

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 4:11-cv-00650 RAS
)	
RMCN CREDIT SERVICES, INC.,)	
a corporation,)	
)	
DOUG PARKER, Individually and as an)	
officer of the corporation, and)	
)	
JULIE PARKER, Individually and as an)	
officer of the corporation,)	
)	
Defendants.)	

**STIPULATED ORDER FOR PERMANENT INJUNCTION
AND CIVIL PENALTY JUDGMENT**

Plaintiff, the United States of America, acting upon notification and authorization to the Attorney General by the Federal Trade Commission (Commission), filed its Complaint for Civil Penalties, Injunctive, and Other Relief (Complaint), for a permanent injunction, civil penalties, and other relief in this matter, under Sections 5(m)(1)(A), 13(b), 16(a), and 19 of the Federal Trade Commission Act (FTC Act), 15 U.S.C. §§ 45 (m)(1)(A), 53(b), 56(a), and 57b, and Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b). Plaintiff and Defendants stipulate to the entry of this Stipulated Order for Permanent Injunction and Civil Penalty Judgment (Order) to resolve all matters in dispute in this action between them.

THEREFORE, IT IS ORDERED as follows:

FINDINGS

1. This court has jurisdiction over this matter.

2. The Complaint charges that Defendants participated in acts or practices in violation of Sections 404(a)(1) and 404(b) of the Credit Repair Organizations Act, 15 U.S.C. §§ 1679b(a)(1) and 1679b(b). Defendants operate a “credit repair organization,” as that term is defined in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3).

3. Defendants neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Order. Only for purposes of this action, Defendants admit the facts necessary to establish jurisdiction.

4. Defendants waive any claim that they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order, and agree to bear their own costs and attorney fees.

5. Defendants and the Plaintiff waive all rights to appeal or otherwise challenge or contest the validity of this Order.

DEFINITIONS

For the purpose of this Order, the following definitions apply:

- A. **“Commission”** means the Federal Trade Commission.
- B. **“Corporate Defendant”** means RMCN Credit Services, Inc., and its successors and assigns.
- C. **“Credit repair service”** means any service, in return for payment of money or other valuable consideration, for the express or implied purpose of: (1) improving any consumer’s credit record, credit history, or credit rating; or (2) providing advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer’s credit record, credit history, or credit rating.
- D. **“Defendants”** means both of the Individual Defendants and the Corporate Defendant, individually, collectively, or in any combination.
- E. **“Financial-related good or service”** means any good, service, plan, or program that is represented, expressly or by implication, to: (1) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, credit, debit, or stored-value cards;

(2) improve, or arrange to improve, any consumer's credit record, credit history, or credit rating;
(3) provide advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer's credit record, credit history, or credit rating;
(4) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, a loan or other extension of credit; (5) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, debt relief goods or services; or
(6) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, any service represented, expressly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a consumer and one or more secured creditors, servicers, or debt collectors.

F. **"Individual Defendants"** means Doug Parker and Julie Parker.

G. **"Plaintiff"** means the United States of America.

ORDER

I. INJUNCTION CONCERNING CREDIT REPAIR SERVICES

IT IS ORDERED that Defendants, Defendants' officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, sale, or provision of any credit repair service to consumers, are permanently restrained and enjoined from:

A. Charging or receiving money or other valuable consideration for the performance of credit repair services before such services are fully performed;

B. Making or using, or counseling or advising any consumer to make or use, untrue or misleading statements, or statements that should be known, upon the exercise of reasonable care, to be untrue or misleading, to consumer reporting agencies with respect to consumers' credit worthiness, credit standing, or credit capacity, including, but not limited to, disputing information on consumers' credit reports by stating specific reasons that: (1) are untrue or

misleading, or (2) are stated without taking reasonable steps to determine whether the reasons are true;

C. Sending inauthentic letters or other communications to consumer reporting agencies or creditors, including, but not limited to, sending letters that purport to be from consumers but are actually from Defendants;

D. Sending letters or other communications containing information about a consumer's credit worthiness, credit standing, or credit capacity, without having that consumer review the letter or communication and attest to its accuracy; and

E. Violating, or assisting others in violating, the Credit Repair Organizations Act, 15 U.S.C. §§ 1679-1679j, a copy of which is attached as **Attachment A**.

II. INJUNCTION CONCERNING FINANCIAL-RELATED GOODS OR SERVICES

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, sale, or provision of any financial-related good or service, are permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including, but not limited to:

A. That Defendants can legally dispute information on consumers' credit reports that is accurate and not obsolete;

B. That Defendants can improve substantially consumers' credit reports or profiles by permanently removing negative information from consumers' credit reports, even where such information is accurate and not obsolete;

C. The Defendants' ability to otherwise improve or otherwise affect a consumer's credit report or profile or ability to obtain credit;

D. Any aspect of any debt relief good or service, including, but not limited to, the amount of savings a consumer will receive from purchasing, using, or enrolling in such debt relief good or service, the amount of time before which a consumer will receive settlement of the consumer's debts, or the reduction or cessation of collection calls;

E. The terms or rates that are available for any loan or other extension of credit, including, but not limited to:

1. Closing costs or other fees;
2. The payment schedule, the monthly payment amount(s), or other payment terms, or whether there is a balloon payment; interest rate(s), annual percentage rate(s), or finance charge(s); the loan amount, the amount of credit, the draw amount, or outstanding balance; the loan term, the draw period, or maturity date;
3. The savings associated with the credit;
4. The amount of cash to be disbursed to the borrower out of the proceeds, or the amount of cash to be disbursed on behalf of the borrower to any third parties;
5. Whether the payment of the minimum amount specified each month covers both interest and principal, and whether the credit has or can result in negative amortization;
6. That the credit does not have a prepayment penalty or that no prepayment penalty and/or other fees or costs will be incurred if the consumer subsequently refinances; and
7. That the interest rate(s) or annual percentage rate(s) are fixed rather than adjustable or adjustable rather than fixed; or

F. That any person or program is affiliated with, endorsed or approved by, or otherwise connected to any other person, government entity, federal homeowner relief or financial stability program, or any other program.

III. INJUNCTION CONCERNING ANY GOODS OR SERVICES

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, sale, or provision of any good or service, are permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including, but not limited to:

- A. The total cost to purchase, receive, or use the goods or services;
- B. Any material restrictions, limitations, or conditions to purchase, receive, or use the goods or services;
- C. Any material aspect of the nature or terms of a refund, cancellation, exchange, or repurchase policy for the goods or services; or
- D. Any material aspect of the performance, efficacy, nature, or central characteristics of the goods or services.

IV. MONETARY JUDGMENT FOR CIVIL PENALTY AND PARTIAL SUSPENSION

IT IS FURTHER ORDERED that:

A. Judgment in the amount of TWO MILLION THREE HUNDRED AND FIFTY THOUSAND DOLLARS (\$2,350,000) is entered in favor of the Plaintiff against Individual Defendants and Corporate Defendant, jointly and severally, as a civil penalty, pursuant to Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A).

B. Defendants are ordered to pay to the Plaintiff, by making payment to the Treasurer of the United States, FOUR HUNDRED THOUSAND DOLLARS (\$400,000), such payment to be made in the following manner:

1. Within 7 days of entry of this Order, Defendants shall pay TWO HUNDRED AND EIGHTY THOUSAND DOLLARS (\$280,000), which Defendants stipulate their undersigned counsel holds in escrow for no purpose other than payment to the Plaintiff; and
2. Within 9 months of entry of this Order, Defendants shall pay ONE HUNDRED AND TWENTY THOUSAND DOLLARS (\$120,000). Within 7 days of entry of this Order, Defendants shall transfer to the Plaintiff security interests in each item of property described in **Attachment B** as security for the payments required under this Subsection. Defendants shall cooperate fully and take such steps as the Plaintiff may require, including executing any documents and providing any information necessary for the Plaintiff to perfect the filing and recording of security interests in such property under the laws of Texas. The Plaintiff will release its security interests in all property described in **Attachment B** upon receipt of all payments required by this Subsection.

All payments shall be made by electric fund transfer in accordance with instructions previously provided by a representative of the Plaintiff. Upon payment of the full FOUR HUNDRED THOUSAND DOLLARS (\$400,000), the remainder of the judgment is suspended, subject to the Subsections below.

C. The Plaintiff's and the Commission's agreement to the suspension of part of the judgment is expressly premised upon the truthfulness, accuracy, and completeness of Defendants' sworn financial statements and related documents (collectively, Financial Attestations) submitted to the Plaintiff and the Commission, namely:

1. The Financial Statement of Individual Defendants Doug Parker and Julie Parker signed on August 9, 2013, including the attachments, and supplemented on February 12, 2014; and
2. The Financial Statement of Corporate Defendant RMCN Credit Services, Inc. signed by Doug Parker as an Officer of the corporation on August 9, 2013, including the attachments, and supplemented on February 12, 2014.

D. The suspension of the judgment will be lifted as to any Defendant if, upon motion by the Plaintiff or the Commission, the court finds that Defendant failed to disclose any material asset, materially misstated the value of any asset, or made any other material misstatement or omission in the Financial Attestations identified above.

E. If the suspension of the judgment is lifted, the judgment becomes immediately due as to that Defendant in the amount specified in Subsection A. above (which the parties stipulate only for purposes of this Section represents the amount of civil penalty for the violations alleged in the Complaint), less any payment previously made according to this Section, plus interest computed from the date of entry of this Order.

F. Defendants relinquish dominion and all legal and equitable right, title, and interest in assets transferred under this Order and may not seek the return of any assets.

G. The facts as alleged in the Complaint shall be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission, including in a proceeding to enforce its rights to any payment or money judgment pursuant to this Order.

H. Defendants agree that the judgment represents a civil penalty owed to the government of the United States, is not compensation for actual pecuniary loss, and, therefore, as

to the Individual Defendants, it is not subject to discharge under the Bankruptcy Code pursuant to 11 U.S.C. § 523(a)(7).

I. Defendants acknowledge that their Taxpayer Identification Numbers (Social Security Numbers or Employer Identification Numbers), which Defendants previously submitted to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

V. NOTICE TO CUSTOMERS WITH RIGHT TO CANCEL CONTRACT

IT IS FURTHER ORDERED that:

A. All customers who have payments that are due or may become due to Defendants under agreements signed prior to the entry of this Order shall have a right to cancel the agreement and owe Defendants no money; and

B. Within thirty (30) days of entry of this Order, Defendants shall mail via first-class mail, postage prepaid, notices in the form shown in **Attachment C** to all customers, if any, who have payments that are due or may become due on agreements signed prior to the entry of this Order. No information other than that contained in **Attachment C** shall be included in or added to the notice required by this Section, nor shall any other materials be transmitted with the notice.

VI. ORDER ACKNOWLEDGMENTS

IT IS FURTHER ORDERED that Defendants obtain acknowledgments of receipt of this Order:

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

B. For 10 years after entry of this Order, each Individual Defendant for any business that the Defendant, individually or collectively with any other Defendant, is the majority owner

or controls directly or indirectly, and each Corporate Defendant, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees, agents, and representatives who participate in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within 7 days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

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

VII. COMPLIANCE REPORTING

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

A. One hundred and eighty (180) days after entry of this Order, each Defendant must submit a compliance report, sworn under penalty of perjury:

1. Each Defendant must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission and the Plaintiff may use to communicate with Defendant; (b) identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant (which Individual Defendants must describe if they know or should know due to their own involvement); (d) describe in detail whether and how that Defendant is in compliance with

each Section of this Order; and (e) provide a copy of each Order Acknowledgment obtained under this Order, unless previously submitted to the Commission.

2. Additionally, each Individual Defendant must: (a) identify all telephone numbers and all physical, postal, email and Internet addresses, including all residences; (b) identify all business activities, including any business for which such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest; and (c) describe in detail such Defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.

B. For 10 years after entry of this Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

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

2. Additionally, each Individual Defendant must report any change in: (a) name, including aliases or fictitious names, or residence address; or (b) title or role in any business activity, including any business for which such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest, and identify the name, physical address, and any Internet address of the business or entity.

C. Each Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Defendant within 14 days of its filing.

D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____,” and supplying the date, signatory’s full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission under this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: *United States of America vs. RMCN Credit Services, Inc. (X 120004)*.

VIII. RECORDKEEPING

IT IS FURTHER ORDERED that Defendants must create certain records for 10 years after entry of the Order, and retain each record for 5 years. Specifically, Corporate Defendant, in connection with the sale of any financial-related good or service, and each Individual Defendant for any business that such Defendant, individually or collectively with any other Defendant, is a majority owner or controls directly or indirectly, must create and retain the following records:

A. accounting records showing the revenues from all goods or services sold;

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

C. customer files, obtained after entry of this Order, showing the names, addresses, telephone numbers, dollar amounts paid, and the quantity and description of goods or services purchased;

D. records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;

E. all records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and

F. a copy of each unique advertisement or other marketing material.

IX. COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance with this Order, including the Financial Attestations upon which part of the judgment was suspended and any failure to transfer any assets as required by this Order:

A. Within 14 days of receipt of a written request from a representative of the Commission or the Plaintiff, each Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents for inspection and copying. The Commission and the Plaintiff are also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

B. For matters concerning this Order, the Commission and the Plaintiff are authorized to communicate directly with each Defendant. Defendants must permit representatives of the Commission and the Plaintiff to interview any employee or other person affiliated with any Defendant who has agreed to such an interview. The person interviewed may have counsel present.

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


X. RETENTION OF JURISDICTION

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

JUDGMENT IS THEREFORE ENTERED in favor of Plaintiff and against Defendants RMCN Credit Services, Inc., Doug Parker, and Julie Parker, pursuant to all the terms and conditions recited above.

Plaintiff's Unopposed Motion to Enter Stipulated Order for Permanent Injunction and Civil Penalty Judgment [de #52] is GRANTED.

SIGNED this the 2nd day of July, 2014.



RICHARD A. SCHELL
UNITED STATES DISTRICT JUDGE

SO STIPULATED AND AGREED

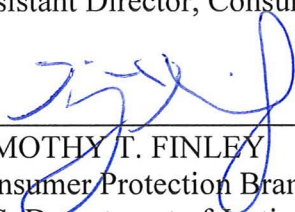
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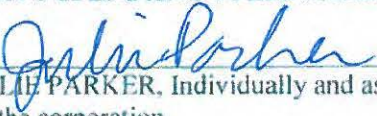
FOR DEFENDANT DOUG PARKER



DOUG PARKER, Individually and as an Officer
of the corporation

Date: 2/21/14

FOR DEFENDANT JULIE PARKER



JULIE PARKER, Individually and as an Officer
of the corporation

Date: 2/21/14

FOR DEFENDANT RMCN CREDIT SERVICES, INC.



RMCN CREDIT SERVICES, INC.,
BY DOUG PARKER, CHIEF EXECUTIVE OFFICER

Date: 2/21/14

**FOR DEFENDANTS, DOUG PARKER, JULIE PARKER, AND
RMCN CREDIT SERVICES, INC.**

Date: _____

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FOR DEFENDANTS:

FOR DEFENDANT DOUG PARKER

DOUG PARKER, Individually and as an Officer
of the corporation

Date: _____

FOR DEFENDANT JULIE PARKER

JULIE PARKER, Individually and as an Officer
of the corporation


Date: _____

FOR DEFENDANT RMCN CREDIT SERVICES, INC.

RMCN CREDIT SERVICES, INC.,
BY DOUG PARKER, CHIEF EXECUTIVE OFFICER

Date: _____

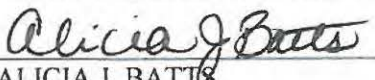
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ATTORNEYS FOR DEFENDANTS



Federal Trade Commission
Protecting America's Consumers

CHAPTER 2--CREDIT REPAIR ORGANIZATIONS(1)
SEC. 2451. REGULATION OF CREDIT REPAIR ORGANIZATIONS.

Title IV of the Consumer Credit Protection Act (Public Law 90-321, 82 Stat. 164) is amended to read as follows:

TITLE IV--CREDIT REPAIR ORGANIZATIONS"

Sec.

- 401. Short title.
- 402. Findings and purposes.
- 403. Definitions.
- 404. Prohibited practices.
- 405. Disclosures.
- 406. Credit repair organizations contracts.
- 407. Right to cancel contract.
- 408. Noncompliance with this title.
- 409. Civil liability.
- 410. Administrative enforcement.
- 411. Statute of limitations.
- 412. Relation to State law.
- 413. Effective date.

SEC. 401. SHORT TITLE.(2)

This title may be cited as the 'Credit Repair Organizations Act'.

SEC. 402. FINDINGS AND PURPOSES.(3)

(a) Findings.--The Congress makes the following findings:

- (1) Consumers have a vital interest in establishing and maintaining their credit worthiness and credit standing in order to obtain and use credit. As a result, consumers who have experienced credit problems may seek assistance from credit repair organizations which offer to improve the credit standing of such consumers.
- (2) Certain advertising and business practices of some companies engaged in the business of credit repair services have worked a financial hardship upon consumers, particularly those of limited economic means and who are inexperienced in credit matters.

(b) *Purposes.*--The purposes of this title are--

- (1) to ensure that prospective buyers of the services of credit repair organizations are provided with the information necessary to make an informed decision regarding the purchase of such services; and
- (2) to protect the public from unfair or deceptive advertising and business practices by credit repair organizations.

SEC. 403. DEFINITIONS.(4)

For purposes of this title, the following definitions apply:

- (1) *Consumer.* -- The term 'consumer' means an individual.
- (2) *Consumer credit transaction.* -- The term 'consumer credit transaction' means any transaction in which credit is offered or extended to an individual for personal, family, or household purposes.

(3) *Credit repair organization.* -- The term 'credit repair organization'--

(A) means any person who uses any instrumentality of interstate commerce or the mails to sell, provide, or perform (or represent that such person can or will sell, provide, or perform) any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of--

(i) improving any consumer's credit record, credit history, or credit rating; or

(ii) providing advice or assistance to any consumer with regard to any activity or service described in clause (i); and

(B) does not include--

(i) any nonprofit organization which is exempt from taxation under section 501(c)

(3) of the Internal Revenue Code of 1986;

(ii) any creditor (as defined in section 103 of the Truth in Lending Act),(5) with respect to any consumer, to the extent the creditor is assisting the consumer to restructure any debt owed by the consumer to the creditor; or

(iii) any depository institution (as that term is defined in section 3 of the Federal Deposit Insurance Act) or any Federal or State credit union (as those terms are defined in section 101 of the Federal Credit Union Act), or any affiliate or subsidiary of such a depository institution or credit union.

(4) *Credit.*--The term 'credit' has the meaning given to such term in section 103(e) of this Act.(6)

SEC. 404. PROHIBITED PRACTICES.(7)

(a) *In General.*--No person may--

(1) make any statement, or counsel or advise any consumer to make any statement, which is untrue or misleading (or which, upon the exercise of reasonable care, should be known by the credit repair organization, officer, employee, agent, or other person to be untrue or misleading) with respect to any consumer's credit worthiness, credit standing, or credit capacity to--

(A) any consumer reporting agency (as defined in section 603(f) of this Act);(8) or

(B) any person--

(i) who has extended credit to the consumer; or

(ii) to whom the consumer has applied or is applying for an extension of credit;

(2) make any statement, or counsel or advise any consumer to make any statement, the intended effect of which is to alter the consumer's identification to prevent the display of the consumer's credit record, history, or rating for the purpose of concealing adverse information that is accurate and not obsolete to--

(A) any consumer reporting agency;

(B) any person--

(i) who has extended credit to the consumer; or (ii) to whom the consumer has applied or is applying for an extension of credit;

(3) make or use any untrue or misleading representation of the services of the credit repair organization; or

(4) engage, directly or indirectly, in any act, practice, or course of business that constitutes or results in the commission of, or an attempt to commit, a fraud or deception on any person in connection with the offer or sale of the services of the credit repair organization.

(b) *Payment in Advance.*--No credit repair organization may charge or receive any money or other valuable consideration for the performance of any service which the credit repair organization has agreed to perform for any consumer before such service is fully performed.

SEC. 405. DISCLOSURES.(9)

(a) *Disclosure Required.*--Any credit repair organization shall provide any consumer with the following written statement before any contract or agreement between the consumer and the credit repair organization is executed:

Consumer Credit File Rights Under State and Federal Law

You have a right to dispute inaccurate information in your credit report by contacting the credit bureau directly. However, neither you nor any "credit repair" company or credit repair organization has the right to have accurate, current, and verifiable information removed from your credit report. The credit bureau must remove accurate, negative information from your report only if it is over 7 years old. Bankruptcy information can be reported for 10 years.

You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must provide someone to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud.

You have a right to sue a credit repair organization that violates the Credit Repair Organization Act. This law prohibits deceptive practices by credit repair organizations.

You have the right to cancel your contract with any credit repair organization for any reason within 3 business days from the date you signed it.

Credit bureaus are required to follow reasonable procedures to ensure that the information they report is accurate. However, mistakes may occur.

You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate or incomplete information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the credit bureau.

If the credit bureau's reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau, to be kept in your file, explaining why you think the record is inaccurate. The credit bureau must include a summary of your statement about disputed information with any report it issues about you.

The Federal Trade Commission regulates credit bureaus and credit repair organizations. For more information contact:

The Public Reference Branch
Federal Trade Commission
Washington, D.C. 20580

(b) *Separate Statement Requirement.*--The written statement required under this section shall be provided as a document which is separate from any written contract or other agreement between the credit repair organization and the consumer or any other written material provided to the consumer.

(c) *Retention of Compliance Records.*--

(1) *In general.*--The credit repair organization shall maintain a copy of the statement signed by the consumer acknowledging receipt of the statement.

(2) *Maintenance for 2 years.*--The copy of any consumer's statement shall be maintained in the organization's files for 2 years after the date on which the statement is signed by the consumer.

SEC. 406. CREDIT REPAIR ORGANIZATIONS CONTRACTS.(10)

(a) *Written Contracts Required.*--No services may be provided by any credit repair organization for any consumer--

(1) unless a written and dated contract (for the purchase of such services) which meets the requirements of subsection

(b) has been signed by the consumer; or

(2) before the end of the 3-business-day period beginning on the date the contract is signed.

(b) *Terms and Conditions of Contract.*--No contract referred to in subsection

(a) meets the requirements of this subsection unless such contract includes (in writing)--

(1) the terms and conditions of payment, including the total amount of all payments to be made by the consumer to the credit

repair organization or to any other person;

(2) a full and detailed description of the services to be performed by the credit repair organization for the consumer, including--

(A) all guarantees of performance; and

(B) an estimate of-- (i) the date by which the performance of the services (to be performed by the credit repair organization or any other person) will be complete; or (ii) the length of the period necessary to perform such services;

(3) the credit repair organization's name and principal business address; and

(4) a conspicuous statement in bold face type, in immediate proximity to the space reserved for the consumer's signature on the contract, which reads as follows: 'You may cancel this contract without penalty or obligation at any time before midnight of the 3rd business day after the date on which you signed the contract. See the attached notice of cancellation form for an explanation of this right.'

SEC. 407. RIGHT TO CANCEL CONTRACT.(11)

(a) *In General.* -- Any consumer may cancel any contract with any credit repair organization without penalty or obligation by notifying the credit repair organization of the consumer's intention to do so at any time before midnight of the 3rd business day which begins after the date on which the contract or agreement between the consumer and the credit repair organization is executed or would, but for this subsection, become enforceable against the parties.

(b) *Cancellation Form and Other Information.* -- Each contract shall be accompanied by a form, in duplicate, which has the heading 'Notice of Cancellation' and contains in bold face type the following statement:

'You may cancel this contract, without any penalty or obligation, at any time before midnight of the 3rd day which begins after the date the contract is signed by you.

To cancel this contract, mail or deliver a signed, dated copy of this cancellation notice, or any other written notice to (name of credit repair organization) at (address of credit repair organization) before midnight on (date)

I hereby cancel this transaction,

(date)

(purchaser's signature).'

(c) *Consumer Copy of Contract Required.*--Any consumer who enters into any contract with any credit repair organization shall be given, by the organization--

(1) a copy of the completed contract and the disclosure statement required under section 405; and (2) a copy of any other document the credit repair organization requires the consumer to sign, at the time the contract or the other document is signed.

SEC. 408. NONCOMPLIANCE WITH THIS TITLE.(12)

(a) *Consumer Waivers Invalid.*--Any waiver by any consumer of any protection provided by or any right of the consumer under this title--

(1) shall be treated as void; and

(2) may not be enforced by any Federal or State court or any other person.

(b) *Attempt To Obtain Waiver.*--Any attempt by any person to obtain a waiver from any consumer of any protection provided by or any right of the consumer under this title shall be treated as a violation of this title.

(c) *Contracts Not in Compliance.*--Any contract for services which does not comply with the applicable provisions of this title--

(1) shall be treated as void; and

(2) may not be enforced by any Federal or State court or any other person.

SEC. 409. CIVIL LIABILITY.(13)

(a) *Liability Established.*--Any person who fails to comply with any provision of this title with respect to any other person shall

be liable to such person in an amount equal to the sum of the amounts determined under each of the following paragraphs:

(1) Actual damages.--The greater of--

(A) the amount of any actual damage sustained by such person as a result of such failure; or

(B) any amount paid by the person to the credit repair organization.

(2) Punitive damages.--

(A) Individual actions.--In the case of any action by an individual, such additional amount as the court may allow.

(B) Class actions.--In the case of a class action, the sum of--

(i) the aggregate of the amount which the court may allow for each named plaintiff; and

(ii) the aggregate of the amount which the court may allow for each other class member, without regard to any minimum individual recovery.

(3) Attorneys' fees.--In the case of any successful action to enforce any liability under paragraph (1) or (2), the costs of the action, together with reasonable attorneys' fees.

(b) *Factors to Be Considered in Awarding Punitive Damages.*--In determining the amount of any liability of any credit repair organization under subsection (a)(2), the court shall consider, among other relevant factors--

(1) the frequency and persistence of noncompliance by the credit repair organization;

(2) the nature of the noncompliance;

(3) the extent to which such noncompliance was intentional; and

(4) in the case of any class action, the number of consumers adversely affected.

SEC. 410. ADMINISTRATIVE ENFORCEMENT.(14)

(a) *In General.*--Compliance with the requirements imposed under this title with respect to credit repair organizations shall be enforced under the Federal Trade Commission Act by the Federal Trade Commission.

(b) *Violations of This Title Treated as Violations of Federal Trade Commission Act.*--

(1) *In general.* -- For the purpose of the exercise by the Federal Trade Commission of the Commission's functions and powers under the Federal Trade Commission Act, any violation of any requirement or prohibition imposed under this title with respect to credit repair organizations shall constitute an unfair or deceptive act or practice in commerce in violation of section 5(a) of the Federal Trade Commission Act.

(2) *Enforcement authority under other law.* -- All functions and powers of the Federal Trade Commission under the Federal Trade Commission Act shall be available to the Commission to enforce compliance with this title by any person subject to enforcement by the Federal Trade Commission pursuant to this subsection, including the power to enforce the provisions of this title in the same manner as if the violation had been a violation of any Federal Trade Commission trade regulation rule, without regard to whether the credit repair organization--

(A) is engaged in commerce; or

(B) meets any other jurisdictional tests in the Federal Trade Commission Act.

(c) *State Action for Violations.*--

(1) *Authority of states.* -- In addition to such other remedies as are provided under State law, whenever the chief law enforcement officer of a State, or an official or agency designated by a State, has reason to believe that any person has violated or is violating this title, the State--

(A) may bring an action to enjoin such violation;

(B) may bring an action on behalf of its residents to recover damages for which the person is liable to such residents under section 409 as a result of the violation; and

(C) in the case of any successful action under subparagraph (A) or (B), shall be awarded the costs of the action and reasonable attorney fees as determined by the court.

(2) *Rights of commission.*--

(A) *Notice to commission.*--The State shall serve prior written notice of any civil action under paragraph

(1) upon the Federal Trade Commission and provide the Commission with a copy of its complaint, except in any case where such prior notice is not feasible, in which case the State shall serve such notice immediately upon instituting such action.

(B) *Intervention.*--The Commission shall have the right--

(i) to intervene in any action referred to in subparagraph (A);

(ii) upon so intervening, to be heard on all matters arising in the action; and

(iii) to file petitions for appeal.

(3) *Investigatory powers.* -- For purposes of bringing any action under this subsection, nothing in this subsection shall prevent the chief law enforcement officer, or an official or agency designated by a State, from exercising the powers conferred on the chief law enforcement officer or such official by the laws of such State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence.

(4) *Limitation.* -- Whenever the Federal Trade Commission has instituted a civil action for violation of this title, no State may, during the pendency of such action, bring an action under this section against any defendant named in the complaint of the Commission for any violation of this title that is alleged in that complaint.

SEC. 411. STATUTE OF LIMITATIONS.(15)

Any action to enforce any liability under this title may be brought before the later of-- (1) the end of the 5-year period beginning on the date of the occurrence of the violation involved; or (2) in any case in which any credit repair organization has materially and willfully misrepresented any information which-- (A) the credit repair organization is required, by any provision of this title, to disclose to any consumer; and (B) is material to the establishment of the credit repair organization's liability to the consumer under this title, the end of the 5-year period beginning on the date of the discovery by the consumer of the misrepresentation.

SEC. 412. RELATION TO STATE LAW.(16)

This title shall not annul, alter, affect, or exempt any person subject to the provisions of this title from complying with any law of any State except to the extent that such law is inconsistent with any provision of this title, and then only to the extent of the inconsistency.

SEC. 413. EFFECTIVE DATE.(17)

This title shall apply after the end of the 6-month period beginning on the date of the enactment of the Credit Repair Organizations Act,(18) except with respect to contracts entered into by a credit repair organization before the end of such period."

1. Pub. L. No. 104-208, 110 Stat. 3009 (Sept. 30, 1996). The amendments to the credit statutes are in Title II of the Act, entitled "Economic Growth and Regulatory Paperwork Reduction." The footnotes in this copy of the Act are not part of the Act, but are cross-references inserted by the FTC staff for the convenience of the reader.

2. To be codified as 15 U.S.C. § 1679.

3. To be codified as 15 U.S.C. § 1679a.

4. To be codified as 15 U.S.C. § 1679b.

5. Truth in Lending Act § 103(f) states in pertinent part: "The term 'creditor' refers only to creditors who regularly extend, or arrange for the extension of, credit which is payable by agreement in more than four installments or for which the payment of a finance charge is or may be required, whether in connection with loans, sales of property or services, or otherwise. . . ."

6. TILA § 103(e) states: "The term 'credit' means the right granted by a creditor to a debtor to defer payment of debt or to incur

debt and defer its payment."

7. To be codified as 15 U.S.C. § 1679c.

8. Fair Credit Reporting Act (FCRA) § 603(f) states: "The term 'consumer reporting agency' means any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of interstate commerce for the purpose of preparing or furnishing consumer reports."

9. To be codified as 15 U.S.C. § 1679d.

10. To be codified as 15 U.S.C. § 1679e.

11. To be codified as 15 U.S.C. § 1679f.

12. To be codified as 15 U.S.C. § 1679g.

13. To be codified as 15 U.S.C. § 1679h.

14. To be codified as 15 U.S.C. § 1679i.

15. To be codified as 15 U.S.C. § 1679j.

16. To be codified as 15 U.S.C. § 1679k.

17. To be codified as 15 U.S.C. § 1679l.

18. The statute was signed by the President on September 30, 1996.

Last Modified: Friday, June 24, 2011

B. RMCN Credit Services, Inc. 401(k) Plans

1. Defendant Doug Parker's interest in a 401(k) plan, held by Transamerica Corporation; and

2. Defendant Julie Ann Parker's interest in a 401(k) plan, held by Transamerican Corporation.

[Minimum 12 point Times New Roman font]

[RMCN Credit Services, Inc. Letterhead]

[Date]

[Name]

[Address]

[City/State/Zip]

RE: Lawsuit filed by the FTC

Dear RMCN Customer:

We're writing because the Federal Trade Commission (FTC), the nation's consumer protection agency, has filed a law enforcement action against us for violating the Credit Repair Organizations Act, the federal law that governs credit repair companies. According to the FTC, we illegally charged consumers advance fees before our services were fully performed and made untrue or misleading statements to credit bureaus.

As part of our settlement with the government, all customers who have payments that are due or may become due to RMCN under agreements signed prior to (enter date of court order) shall have a right to cancel the agreement and owe RMCN no money. **If you wish to cancel your agreement with RMCN and owe us no money, then fill-out the enclosed Cancellation Form and return it to RMCN using the enclosed postage-paid envelope.**

Please understand that under the Fair Credit Reporting Act – the federal law that governs credit reports – negative information that is accurate and verifiable can stay on your credit report for seven years. A bankruptcy can stay on for ten years. Nothing you can do – or pay someone to do – can legally remove this information from your credit report. Only time, a deliberate effort, and a plan to repay your bills will improve your credit record.

If your credit reports contain inaccurate or incomplete information, you have the right to have that information corrected. This is something that you can do yourself. For more on how to dispute credit report errors and other information about your consumer rights, visit the FTC's website at www.ftc.gov/moneymatters or call the FTC at 1-877-FTC-HELP (1-877-382-4357), or TTY at 1-866-653-4261.

Respectfully,

RMCN Credit Services, Inc.

RMCN CREDIT SERVICES, INC.
CANCELLATION FORM

I exercise my right to cancel the agreement with RMCN and owe no money to the company:

Client's Printed Name: _____

Client's Address: _____

Client's Signature: _____ Date: _____

To cancel your agreement, return this Cancellation Form to RMCN using the enclosed postage-paid envelope, or mail to:

RMCN Credit Services, Inc.
Cancellation Form
1611 Wilmeth Rd., Suite B
McKinney, Texas 75069