

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Case No. \_\_\_\_\_

FEDERAL TRADE COMMISSION )

Plaintiff, )

v. )

PRIME LEGAL PLANS LLC, a Delaware )  
limited liability company; CONSUMER )

LEGAL PLANS LLC, a Nevada limited )  
liability company; CONSUMER LEGAL )

PLANS, LLC, also d/b/a CLP Associates, a )

Wyoming limited liability company; )  
FREEDOM LEGAL PLANS LLC, a )

Delaware limited liability company; )  
FRONTIER LEGAL PLANS LLC, a )

Delaware limited liability company; )  
REACHING U NETWORK, INC., )

also d/b/a Legal Billing Services, Legal )  
Servicing Partners, Forensic Auditor )

Services, 123 Save Our Home, Save Our )  
Home Plan, Home Savers, Legal Network )

Association, and Homeowners Rescue )  
Mission, a Florida corporation; 123 SAVE A )

HOME, INC., a Nevada corporation; )  
AMERICAN HARDSHIP LLC, a Florida )

limited liability company; BACK OFFICE )  
SUPPORT SYSTEMS LLC, a Florida )

limited liability company; CONSUMER )  
ACQUISITION NETWORK, LLC, also )

d/b/a Consumer Legal Network, Legal )  
Servicing & Billing Partners, Forensic )

Auditor Services, Telefunding Services, )  
Mortgagesavers.org, First Capital Land Trust, )

and Florida Land Trust Consultants, a Florida )  
limited liability company; LEGAL )

SERVICING AND BILLING PARTNERS )  
LLC, a Delaware limited liability company; )  
LAZARO DINH, a/k/a Mario Lazaro Sopena )

a/k/a Lazaro Sopena, an individual; )

(FILED UNDER SEAL)

**KIM E. LANDOLFI**, an individual; )  
**DEREK B. RADZIKOWSKI**, an )  
individual; **ANDREW PRIMAVERA**, an )  
individual; **CHRISTOPHER N.** )  
**EDWARDS**, an individual; and **JASON C.** )  
**DESMOND**, an individual, )  
) )  
Defendants, and )  
) )  
**THE 2007 SAN LAZARO** )  
**IRREVOCABLE LIFE INSURANCE** )  
**TRUST**, a trust, and **MARIA SOLTURA**, in )  
her capacity as Trustee of the trust. )  
) )  
Relief Defendants. )  
\_\_\_\_\_ )

**PLAINTIFF FEDERAL TRADE COMMISSION’S COMPLAINT  
FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint alleges:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. § 6101 *et seq.*, and the 2009 Omnibus Appropriations Act, Public Law 111-8, Section 626, 123 Stat. 524, 678 (Mar. 11, 2009) (“Omnibus Act”), as clarified by the Credit Card Accountability Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card Act”), and amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) (“Dodd-Frank Act”), 12 U.S.C. § 5538, to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or practices in violation of Section

5(a) of the FTC Act, 15 U.S.C. § 45(a), the FTC's Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310, and the Mortgage Assistance Relief Services Rule ("MARS Rule"), 16 C.F.R. Part 322, recodified as Mortgage Assistance Relief Services (Regulation O), 12 C.F.R. Part 1015 ("Regulation O"), in connection with the marketing and sale of mortgage assistance relief services.

### **JURISDICTION AND VENUE**

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345; 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b); and Section 626 of the Omnibus Act, as clarified by Section 511 of the Credit Card Act, and amended by Section 1097 of the Dodd-Frank Act, 12 U.S.C. § 5538.

3. Venue is proper in this District under 28 U.S.C. § 1391(b) and (c), and 15 U.S.C. § 53(b).

### **PLAINTIFF**

4. Plaintiff FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. In addition, the FTC enforces the Mortgage Assistance Relief Services Rule (MARS Rule), 16 C.F.R. Part 322, effective December 29, 2010, and its recodification as Regulation O, 12 C.F.R. Part 1015, effective December 30, 2011. Dodd-Frank Act § 1097, 12 U.S.C. § 5538. Among other things, the MARS Rule and Regulation O require MARS providers to make certain disclosures, prohibit MARS providers from making certain representations, and, effective January 31, 2011, prohibit MARS providers from collecting a fee in advance of the consumer's acceptance of mortgage assistance relief obtained by the MARS provider.

5. The FTC also enforces the Telemarketing Act, 15 U.S.C. § 6101 *et seq.* Pursuant to the Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or practices.

6. The FTC is authorized to initiate federal district court proceedings by its own attorneys to enjoin violations of the FTC Act; the TSR; the MARS Rule; and Regulation O; and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A)-(B), 57b, 6102(c), and 6105(b); § 626, 123 Stat. at 678, as clarified by § 511, 123 Stat. at 1763-64 and amended by § 1097, 124 Stat. at 2102-03, 12 U.S.C. § 5538.

#### DEFENDANTS

7. Defendant **Prime Legal Plans LLC** is a Delaware limited liability company that identifies its address as 160 Greentree Drive, Suite 101, Dover, Delaware. As part of the common enterprise described in paragraph 26, Prime Legal Plans LLC markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Prime Legal Plans LLC transacts or has transacted business in this District and throughout the United States.

8. Defendant **Consumer Legal Plans LLC** is a Nevada limited liability company that identifies its address as 871 Coronado Center Drive, Suite 200, Henderson, Nevada. As part of the common enterprise described in paragraph 26, Consumer Legal Plans LLC (Nevada) markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Consumer Legal Plans LLC (Nevada) transacts or has transacted business in this District and throughout the United States.

9. Defendant **Consumer Legal Plans, LLC**, also d/b/a CLP Associates, LLP, is a Wyoming limited liability company that identifies its address as 199 E. Flagler Street, #1460 Miami, FL 33131. As part of the common enterprise described in paragraph 26, Consumer Legal Plans, LLC (Wyoming) markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Consumer Legal Plans, LLC (Wyoming) transacts or has transacted business in this District and throughout the United States.

10. Defendant **Freedom Legal Plans LLC** is a Delaware limited liability company that identifies its address as 160 Greentree Drive, Suite 101, Dover, Delaware. As part of the common enterprise described in paragraph 26, Freedom Legal Plans LLC markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Freedom Legal Plans LLC transacts or has transacted business in this District and throughout the United States.

11. Defendant **Frontier Legal Plans LLC** is a Delaware limited liability company that identifies its address as 160 Greentree Drive, Suite 101, Dover, Delaware. As part of the common enterprise described in paragraph 26, Frontier Legal Plans LLC markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Frontier Legal Plans LLC transacts or has transacted business in this District and throughout the United States.

12. Defendant **Reaching U Network, Inc.** (“RUN”) is a Florida non-profit corporation that identifies its address as 701 Brickell Avenue, Suite 1550, Miami, Florida. As part of the common enterprise described in paragraph 26, RUN markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as

12 C.F.R. § 1015.2. RUN transacts or has transacted business in this District and throughout the United States. Although RUN obtained 501(c)(3) status from the Internal Revenue Service (“IRS”) in the past, that status was revoked on May 15, 2010. RUN operates for the economic benefit of for-profit companies and/or private persons and is therefore a “corporation” within the meaning of Sections 4 and 5(a) of the FTC Act, 15 U.S.C. §§ 44 and 45(a).

13. Defendant **123 Save A Home, Inc.** is a Nevada non-profit corporation that identifies its address as 2360 Corporate Circle, Suite 400, Henderson, Nevada. As part of the common enterprise described in paragraph 26, 123 Save A Home markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. 123 Save A Home, Inc. transacts or has transacted business in this District and throughout the United States. Upon information and belief, 123 Save A Home, Inc. has not obtained 501(c)(3) status from the IRS. 123 Save A Home, Inc. operates for the economic benefit of for-profit companies and/or private persons and is therefore a “corporation” within the meaning of Sections 4 and 5(a) of the FTC Act, 15 U.S.C. §§ 44 and 45(a).

14. Defendant **American Hardship LLC** is a Florida limited liability company that identifies its address as 1001 N. West Street, Suite 1200, Wilmington, Delaware. As part of the common enterprise described in paragraph 26, American Hardship LLC markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. American Hardship LLC transacts or has transacted business in this District and throughout the United States.

15. Defendant **Back Office Support Systems LLC** is a Florida limited liability that identifies its address as 5200 N. Federal Highway, Suite 2-1069, Fort Lauderdale, Florida. As part of the common enterprise described in paragraph 26, Back Office Support Systems LLC

markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Back Office Support Systems LLC transacts or has transacted business in this District and throughout the United States.

16. Defendant **Consumer Acquisition Network, LLC**, also d/b/a Consumer Legal Network, Legal Servicing & Billing Partners, Forensic Auditor Services, Telefunding Services, Mortgagesavers.org, First Capital Land Trust, and Florida Land Trust Consultants, is a Florida limited liability company that identifies its address as 168 SE 1st Street, #604, Miami, Florida. As part of the common enterprise described in paragraph 26, Consumer Acquisition Network, LLC markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Consumer Acquisition Network, LLC transacts or has transacted business in this District and throughout the United States.

17. Defendant **Legal Servicing and Billing Partners LLC** is a Delaware limited liability company that identifies its address as 160 Greentree Drive, Suite 101, Dover, Delaware. As part of the common enterprise described in paragraph 26, Legal Servicing and Billing Partners LLC markets, provides, offers to provide, or arranges for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Legal Servicing and Billing Partners LLC transacts or has transacted business in this District and throughout the United States.

18. Defendant **Lazaro Dinh**, a/k/a Mario Lazaro Sopena a/k/a Lazaro Sopena is an individual who, acting alone or in concert with others, has operated and continues to operate businesses that market, provide, offer to provide, or arrange for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Dinh, acting alone or in concert with others, and through interrelated entities described in paragraphs 7 through 17, has

formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this complaint. At times material to this complaint, Dinh is or was treasurer of 123 Save A Home, Inc. and an owner of Consumer Acquisition Network, LLC. In connection with the matters alleged herein, Dinh transacts or has transacted business in this District and throughout the United States.

19. Defendant **Kim E. Landolfi** is an individual who, acting alone or in concert with others, has operated and continues to operate businesses that market, provide, offer to provide, or arrange for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Landolfi, acting alone or in concert with others, and through interrelated entities described in paragraphs 7 through 17, has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this complaint. At times material to this complaint, Landolfi is or was a manager, managing member, principal, or owner of American Hardship, LLC and Freedom Legal Plans LLC. In connection with the matters alleged herein, Landolfi transacts or has transacted business in this District and throughout the United States.

20. Defendant **Derek B. Radzikowski** is an individual who, acting alone or in concert with others, has operated and continues to operate businesses that market, provide, offer to provide, or arrange for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Radzikowski, acting alone or in concert with others, and through interrelated entities described in paragraphs 7 through 17, has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this complaint. At times material to this Complaint, Radzikowski controlled and had the authority to control the business practices of the common enterprise described in paragraph 26, individually or with

others. In connection with the matters alleged herein, Radzikowski transacts or has transacted business in this District and throughout the United States.

21. Defendant **Andrew Primavera** is an individual who, acting alone or in concert with others, has operated and continues to operate businesses that market, provide, offer to provide, or arrange for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Primavera, acting alone or in concert with others, and through interrelated entities described in paragraphs 7 through 17, has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this complaint. At times material to this complaint, Primavera is or was a director and secretary of 123 Save A Home, Inc. and an owner of Consumer Acquisition Network, LLC. In connection with the matters alleged herein, Primavera transacts or has transacted business in this District and throughout the United States.

22. Defendant **Christopher N. Edwards** is an individual who, acting alone or in concert with others, has operated and continues to operate businesses that market, provide, offer to provide, or arrange for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Edwards, acting alone or in concert with others, and through interrelated entities described in paragraphs 7 through 17, has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this complaint. At times material to this complaint, Edwards is or was the Chief Executive Officer of RUN. In connection with the matters alleged herein, Edwards transacts or has transacted business in this District and throughout the United States.

23. Defendant **Jason C. Desmond** is an individual who, acting alone or in concert with others, has operated and continues to operate businesses that market, provide, offer to

provide, or arrange for others to provide MARS, as defined in 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2. Desmond, acting alone or in concert with others, and through interrelated entities described in paragraphs 7 through 17, has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this complaint. At times material to this complaint, Desmond is or was a principal of American Hardship LLC. In connection with the matters alleged herein, Desmond transacts or has transacted business in this District and throughout the United States.

#### **RELIEF DEFENDANTS**

24. Relief Defendant **The 2007 San Lazaro Irrevocable Life Insurance Trust** (“Trust”) is a trust with at least one bank account in its name in Florida. The Trust has received funds or assets that can be traced directly to Defendants’ unlawful acts or practices alleged below, and it has no legitimate claim to those funds.

25. Relief Defendant **Maria Soltura** is an individual who serves as the trustee for the Trust. The Trust has received funds or assets that can be traced directly to Defendants’ unlawful acts or practices alleged below, and it has no legitimate claim to those funds.

#### **COMMON ENTERPRISE**

26. At times material to this complaint Defendants Prime Legal Plans LLC; Consumer Legal Plans LLC (Nevada); Consumer Legal Plans, LLC (Wyoming); Freedom Legal Plans, LLC; Frontier Legal Plans, LLC; RUN; 123 Save A Home, Inc.; American Hardship, LLC; Back Office Support Services LLC; Consumer Acquisition Network, LLC; and Legal Servicing and Billing Partners, LLC, have operated as a common enterprise while engaging in the deceptive acts and practices set forth below. These Defendants have conducted those acts and practices through an interrelated network of companies that have common

ownership, business functions, and employees; that have commingled funds; and/or that have shared one another's marketing materials. In addition, these Defendants have operated from two primary office locations: 6451 N. Federal Highway, Suite 1200, Fort Lauderdale, Florida, and 2400 East Commercial Blvd., Fort Lauderdale, FL. Because these Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Defendants Dinh, Landolfi, Radzikowski, Primavera, Edwards, and Desmond, have formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Defendants that constitute the common enterprise.

### **COMMERCE**

27. At all times relevant to this complaint, Defendants have maintained a substantial course of trade in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

### **DEFENDANTS' BUSINESS PRACTICES**

#### **Overview**

28. From at least mid-2010 to present, Defendants, through operation of the common enterprise, have engaged in a course of conduct to advertise, market, sell, provide, offer to provide, or arrange for others to provide MARS, including loan document and transaction reviews, mortgage loan modification services, and foreclosure defense services.

29. Defendants market their services in a variety of ways, including through websites and, directly and through their agents and telemarketers, by contacting consumers nationwide through unsolicited telemarketing calls. Many of these consumers registered their phone numbers with the National Do Not Call Registry prior to being called by Defendants.

Defendants also engage in inbound telemarketing when consumers call in response to marketing efforts or advertising.

30. Defendants prey on financially distressed homeowners by luring them into membership programs with promises that they will receive full-service legal representation from expert foreclosure defense attorneys who will fight their lenders to save their homes from foreclosure or make their mortgage payments more affordable. In addition to legal representation, Defendants purport to provide consumers enrolled in certain of their programs with forensic loan audits and other reports to identify errors in their mortgage loan documents and to ferret out predatory lending practices, and to gather information that attorneys will use to defend against foreclosure and win concessions from lenders.

31. Defendants charge a monthly fee of either \$595 or \$750, depending on how much the consumer is willing to pay. Memberships last for an open-ended period of time. In numerous instances, Defendants have failed to obtain any relief for their customers.

32. The name of the membership program has changed numerous times, and has been offered through numerous entities under the following names: Freedom Legal Plans, American Legal Plans, Consumer Legal Plans, Frontier Legal Plans, Prime Legal Plans, and currently, Prime Access Management [collectively, "Legal Plans"].

#### **Reaching U Network**

33. Defendants marketed Legal Plans through "Reaching U Network" until around November 2011. They represented to consumers that Defendant RUN was a non-profit organization and exempt from taxes under Section 501(c)(3) of the Internal Revenue Code, even though the Internal Revenue Service revoked RUN's tax-exempt status on May 15, 2010.

34. Defendants operated numerous websites featuring RUN, including but not limited to: [www.wearereachingu.com](http://www.wearereachingu.com); [www.reachingutoo.com](http://www.reachingutoo.com); [www.reachingunetwork.com](http://www.reachingunetwork.com); [www.reachinguamerica.com](http://www.reachinguamerica.com); [www.reachingu.net](http://www.reachingu.net); [www.reachingu.info](http://www.reachingu.info); [www.reachingu.com](http://www.reachingu.com); [www.reachingu2help.org](http://www.reachingu2help.org); [www.reachingutoday.com](http://www.reachingutoday.com); [www.mylibertyfinancial.com](http://www.mylibertyfinancial.com); [www.homehelpline.org](http://www.homehelpline.org); [www.golegal123.org](http://www.golegal123.org); [www.americanflp.com](http://www.americanflp.com); [www.123savemyhome.com](http://www.123savemyhome.com); [www.123keepmyhome.com](http://www.123keepmyhome.com); and [www.helpingnownetwork.com](http://www.helpingnownetwork.com) [collectively, "RUN Websites"]. While some of these websites varied from each other in certain respects, their content was largely identical. They all listed toll-free telephone numbers for consumers to call for a "free consultation."

35. "Non-profit charitable organization" was emblazoned over a red background across the center of the RUN Websites landing pages. The following text appeared underneath:

Reaching U is helping thousands of Americans stay in their homes through the "Save Our Home Plan." Fill out our case analysis form to see if you qualify for one of our foreclosure prevention programs, short sale or "Hardest Hit Program" available now in 27 States. We also have credit advocates available in all 50 states.

36. The following text began near the middle of the RUN Websites landing pages:

Our charity is here to help you with . . .

- Fair Housing Pre-Purchase Education Workshops.
- Financial Management/Budget Counseling.
- Home Improvement and Rehabilitation Counseling.
- Mortgage Delinquency and Default Resolution Counseling.
- Non-Delinquency Post Purchase Workshops.
- Predatory Lending Education Workshops.

- Credit Counseling. – You can qualify for legal representation without an up front retainer.

37. A red stop sign containing the text “STOP Foreclosure Fraud” appeared at the top of the landing pages of the RUN Websites. Clicking on the stop sign took consumers to an online program enrollment form.

38. At the bottom of the RUN Websites landing pages, the words, “Report a LOAN MOD SCAM,” appeared in red as a hyperlink. Clicking on the hyperlink took consumers to the “Contact Us” page on the website, which contained an online form through which consumers could submit information including contact information and the best time to be reached.

39. The following disclaimer appeared at the bottom of the landing page of the RUN Websites: “Reaching U Network provides educational information only and does not provide legal advice. Every case is unique and outcomes will vary depending upon the facts and legal issues of your case. Please do not make any decisions about any legal matter without consulting an attorney first.” The disclaimer appeared in a font substantially smaller than the font of the text of the rest of the landing page, and on most of the RUN Websites, was visible only if the consumer scrolled down to the bottom of the page.

40. The “About Us” page contained the following description of RUN:

- Reaching U Network is a non-for profit 501c3 organization established in 2001 and became active in the community at the end of 2009.
- We survey consumer [sic] that need legal representation and educate them on their rights as a consumer.
- We are funded by private corporations and donations and we are building up cases for 2011 in order to qualify for government funding.
- Our mission statement is to help those who cannot afford legal representation by using donations to help pay for representation. We also have helped homeowners that are at

risk of losing their home, by paying their past due balances in order to avoid foreclosure.

- Our call centers use Tele-funders to raise money thru donations and awareness thru education. All of our call centers are licensed to tele-funds [sic] thru a charitable organization license. As of 2011 we are in 13 states.
- We are not a government agency. We are also not government funded. We are a private charity working for struggling consumers that can't afford legal representation.
- We participate in several community food drives and special events geared to raise funds or money for Struggling Americans.
- We are determined to expose bank fraud and predatory lending practices.
- Reaching U network does not profit from introducing homeowners to legal plan providers.

41. The RUN Websites contained "Testimonials" featuring stories from consumers who purportedly were able to avoid foreclosure or otherwise stay in their homes as a result of the efforts of RUN or Legal Plans and its network attorneys.

42. The RUN Websites also included Spanish webpages. While the information on the Spanish webpages was substantially similar to the information provided in the English versions, the Spanish webpages (translated from Spanish into English) urged consumers to call a toll-free telephone number for "a FREE Analysis of your case" and stated that "80% of residential loans contain some type of fraud or irregularity." The Spanish portions of the RUN Websites did not contain any disclaimers about the efficacy of the Defendants' services.

#### **The Evolution of the Legal Plans Marketing Scheme**

43. In late 2011, Defendants stopped using RUN as the primary face of their operations. Defendants, however, continue to operate several websites to market their services, including but not limited to: [www.123saveahome.org](http://www.123saveahome.org); [www.regulationz.org](http://www.regulationz.org); [www.saveourhomeplan.com](http://www.saveourhomeplan.com); [www.americanlegalplans.com](http://www.americanlegalplans.com); [www.frontierlegalplans.com](http://www.frontierlegalplans.com); [www.unitedhomedefenders.com](http://www.unitedhomedefenders.com); [www.defendmyhome.net](http://www.defendmyhome.net); [defendmyhouse.com](http://defendmyhouse.com);

homeownerhardships.com; www.mavpprogram.com; www.coprograms.org;  
www.americaunitedgroup.com; www.123psg.com; www.consumeracquisitionnetwork.com;  
www.afsoa.com; www.neighborhoodhelpline.com; www.homeownerrescuemission.com;  
www.americanhardship.com; and www.primeaccessmanagement.com. Those websites list toll-free telephone numbers for consumers to call and/or contain an online form through which consumers can submit contact information.

44. Other websites that Defendants operate contain the following statements about the prowess of their network attorneys:

- Her mortgage payment was \$2,400 per month, she now pays her attorney \$595 per month with no upfront retainer or set up fee and all audits were included. She has been living in her house paying just \$595 for 4.5 years now and the bank is so scared of the research the attorney has done, as well as the discovery performed on her loan, that they have backed off her case. Her attorney filed for a dismissal of the case in court and it was granted, **she now has no lawsuit, no one chasing her for a payment and so much evidence of fraud against her lender that her attorney is filing a suit to get her mortgage deleted and her house for free.** She has saved over \$86,000 in payments in 4 years; still lives in the same house her 3 sons grew up in and she is protected by the attorney who works on her case several hours per month for a flat rate of \$595 per month. (emphasis in the original)
- Every attorney in the network concentrates on foreclosure and goes through an extensive review before being qualified to participate. In addition to the review your attorney is required to make a commitment to provide you with a level of service that is usually enjoyed only by large corporate clients.
- Imagine being able to fight your foreclosure, having a full legal defense team working for you, litigating your case in court and working to reinstate your mortgage. This is far better than doing nothing and allowing the banks to easily come after you and take your home that you worked so hard to acquire.

**“Having legal representation during a foreclosure usually results in a bank agreeing to restructure the terms of your**

**loan to produce a payment or reinstatement package you can afford”** (emphasis in the original)

- The banks are getting very aggressive and they are using shrewd law firms to fast forward your foreclosure case. It is your right as an American to fight back with the best defense team available for your case. Without a American Legal Plans attorney to help you litigate your case, your rights may not be fully utilized in a Court of Law. Our network attorneys have helped hundreds of Americans stay in their homes. You too may have a favorable outcome if you choose the right defense plan.

45. Defendants also market through advertisements posted on internet search engines and on television advertisements. One of their internet advertisements has appeared as follows:

Prime Access Management - You May Get as Low as 2% Fixed Rate  
[www.afsoa.com/](http://www.afsoa.com/)  
Low Fixed Fee Solutions. Call Now.

#### **The Sales Pitch**

46. Defendants initiate contact with consumers in many ways, including but not limited to unsolicited outbound telemarketing calls, inbound telephone calls from consumers originating from Defendants' websites or other marketing materials, and outbound calls to consumers in response to information consumers submit on Defendants' websites.

47. In numerous instances, Defendants and their representatives have told consumers that they are calling on behalf of a 501(c)(3) tax-exempt and/or non-profit organization about a community outreach program designed to help struggling homeowners.

48. In numerous instances during unsolicited outbound sales calls to consumers, Defendants' representatives have told consumers who registered their telephone numbers with the National Do Not Call Registry that Do Not Call restrictions did not apply to their calls because of the company's non-profit status.

lenders, and will be represented by an attorney in their state. Consumers are also told that the legal representation they will receive includes unlimited telephone consultations and representation in negotiation, arbitration, and all elements of litigation, including depositions, court appearances, and motions.

### **Post-Sales Pitch Communications**

55. In numerous instances, after the initial sales pitch, Defendants have provided consumers with additional materials via email to bolster their claims about the outcomes that consumers who enroll in Legal Plans can expect to achieve. Those materials contain various claims about Defendants' services, including:

- Lenders are under Federal Investigation for predatory loans, predatory lending practices and fraud. You have legal rights as a home owner, and if there are violations in your mortgage you are entitled to damages or at the least a mortgage you can afford. A Forensic Loan Audit\* and an attorney specializing in Mortgage/Foreclosure Defense can help you achieve this.
- \*The Forensic Loan Audit is a 200 point inspection of your loan documents to see if you have been a victim of predatory lending or fraudulent practices of any kind. Based on the findings and the severity of such, the attorney would be able to litigate against your lender for damages. Some homeowners have won their deed in a court of law because of the severity of the findings.
- **YOU HAVE RIGHTS, AND NOW HAVE AT YOUR DISPOSAL, AN ATTORNEY NETWORK THAT IS ABLE TO KEEP YOU IN YOUR HOME, HALT THE FORECLOSURE PROCESS, AND FIGHT FOR YOUR RIGHTS!**

### **Post-Enrollment**

56. During the initial enrollment process, Defendants request payment information and authorization from consumers. They begin collecting membership fees of either \$595 or \$750 per month, usually through automatic debits from consumers' bank accounts, soon after

49. In numerous instances, Defendants' representatives have told consumers expressly or by implication that if they enrolled with Legal Plans they would likely obtain loan modifications or other concessions from lenders and that the process would be complete within as little as three to four months.

50. In numerous instances, Defendants' representatives have told consumers that attorneys working with Legal Plans will be able to prevent foreclosure, or at a minimum, delay it.

51. In numerous instances, Defendants' representatives have told consumers that they will conduct various audits and reviews of the consumers' loan documents and transactions and that the majority of audits and reviews reveal fraud, errors, or predatory acts committed by the lender.

52. In numerous instances, Defendants' representatives have claimed that attorneys in the Legal Plans network will use the findings from the audits and reviews to defend consumers against foreclosure and extract concessions from lenders that will lower consumers' monthly mortgage payments through reductions in loan principal and/or interest rates. They claim that lenders will grant those concessions to avoid going to court when confronted with proof that they violated the law.

53. In numerous instances, Defendants' representatives have told consumers that errors or fraud in consumers' mortgage loans and transactions can void a mortgage entirely, and that even a minor error could nullify a mortgage, giving the consumer free and clear ownership of the home.

54. Defendants' representatives tell consumers that by enrolling or continuing enrollment in Legal Plans, they will obtain full-service legal representation to fight their

the consumer's enrollment. Consumers' enrollment in Legal Plans and payment of monthly membership fees is open-ended and could continue indefinitely.

57. Typically, consumers who enroll in Legal Plans are assigned to a non-attorney customer service representative from Legal Plans and a paralegal from the law firm Litvin, Torrens, & Associates PLLC or Litvin Law Firm, P.C. The Legal Plans representatives and paralegals act as consumers' primary points of contact during enrollment.

58. In numerous instances, consumers who enroll do not receive legal representation. Although they may be assigned an attorney in a nominal sense, many consumers never meet or speak to a network attorney licensed in the state where they reside or where the property at issue is located, or have had only introductory conversations.

59. In numerous instances, consumers who have enrolled in Defendants' programs have been left to negotiate on their own with lenders. Consumers enrolled in Legal Plans have complained that they do not receive the legal representation they were promised.

60. In numerous instances, consumers enrolled in Defendants' programs have suffered significant economic injury, including: paying hundreds or thousands of dollars to Defendants and receiving little or no service in return; going into foreclosure; and even losing their homes.

61. In numerous instances, after consumers have enrolled in Defendants' programs and paid the requested advance fees, Defendants have failed to obtain a loan modification, principal reduction, or other relief to stop foreclosure or make consumers' mortgage payments affordable.

### **VIOLATIONS OF THE FTC ACT**

62. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.”

63. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

#### COUNT I

64. In numerous instances, in connection with the offering and sale of mortgage assistance relief services, Defendants have represented, expressly or by implication, that Legal Plans and its attorney network generally will obtain mortgage loan modifications for consumers that will make their payments substantially more affordable, or will help them avoid foreclosure.

65. In truth and in fact, Defendants generally do not obtain mortgage loan modifications for consumers that will make their payments substantially more affordable, and generally do not help them avoid foreclosure.

66. Therefore, Defendants’ representation as set forth in Paragraph 64 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S. C. § 45(a).

#### COUNT II

67. In numerous instances, in connection with the offering and sale of mortgage assistance relief services, Defendants have represented, expressly or by implication, that, as a result of various loan audits, research, and reviews provided by Defendants, including a forensic loan audit, they generally will obtain mortgage loan modifications for consumers that will make their payments substantially more affordable, or will help them avoid foreclosure.

68. In truth and in fact, Defendants generally do not obtain mortgage loan modifications for consumers that will make their mortgage payments substantially more affordable, or help them avoid foreclosure as a result of the various loan audits, research, and reviews, provided by Defendants.

69. Therefore, Defendants' representation as set forth in Paragraph 67 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### **THE MARS RULE**

70. In 2009, Congress directed the FTC to prescribe rules prohibiting unfair or deceptive acts or practices with respect to mortgage loans. Omnibus Act, § 626, 123 Stat. at 678, as clarified by Credit Card Act, § 511, 123 Stat. at 1763-64. Pursuant to that direction, the FTC promulgated the MARS Rule, 16 C.F.R. Part 322, all but one of the provisions of which became effective on December 29, 2010. The remaining provision, Section 322.5, became effective on January 31, 2011.

71. The MARS Rule and Regulation O define "mortgage assistance relief service provider" as "any person that provides, offers to provide, or arranges for others to provide, any mortgage assistance relief service" other than the dwelling loan holder, the servicer of a dwelling loan, or any agent or contractor of such individual or entity. 16 C.F.R. § 322.2, recodified as 12 C.F.R. § 1015.2.

72. The MARS Rule and Regulation O prohibit any mortgage assistance relief service provider from requesting or receiving payment of any fee or other consideration until the consumer has executed a written agreement between the consumer and the consumer's loan

holder or servicer that incorporates the offer that the provider obtained from the loan holder or servicer. 16 C.F.R. § 322.5(a), recodified as 12 C.F.R. § 1015.5(a).

73. The MARS Rule and Regulation O prohibit any mortgage assistance relief service provider from misrepresenting, expressly or by implication, any material aspect of any mortgage assistance relief service, including but not limited to:

- a. the likelihood of negotiating, obtaining, or arranging any represented service or result. 16 C.F.R. § 322.3(b)(1), recodified as 12 C.F.R. § 1015.3(b)(1); and
- b. the amount of time it will take the mortgage assistance relief service provider to accomplish any represented service or result. 16 C.F.R. § 322.3(b)(2), recodified as 12 C.F.R. § 1015.3(b)(2).

74. The MARS Rule and Regulation O prohibit any mortgage assistance relief service provider from failing to place a statement in every general commercial communication disclosing that (i) the provider is not associated with the government and its service is not approved by the government or any lender, and (ii) in certain cases, a statement disclosing that the lender may not agree to modify a loan, even if the consumer uses the provider's service. 16 C.F.R. §§ 322.4(a)(1)-(2), recodified as 12 C.F.R. §§ 1015.4(a)(1)-(2).

75. The MARS Rule and Regulation O prohibit any mortgage assistance relief service provider from failing to place a statement in every consumer-specific commercial communication (i) confirming that the consumer may stop doing business with the provider or reject an offer of mortgage assistance without having to pay for the services, (ii) disclosing that the provider is not associated with the government and its service is not approved by the government or any lender, and (iii) in certain cases, a statement disclosing that the lender may

not agree to modify a loan, even if the consumer uses the provider's service. 16 C.F.R. §§ 322.4(b)(1)-(3), recodified as 12 C.F.R. §§ 1015.4(b)(1)-(3).

76. Pursuant to the Omnibus Act, § 626, 123 Stat. at 678, as clarified by the Credit Card Act, § 511, 123 Stat. at 1763-64 and amended by the Dodd-Frank Act, § 1097, 124 Stat. at 2102-03, 12 U.S.C. § 5538, and pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the MARS Rule or Regulation O constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### COUNT III

77. In numerous instances, in the course of providing, offering to provide, or arranging for others to provide mortgage assistance relief services, Defendants ask for or receive payment before consumers have executed a written agreement between the consumer and the loan holder or servicer that incorporates the offer obtained by Defendants, in violation of the MARS Rule, 16 C.F.R. § 322.5(a) and Regulation O, 12 C.F.R. § 1015.5(a).

### COUNT IV

78. In numerous instances, in the course of providing, offering to provide, or arranging for others to provide mortgage assistance relief services, Defendants, in violation of the MARS Rule, 16 C.F.R. § 322.3(b)(1), and Regulation O, 12 C.F.R. § 1015.3(b)(1), have misrepresented, expressly or by implication, material aspects of their services, including, but not limited to:

(a) Defendants' likelihood of obtaining mortgage loans modifications for consumers that will make their payments substantially more affordable;

(b) Defendants' likelihood of obtaining mortgage loan modifications for consumers that will make their payments substantially more affordable as a result of a loan audit provided by Defendants; and

(c) The amount of time it will take the mortgage assistance relief service provider to accomplish any represented service or result.

COUNT V

79. In numerous instances, in the course of providing, offering to provide, or arranging for others to provide mortgage assistance relief services, Defendants have failed to make the following disclosures:

(a) in all general commercial communications –

(1) “[Name of Company] is not associated with the government, and our service is not approved by the government or your lender,” in violation of the MARS Rule, 16 C.F.R. § 322.4(a)(1), and Regulation O, 12 C.F.R. § 1015.4(a)(1); and

(2) “Even if you accept this offer and use our service, your lender may not agree to change your loan,” in violation of the MARS Rule, 16 C.F.R. § 322.4(a)(2), and Regulation O, 12 C.F.R. § 1015.4(a)(2);

(b) in all consumer-specific commercial communications –

(1) “You may stop doing business with us at any time. You may accept or reject the offer of mortgage assistance we obtain from your lender [or servicer]. If you reject the offer, you do not have to pay us. If you accept the offer, you will have to pay us [insert amount or method for calculating the amount] for our services,” in

violation of the MARS Rule, 16 C.F.R. § 322.4(b)(1), and Regulation O, 12 C.F.R. § 1015.4(b)(1);

(2) “[Name of company] is not associated with the government, and our service is not approved by the government or your lender,” in violation of the MARS Rule, 16 C.F.R. § 322.4(b)(2), and Regulation O, 12 C.F.R. § 1015.4(b)(2); and

(3) “Even if you accept this offer and use our service, your lender may not agree to change your loan,” in violation of the MARS Rule, 16 C.F.R. § 322.4(b)(3), and Regulation O, 12 C.F.R. § 1015.4(b)(3).

#### **TELEMARKETING SALES RULE**

80. Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the TSR in 1995, extensively amended it in 2003, and amended certain provisions thereafter. 16 C.F.R. Part 310.

81. The 2003 amendments to the TSR established a national do-not-call registry (the “National Do Not Call Registry”), a list of consumers who do not wish to receive certain types of telemarketing calls. Consumers can register their telephone numbers on the National Do Not Call Registry without charge either through a toll-free telephone call or over the Internet at [donotcall.gov](http://donotcall.gov). The National Do Not Call Registry is maintained by the FTC.

82. The TSR prohibits sellers and telemarketers from initiating outbound telephone calls to numbers on the National Do Not Call Registry. 16 C.F.R. § 310.4(b)(1)(iii)(B).

83. The TSR prohibits sellers and telemarketers from initiating outbound telephone calls to any consumer when that consumer previously has stated that he or she does not wish to receive an outbound telephone call made by or on behalf of the seller whose goods or services

are being offered, or made by or on behalf of the charitable organization for which a charitable contribution is being solicited. 16 C.F.R. § 310.4(b)(1)(iii)(A).

84. 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(aa).

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

86. The TSR defines an outbound telemarketing call as a “telephone call initiated by a telemarketer to induce the purchase of goods or services or to solicit a charitable contribution.” 16 C.F.R. § 310.2(v).

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

88. The FTC allows sellers, telemarketers, and other permitted organizations to access the National Do Not Call Registry over the Internet at [telemarketing.donotcall.gov](http://telemarketing.donotcall.gov), to pay the fee(s) if required by the TSR, and to download a list of numbers that are prohibited from being called.

89. The TSR prohibits sellers and telemarketers from calling any telephone number within a given area code unless the seller on whose behalf the call is made has paid the annual fee for access to the telephone numbers within that area code that are included in the National Do Not Call Registry. 16 C.F.R. § 310.8. Consumers who receive telemarketing calls to their

registered numbers can complain of National Do Not Call Registry violations the same way they registered, through a toll-free telephone call or over the Internet at [donotcall.gov](http://donotcall.gov), or by otherwise contacting law enforcement authorities.

90. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

91. Defendants are “seller[s]” or “telemarketer[s]” engaged in “telemarketing” as those terms are defined in the TSR, 16 C.F.R. § 310.2(aa), (cc), and (dd).

92. Defendants initiate outbound telephone calls to consumers in the United States to induce the purchase of Defendants’ services.

93. Defendants have engaged in telemarketing by a plan, program, or campaign 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.

#### COUNT VI

94. In connection with telemarketing, Defendants initiated or caused others to initiate numerous outbound telephone calls to consumers who have registered their telephone numbers on the National Do Not Call Registry in violation of the TSR, 16 C.F.R. § 310.4(b)(1)(iii)(B).

#### COUNT VII

95. In connection with telemarketing, Defendants have initiated, or caused others to initiate, numerous outbound telephone calls to telephone numbers within a given area code when Defendants had not, either directly or through another person, paid the required annual fee

of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

101. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 626 of the Omnibus Act authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the MARS Rule, including rescission and reformation of contracts and the refund of money.

#### **PRAYER FOR RELIEF**

Wherefore, Plaintiff Federal Trade Commission, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, the Omnibus Act, and the Court's own equitable powers, requests that the Court:

- A. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action, and to preserve the possibility of effective final relief, including but not limited to a temporary restraining order, a preliminary injunction, an order freezing assets, immediate access, and appointment of a receiver;
- B. Enter a permanent injunction to prevent future violations of the FTC Act, the MARS Rule/Regulation O, and the TSR by Defendants;
- C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, the MARS Rule/Regulation O, and the TSR including but not limited to rescission or

for access to the telephone numbers within that area code that are included in the National Do Not Call Registry, in violation of the TSR, 16 C.F.R. § 310.8.

**Against Relief Defendants**

**COUNT VIII**

96. Relief Defendant The 2007 San Lazaro Irrevocable Life Insurance Trust and Relief Defendant Maria Soltura, as its trustee, have received, directly or indirectly, funds or other assets from Defendants that are traceable to funds obtained from Defendants' customers through the deceptive and unlawful acts or practices described herein.

97. Relief Defendants are not bona fide purchasers with legal and equitable title to Defendants' customers' funds or other assets, and Relief Defendants will be unjustly enriched if they are not required to disgorge funds or the value of the benefit they received as a result of Defendants' deceptive and unlawful acts or practices.

98. By reason of the foregoing, Relief Defendants hold funds and assets in constructive trust for the benefit of Defendants' customers.

**CONSUMER INJURY**

99. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act, the MARS Rule and Regulation O, and the TSR. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

**COURT'S POWER TO GRANT RELIEF**

100. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations

reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies;

- D. Enter an order requiring Relief Defendants to disgorge all funds and assets, or the value of the benefit they received from the funds and assets, which are traceable to Defendants' deceptive and unlawful practices; and
- E. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Dated: September 24, 2012

Respectfully submitted,

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