

<p style="text-align: center;">FILED CLERK, U.S. DISTRICT COURT</p> <p style="text-align: center; font-size: 1.2em;">May 11, 2021</p> <p style="text-align: center;">CENTRAL DISTRICT OF CALIFORNIA BY: <u> VPC </u> DEPUTY</p>
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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

<p>Bureau of Consumer Financial Protection,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">vs.</p> <p>Chou Team Realty, LLC, et al.,</p> <p style="text-align: center;">Defendants.</p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p>Case No.: 8-20-cv-00043-SB-ADS</p> <p>STIPULATED FINAL JUDGMENT AND ORDER AS TO DOCS DONE RIGHT, INC., DOCS DONE RIGHT, LP, AND EDUARDO MARTINEZ</p>
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The Bureau of Consumer Financial Protection (Bureau) commenced this civil action on January 9, 2020, to obtain injunctive relief, redress, damages, civil penalties, and disgorgement. The Second Amended Complaint alleges that, in connection with providing Debt-Relief Services to consumers with student loans, certain entities and individuals, including Defendants Docs Done Right, Inc., Docs Done Right, LP, and Eduardo Martinez, violated 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 Second Amended Complaint further alleges that certain entities and individuals, including Eduardo Martinez, violated the Fair Credit Reporting Act (FCRA), 15 U.S.C. § 1681.

The Bureau and Docs Done Right, Inc., Docs Done Right, LP, and Eduardo Martinez agree to entry of this Stipulated Final Judgment and Order

1 (Order), without adjudication of any issue of fact or law, to settle and resolve all
2 matters in dispute between these parties arising from the conduct alleged in the
3 Second Amended Complaint.

4 **THEREFORE, it is ORDERED:**

5 **FINDINGS**

6 1. This Court has jurisdiction over the parties and the subject matter
7 of this action.

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

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

11 4. Defendants neither admit nor deny any allegations in the Second
12 Amended Complaint, except as specified in this Order. For purposes of this
13 Order, Defendants admit the facts necessary to establish the Court’s jurisdiction
14 over them and the subject matter of this action.

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

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

21 **DEFINITIONS**

22 7. The following definitions apply to this Order:

23 a. “Affected Consumers” includes all consumers who, since
24 December 1, 2015, were charged fees by any of the Student
25 Loan Debt Relief Companies.

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

27 i. formulating or providing, or arranging for the
28 formulation or provision of, any advertising or marketing

1 material, including, but not limited to, any telephone
2 sales script, direct mail solicitation, or the text of any
3 Internet website, email, or other electronic
4 communication;

5 ii. providing names of, or contributing to the generation of,
6 potential customers;

7 iii. participating in or providing services related to the
8 offering, sale, or delivery of a product or service or the
9 collection of payments for a product or service;

10 iv. preparing documents, including application forms, for
11 customers;

12 v. providing customer service support functions, including
13 handling consumer complaints and refund requests;

14 vi. acting or serving as an owner, officer, director, manager,
15 principal, partner, limited partner, or employee of any
16 entity; and

17 vii. investing or loaning money.

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

20 d. “Consumer Reporting Agency” means a “consumer reporting
21 agency,” as that term is defined in Section 603(f) of FCRA, 15
22 U.S.C. § 1681a(f).

23 e. “Corporate Defendants” means Docs Done Right, Inc. and
24 Docs Done Right, LP, and their successors and assigns.

25 f. “Debt-Relief Service” means any product, service, plan, or
26 program represented, directly or by implication, to renegotiate,
27 settle, or in any way alter the terms of payment or other terms
28 of the debt, including but not limited to a student loan debt,

1 mortgage loan debt, credit card debt, or tax debt or obligation,
2 between a person and one or more creditors or debt collectors,
3 including, but not limited to, a reduction in the balance,
4 interest rate, or fees owed by a person to a creditor or debt
5 collector.

6 g. "Defendants" means the Individual Defendant and all of the
7 Corporate Defendants, individually, collectively, or in any
8 combination.

9 h. "Effective Date" means the date on which the Order is issued.

10 i. "Enforcement Director" means the Assistant Director of the
11 Office of Enforcement for the Bureau of Consumer Financial
12 Protection, or his or her delegate.

13 j. "Individual Defendant" means Eduardo Avalos Martinez, and
14 any other names by which he might be known.

15 k. "Prescreened Consumer Reports" means Consumer Reports
16 relating to consumers furnished by a Consumer Reporting
17 Agency in connection with credit or insurance transactions that
18 are not initiated by the consumers, pursuant to 15 U.S.C.
19 § 1681b(c).

20 l. "Student Loan Debt Relief Companies" means Docu Prep
21 Center, Inc., d/b/a DocuPrep Center, d/b/a Certified Document
22 Center; Document Preparation Services, LP, d/b/a DocuPrep
23 Center, d/b/a Certified Document Center; Certified Doc Prep,
24 Inc.; Certified Doc Prep Services, LP; Assure Direct Services,
25 Inc.; Assure Direct Services, LP; Direct Document Solutions,
26 Inc.; Direct Document Solutions, LP; Secure Preparation
27 Services, Inc.; Secure Preparation Services, LP, and their
28

1 successors and assigns, individually, collectively, or in any
2 combination.

3 m. “Related Consumer Action” means a private action by or on
4 behalf of one or more consumers or an enforcement action by
5 another governmental agency brought against Defendants
6 based on substantially the same facts as described in the
7 Second Amended Complaint.

8 **ORDER**

9 **CONDUCT RELIEF**

10 **I.**

11 **Permanent Ban on Offering or Providing Debt-Relief Services**

12 **IT IS ORDERED that:**

13 8. Defendants, whether acting directly or indirectly, are permanently
14 restrained and enjoined from:

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

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

22 **II.**

23 **Permanent Ban on Using or Obtaining Prescreened Consumer Reports**

24 **IT IS ORDERED that:**

25 9. Individual Defendant, whether acting directly or indirectly, is
26 permanently restrained and enjoined from using, obtaining, offering, providing,
27 selling, or arranging for others to use or obtain Prescreened Consumer Reports
28

1 for any purpose. Nothing in this Order shall be read as an exception to this
2 Paragraph.

3 **III.**

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

6 **IT IS ORDERED that:**

7 10. Individual Defendant, whether acting directly or indirectly, is
8 permanently restrained and enjoined from using, obtaining, offering, providing,
9 selling, or arranging for others to use or obtain Consumer Reports for any
10 business purpose. Nothing in this Order shall be read as an exception to this
11 Paragraph.

12 **IV.**

13 **Consumer Information**

14 **IT IS ORDERED that:**

15 11. Defendants and their officers, agents, servants, employees, and
16 attorneys, and all other persons in active concert or participation with them,
17 who receive actual notice of this Order, whether acting directly or indirectly,
18 may not:

- 19 a. disclose, use, or benefit from consumer information, including
20 the name, address, or any information about the consumer's
21 student loans, contained in or derived from Prescreened
22 Consumer Reports obtained for use in marketing Debt-Relief
23 Services; or
24 b. disclose, use, or benefit from consumer information, including
25 the name, address, telephone number, email address, social
26 security number, other identifying information, or any data that
27 enables access to a customer's account (including a credit card,
28 bank account, or other financial account), obtained from or

1 through the activities of the Student Loan Debt Relief
2 Companies.

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

6 **MONETARY PROVISIONS**

7 **V.**

8 **Order to Pay Redress**

9 **IT IS FURTHER ORDERED** that:

10 12. A judgment for monetary relief is entered in favor of the Bureau
11 and against Defendants, jointly and severally, in the amount of \$18,000,000 for
12 the purpose of providing redress to Affected Consumers; however, payment of
13 this judgment will be suspended upon satisfaction of the obligations in
14 Paragraphs 20 and 21 of Section VII and Paragraphs 255 through 29 and 31 of
15 Section VIII and subject to Section VI of this Order.

16 13. With regard to any redress that Defendants pay under this Section,
17 if Defendants, directly or indirectly, receive any reimbursement or
18 indemnification from any source, including but not limited to payment made
19 under any insurance policy, or if Defendants secure a tax deduction or tax credit
20 with regard to any federal, state, or local tax, Defendants must: (a) immediately
21 notify the Enforcement Director in writing, and (b) within 10 days of receiving
22 the funds or monetary benefit, Defendants must transfer to the Bureau the full
23 amount of such funds or monetary benefit (Additional Payment) to the Bureau
24 or to the Bureau's agent according to the Bureau's wiring instructions. After the
25 Bureau receives the Additional Payment, the amount of the suspended judgment
26 referenced in Paragraph 12 will be reduced by the amount of the Additional
27 Payment and the Additional Payment will be applied toward satisfaction of the
28 monetary judgment entered in Paragraph 12.

- 1 c. Financial Statement of Eduardo Martinez, including the
2 attachments, executed on April 14, 2021, and submitted to the
3 Bureau on or above April 14, 2021; and
4 d. Supplemental financial information submitted to the Bureau on
5 or about April 29, 2021.

6 18. If upon motion by the Bureau, the Court determines that
7 Defendants have failed to disclose any material asset, or that their financial
8 statements and supporting documents identified in Paragraph 17 contain any
9 material misrepresentations or omissions, including materially misstating the
10 value of any asset, the Court shall terminate the suspension of the monetary
11 judgment as to Defendants entered in Section V of this Order and the full
12 judgment of \$18,000,000 entered shall be immediately due and payable, less
13 any amounts paid to the Bureau under Section V of this Order.

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

23 VII.

24 Order to Pay Civil Money Penalties

25 **IT IS FURTHER ORDERED** that:

26 20. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by
27 reason of the violations of law alleged in the Second Amended Complaint, and
28

1 taking into account the factors in 12 U.S.C. § 5565(c)(3), Defendants must pay
2 a civil money penalty of \$125,000 to the Bureau.

3 21. Defendants must make the following payments by wire transfer to
4 the Bureau or the Bureau's agent, in compliance with the Bureau's wiring
5 instructions, to satisfy the penalty described in Paragraph 20. Within 10 days of
6 the Effective Date, Defendants must pay \$62,500. Within 40 days of the
7 Effective Date, Defendants must pay an additional \$62,500.

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

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

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

21 24. Individual Defendant agrees that the civil penalties imposed by the
22 Order represent civil penalties owed to the United States Government, are not
23 compensation for actual pecuniary loss, and, thus, as to Individual Defendant,
24 the penalties are not subject to discharge under the Bankruptcy Code under 11
25 U.S.C. § 523(a)(7).

1 **VIII.**

2 **Additional Monetary Provisions**

3 25. In the event of any default on Defendants' obligations to make
4 payment under this Order, interest, computed under 28 U.S.C. § 1961, as
5 amended, will accrue on any outstanding amounts not paid from the date of
6 default to the date of payment, and will immediately become due and payable.

7 26. Defendants relinquish all dominion, control, title to the funds paid
8 under this Order to the fullest extent permitted by law. No part of the funds may
9 be returned to Defendants.

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

16 28. The facts alleged in the Second Amended Complaint establish all
17 elements necessary to sustain an action by the Bureau under to Section
18 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A). For such
19 purposes, this Order will have collateral estoppel effect against each Defendant,
20 even in such Defendant's capacity as debtor-in-possession.

21 29. Under 31 U.S.C. § 7701, Defendants, unless they already have
22 done so, must furnish to the Bureau their taxpayer-identification numbers,
23 which may be used for purposes of collecting and reporting on any delinquent
24 amount arising out of this Order.

25 30. Within 30 days of the entry of a final judgment, order, or
26 settlement in a Related Consumer Action, Defendants must notify the
27 Enforcement Director of the final judgment, order, or settlement in writing.
28 That notification must indicate the amount of redress, if any, that Defendants

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

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

21 **COMPLIANCE PROVISIONS**

22 **IX.**

23 **Reporting Requirements**

24 **IT FURTHER ORDERED** that:

25 32. Defendants must notify the Bureau of any development that may
26 affect compliance obligations arising under this Order, including but not limited
27 to, a dissolution, assignment, sale, merger, or other action that would result in
28 the emergence of a successor company; the creation or dissolution of a

1 subsidiary, parent, or affiliate that engages in any acts or practices subject to
2 this Order; the filing of any bankruptcy or insolvency proceeding by or against
3 Defendants; or a change in Defendants' name or address. Defendants must
4 provide such notice at least 30 days before the development, or as soon as
5 practicable after learning of the development, whichever is sooner.

6 33. Within 7 days of the Effective Date, each Defendant must:

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

25 34. Defendants must report any change in the information required to
26 be submitted under Paragraph 33 at least 30 days before the change, or as soon
27 as practicable after learning about the change, whichever is sooner.

1 change in structure referred to in Section IX, any future owners, board
2 members, officers, LLC members and managers, and general and limited
3 partners, as well as any managers, employees, or other agents and
4 representatives who will have responsibilities related to Consumer Reports
5 before they assume their responsibilities.

6 39. Defendants must secure a signed and dated statement
7 acknowledging receipt of a copy of this Order, ensuring that any electronic
8 signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et*
9 *seq.*, within 30 days of delivery, from all persons receiving a copy of this Order
10 under this Section.

11 40. Within 90 days of the Effective Date, Defendants must provide the
12 Bureau with a list of all persons and their titles to whom this Order was
13 delivered through that date under Paragraphs 37 and 38 and a copy of all signed
14 and dated statements acknowledging receipt of this Order under Paragraph 39.

15 **XI.**

16 **Recordkeeping**

17 **IT IS FURTHER ORDERED** that,

18 41. Corporate Defendants and Individual Defendant, for any business
19 for which he is the majority owner or which he directly or indirectly controls,
20 must create all documents and business records necessary to demonstrate full
21 compliance with each provision of this Order, including all submissions to the
22 Bureau. Defendants must retain these documents for at least 10 years after
23 creation and make them available to the Bureau upon the Bureau's request.

24 42. Corporate Defendants and Individual Defendant, for any business
25 for which he is the majority owner or which he directly or indirectly controls,
26 must maintain, for 10 years from the Effective Date, or 10 years after creation,
27 whichever is longer:

28 a. all records concerning Consumer Reports used or obtained,

1 including without limitation FCRA certifications, payment
2 records, training materials, internal communications, and
3 communications with consumer reporting agencies, service
4 providers, and consumers;

5 b. all consumer complaints and refund requests (whether received
6 directly or indirectly, such as through a third party), and any
7 responses to those complaints or requests;

8 c. records showing, for each employee that has used or obtained
9 Consumer Reports, that person's: name; telephone number;
10 email, physical, and postal address; job title or position; dates
11 of service; and, if applicable, the reason for termination; and

12 d. records showing, for each Consumer Reporting Agency
13 providing Consumer Reports, the name of a point of contact,
14 and that person's telephone number; email, physical, and
15 postal address; job title or position; and dates of service.

16 Defendants must make these materials available to the Bureau upon the
17 Bureau's request.

18 XII.

19 Notices

20 **IT IS FURTHER ORDERED** that:

21 43. Unless otherwise directed in writing by the Bureau, Defendants
22 must provide all submissions, requests, communications, or other documents
23 relating to this Order in writing, with the subject line, "*CFPB v. Chou Team*
24 *Realty, LLC, et al.*, Case No. 8:20-cv-00043-JVS-ADS," and send them by
25 overnight courier or first-class mail to the below address, and
26 contemporaneously by email to Enforcement_Compliance@cfpb.gov:

27 Assistant Director for Enforcement

28 Consumer Financial Protection Bureau

1 ATTENTION: Office of Enforcement
2 1700 G Street, N.W.
3 Washington D.C. 20552

4 **XIII.**

5 **Cooperation with the Bureau**

6 **IT IS FURTHER ORDERED** that:

7 44. Defendants must cooperate fully to help the Bureau determine the
8 identity and location of, and the amount of injury sustained by, each Affected
9 Consumer. Defendants must provide such information in their agents'
10 possession or control within 14 days of receiving a written request from the
11 Bureau.

12 45. Each Defendant must cooperate fully with the Bureau in this
13 lawsuit, *CFPB v. Chou Team Realty, LLC, et al.*, Case No. 8:20-cv-00043-SB-
14 ADS (C.D. Cal.), and in any investigation related to or associated with the
15 conduct described in the Second Amended Complaint. Each Defendant must
16 provide truthful and complete information, evidence, and testimony. Individual
17 Defendant must appear and Corporate Defendants must cause their officers,
18 employees, representatives, or agents to appear for interviews, discovery,
19 hearings, trials, and any other proceedings that the Bureau may reasonably
20 request upon 10 days written notice, or other reasonable notice, at such places
21 and times as the Bureau may designate, without the service of compulsory
22 process.

23 **XIV.**

24 **Compliance Monitoring**

25 **IT IS FURTHER ORDERED** that, to monitor Defendants' compliance with
26 this Order, including the financial representations upon which part of the
27 judgment was suspended as to Defendants:

