to enforce this Order.

22 VIII.

23 Order to Pay Civil Money Penalties

24 **IT IS FURTHER ORDERED** that:

25 22. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by
26 reason of the violations of law alleged against Defendant in the Complaint, and
27 taking into account the factors in 12 U.S.C. § 5565(c)(3), Defendant must pay a
28

1 civil money penalty of \$1.00 to the Bureau. This nominal penalty is based on
2 Defendant's limited ability to pay as attested to in its financial statements
3 identified in Section VII above.

4 23. Within 10 days of the Effective Date, Defendant must pay the civil
5 money penalties in Paragraph 22 by wire transfer to the Bureau or to the
6 Bureau's agent in compliance with the Bureau's wiring instructions.

7 24. The civil money penalty paid under this Order will be deposited in
8 the Civil Penalty Fund of the Bureau, as required by section 1017(d) of the
9 CFPB, 12 U.S.C. § 5497(d).

10 25. Defendant must treat the civil money penalties paid under this
11 Order as a penalty paid to the government for all purposes. Regardless of how
12 the Bureau ultimately uses those funds, Defendant may not:

- 13 a. claim, assert, or apply for a tax deduction, tax credit, or any
14 other tax benefit for any civil money penalty paid under this
15 Consent Order; or
- 16 b. seek or accept, directly or indirectly, reimbursement or
17 indemnification from any source, including but not limited to
18 payment made under any insurance policy, with regard to any
19 civil money penalty paid under this Order.

20 26. Defendant agrees that the civil penalty imposed by the Order
21 represents a civil penalty owed to the United States Government, is not
22 compensation for actual pecuniary loss, and, thus that it is not subject to
23 discharge under the Bankruptcy Code under 11 U.S.C. § 523(a)(7).

24 IX.

25 Additional Monetary Provisions

26 27. In the event of any default on Defendant's obligations to make
27 payment under this Order, interest, computed under 28 U.S.C. § 1961, as
28

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

3 28. Defendant relinquishes all dominion, control, title to the funds paid
4 under this Order to the fullest extent permitted by law. No part of the funds may
5 be returned to Defendant.

6 29. The facts alleged in the Complaint will be taken as true and be
7 given collateral estoppel effect, without further proof, in any proceeding based
8 on the entry of the Order, or in any subsequent civil litigation by, or on behalf
9 of the Bureau, including in a proceeding to enforce its rights to any payment or
10 monetary judgment under this Order, such as a nondischargeability complaint in
11 any bankruptcy case.

12 30. The facts alleged in the Complaint establish all elements necessary
13 to sustain an action by the Bureau under to Section 523(a)(2)(A) of the
14 Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A). For such purposes, this Order will
15 have collateral estoppel effect against Defendant, even in Defendant's capacity
16 as debtor-in-possession.

17 31. Under 31 U.S.C. § 7701, Defendant, unless he already has done so,
18 must furnish to the Bureau his taxpayer-identification numbers, which may be
19 used for purposes of collecting and reporting on any delinquent amount arising
20 out of this Order.

21 32. Within 30 days of the entry of a final judgment, order, or
22 settlement in a Related Consumer Action, Defendant must notify the
23 Enforcement Director of the final judgment, order, or settlement in writing.
24 That notification must indicate the amount of redress, if any, that Defendant
25 paid or is required to pay to consumers, and it must describe the consumers or
26 classes of consumers to whom that redress has been or will be paid. To preserve
27 the deterrent effect of the civil money penalty in any Related Consumer Action,
28

1 Defendant may not argue that Defendant is entitled to, nor may Defendant
2 benefit by, any offset or reduction of any monetary remedies imposed in the
3 Related Consumer Action because of the civil money penalty paid in this
4 action, or because of any payment that the Bureau makes from the Civil Penalty
5 Fund. If the court in any Related Consumer Action offsets or otherwise reduces
6 the amount of compensatory monetary remedies imposed against Defendant
7 based on the civil money penalty paid in this action, or based on any payment
8 that the Bureau makes from the Civil Penalty Fund, Defendant must, within 30
9 days after entry of a final order granting such offset or reduction, notify the
10 Bureau and pay the amount of the offset or reduction to the U.S. Treasury. Such
11 a payment will not be considered an additional civil money penalty and will not
12 change the amount of the civil money penalty imposed in this action.

13 33. Under Section 604(a)(I) of FCRA, 15 U.S.C. § 1681 b(a)(1), any
14 Consumer Reporting Agency may furnish a Consumer Report concerning
15 Defendant to the Bureau, which may be used for purposes of collecting and
16 reporting on any delinquent amount arising out of this Order.

17 **COMPLIANCE PROVISIONS**

18 **X.**

19 **Reporting Requirements**

20 **IT FURTHER ORDERED** that:

21 34. Defendant must notify the Bureau of any development that may
22 affect compliance obligations arising under this Order, including but not limited
23 to, a dissolution, assignment, sale, merger, or other action that would result in
24 the emergence of a successor company; the creation or dissolution of a
25 subsidiary, parent, or affiliate that engages in any acts or practices subject to
26 this Order; the filing of any bankruptcy or insolvency proceeding by or against
27 Defendant; or a change in Defendant's name or address. Defendant must
28

1 provide such notice at least 30 days before the development, or as soon as
2 practicable after learning of the development, whichever is sooner.

3 35. Within 7 days of the Effective Date, Defendant must:

- 4 a. designate at least one telephone number and email, physical,
5 and postal address as points of contact, which the Bureau may
6 use to communicate with Defendant;
- 7 b. identify all businesses for which Defendant is the majority
8 owner, or that Defendant directly or indirectly controls, by all
9 of their names, telephone numbers, and electronic, physical, and
10 postal addresses;
- 11 c. describe the activities of each such business, including the
12 products and services offered, and the means of advertising,
13 marketing, and sales;
- 14 d. identify Defendant's telephone numbers and all electronic,
15 physical, and postal addresses, including all residences; and
- 16 e. describe in detail Defendant's involvement in any business for
17 which he performs services in any capacity or which he wholly
18 or partially owns, including his title, role, responsibilities,
19 participation, authority, control, and ownership.

20 36. Defendant must report any change in the information required to
21 be submitted under Paragraph 35 at least 30 days before the change, or as soon
22 as practicable after learning about the change, whichever is sooner.

23 37. Within 90 days of the Effective Date, and again one year after the
24 Effective Date, Defendant must submit to the Enforcement Director an accurate
25 written compliance progress report sworn to under penalty of perjury
26 ("Compliance Report"), which, at a minimum:

- 1 a. lists each applicable paragraph and subparagraph of this Order
2 and describes in detail the manner and form in which such
3 Defendant has complied with each such paragraph and
4 subparagraph of this Order;
5 b. describes in detail the manner in which and purposes for which
6 Defendant has used or obtained Consumer Reports; and
7 c. attaches a copy of each Order Acknowledgment obtained under
8 Section XI, unless previously submitted to the Bureau.

9 **XI.**

10 **Order Distribution and Acknowledgment**

11 **IT IS FURTHER ORDERED** that,

12 38. Within 7 days of the Effective Date, Defendant must submit to the
13 Enforcement Director an acknowledgment of receipt of this Order, sworn under
14 penalty of perjury.

15 39. Within 30 days of the Effective Date, Defendant, for any business
16 for which he is the majority owner or which he directly or indirectly controls,
17 must deliver a copy of this Order to each of its owners, board members,
18 officers, LLC members and managers, and general and limited partners, as well
19 as any managers, employees, or other agents and representatives who have
20 responsibilities related to Consumer Reports.

21 40. Defendant, for any business for which he is the majority owner or
22 which he directly or indirectly controls, must deliver a copy of this Order to any
23 business entity resulting from any change in structure referred to in Section X,
24 any future owners, board members, officers, LLC members and managers, and
25 general and limited partners, as well as any managers, employees, or other
26 agents and representatives who will have responsibilities related to Consumer
27 Reports before they assume their responsibilities.

1 **XIII.**

2 **Notices**

3 **IT IS FURTHER ORDERED** that:

4 45. Unless otherwise directed in writing by the Bureau, Defendant
5 must provide all submissions, requests, communications, or other documents
6 relating to this Order in writing, with the subject line, “*CFPB v. Chou Team*
7 *Realty, LLC, et al.*, Case No. 8:20-cv-00043-SB-ADS,” and send them by
8 overnight courier or first-class mail to the below address, and
9 contemporaneously by email to Enforcement_Compliance@cfpb.gov:

10 Assistant Director for Enforcement
11 Bureau of Consumer Financial Protection
12 ATTENTION: Office of Enforcement
13 1700 G Street, N.W.
14 Washington D.C. 20552

15 46. The Enforcement Director may, in his or her discretion, modify
16 any non-material requirements of this Order (*e.g.*, reasonable extensions of time
17 and changes to reporting requirements) if he or she determines good cause
18 justifies the modification. Any such modification by the Enforcement Director
19 must be in writing.

20 **XIV.**

21 **Cooperation with the Bureau**

22 **IT IS FURTHER ORDERED** that:

23 47. Defendant must cooperate fully to help the Bureau determine the
24 identity and location of, and the amount of injury sustained by, each Affected
25 Consumer. Defendant must provide such information in his agents’ possession
26 or control within 14 days of receiving a written request from the Bureau.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

XVI.

Retention of Jurisdiction

IT IS FURTHER ORDERED that:

53. The Court will retain jurisdiction of this matter for the purpose of enforcing this Order.

IT IS SO ORDERED.

Dated: May 4, 2021



Stanley Blumenfeld, Jr.
United States District Judge