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

FEDERAL TRADE COMMISSION,

Plaintiff,

vs.

ALLIANCE DOCUMENT  
PREPARATION, LLC, *et al.*,

Defendants, and

DIRECT CONSULTING SERVICE,  
LLC; and CAPITAL DOC PREP, INC.,

Relief Defendants.

Civ. No. CV 17-7048 SJO (KSx)

**STIPULATION TO ENTRY OF  
PERMANENT INJUNCTION AND  
FINAL ORDER AS TO  
DEFENDANT MICHAEL RATLIFF**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its  
Complaint for Permanent Injunction and Other Equitable Relief pursuant to  
Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C.  
§ 53(b), and the Telemarketing and Consumer Fraud and Abuse Prevention Act

1 (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108. The Commission and Defendant  
2 Michael Ratliff (“Stipulating Defendant”) stipulate to entry of the Permanent  
3 Injunction and Final Order (“Order”) to resolve all matters in dispute in this action  
4 between them.

5 **THEREFORE, IT IS ORDERED** as follows:

6 **FINDINGS**

7 1. This Court has jurisdiction over this matter.

8 2. The Complaint charges that Stipulating Defendant participated in  
9 deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C.  
10 § 45(a) and the Telemarketing Sales Rule, 16 C.F.R. § 310, in connection with the  
11 advertising, marketing, promotion, offering for sale, or sale of debt relief services.

12 3. Stipulating Defendant neither admits nor denies any of the allegations  
13 in the Complaint, except as specifically stated in this Order. Only for purposes of  
14 this action, Stipulating Defendant admits the facts necessary to establish  
15 jurisdiction.

16 4. Stipulating Defendant waives any claim that he may have under the  
17 Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this  
18 action through the date of this Order, and agrees to bear his own costs and attorney  
19 fees.

20 5. Stipulating Defendant and the Commission waive all rights to appeal  
21 or otherwise challenge or contest the validity of this Order.

22 **DEFINITIONS**

23 A. **“Assisting others”** includes: (1) performing customer service  
24 functions, including receiving or responding to consumer complaints; (2)  
25 formulating or providing, or arranging for the formulation or provision of, any  
26 advertising or marketing material, including any telephone sales script, direct mail  
27 solicitation, or the design, text, or use of images of any Internet website, email, or  
28 other electronic communication; (3) formulating or providing, or arranging for the

1 formulation or provision of, any marketing support material or service, including  
2 web or Internet Protocol addresses or domain name registration for any Internet  
3 websites, affiliate marketing services, or media placement services; (4) providing  
4 names of, or assisting in the generation of, potential customers; (5) performing  
5 marketing, billing, or payment services of any kind; or (6) acting or serving as an  
6 owner, officer, director, manager, or principal of any entity.

7 **B. “Financial product or service”** means any product, service, plan, or  
8 program represented, expressly or by implication, to:

- 9 1. provide any consumer, arrange for any consumer to receive, or  
10 assist any consumer in receiving, a loan or other extension of credit;
- 11 2. provide any consumer, arrange for any consumer to receive, or  
12 assist any consumer in receiving, credit, debit, or stored value cards;
- 13 3. improve, repair, or arrange to improve or repair, any  
14 consumer’s credit record, credit history, or credit rating; or
- 15 4. provide advice or assistance to improve any consumer’s credit  
16 record, credit history, or credit rating.

17 **C. “Secured or unsecured debt relief product or service”** means:

- 18 1. With respect to any mortgage, loan, debt, or obligation between  
19 a person and one or more secured or unsecured creditors or debt  
20 collectors, any product, service, plan, or program represented,  
21 expressly or by implication, to:
  - 22 a. stop, prevent, or postpone any mortgage or deed of  
23 foreclosure sale for a person’s dwelling, any other sale of  
24 collateral, any repossession of a person’s dwelling or other  
25 collateral, or otherwise save a person’s dwelling or other  
26 collateral from foreclosure or repossession;
  - 27 b. negotiate, obtain, or arrange a modification, or  
28 renegotiate, settle, or in any way alter any terms of the

1 mortgage, loan, debt, or obligation, including a reduction in the  
2 amount of interest, principal balance, monthly payments, or  
3 fees owed by a person to a secured or unsecured creditor or debt  
4 collector;

5 c. obtain any forbearance or modification in the timing of  
6 payments from any secured or unsecured holder or servicer of  
7 any mortgage, loan, debt, or obligation;

8 d. negotiate, obtain, or arrange any extension of the period  
9 of time within which a person may (i) cure his or her default on  
10 the mortgage, loan, debt, or obligation, (ii) reinstate his or her  
11 mortgage, loan, debt, or obligation, (iii) redeem a dwelling or  
12 other collateral, or (iv) exercise any right to reinstate the  
13 mortgage, loan, debt, or obligation or redeem a dwelling or  
14 other collateral;

15 e. obtain any waiver of an acceleration clause or balloon  
16 payment contained in any promissory note or contract secured  
17 by any dwelling or other collateral; or

18 f. negotiate, obtain, or arrange (i) a short sale of a dwelling  
19 or other collateral, (ii) a deed-in-lieu of foreclosure, or (iii) any  
20 other disposition of a mortgage, loan, debt, or obligation other  
21 than a sale to a third party that is not the secured or unsecured  
22 loan holder.

23 The foregoing shall include any manner of claimed assistance, including  
24 auditing or examining a person's application for the mortgage, loan, debt, or  
25 obligation.

26 2. With respect to any loan, debt, or obligation between a person  
27 and one or more unsecured creditors or debt collectors, any product,  
28 service, plan, or program represented, expressly or by implication, to:

- 1 a. repay one or more unsecured loans, debts, or obligations;
- 2 or
- 3 b. combine unsecured loans, debts, or obligations into one
- 4 or more new loans, debts, or obligations.

5 D. **“Stipulating Defendant”** means Michael Ratliff and any other names  
 6 by which he might be known.

7 **I. BAN ON SECURED AND UNSECURED DEBT RELIEF**  
 8 **PRODUCTS AND SERVICES**

9 **IT IS ORDERED** that Stipulating Defendant is permanently restrained and  
 10 enjoined from advertising, marketing, promoting, offering for sale, or selling, or  
 11 assisting others in the advertising, marketing, promoting, offering for sale, or  
 12 selling, of any secured or unsecured debt relief product or service.

13 **II. PROHIBITION AGAINST MISREPRESENTATIONS RELATING**  
 14 **TO FINANCIAL PRODUCTS AND SERVICES**

15 **IT IS FURTHER ORDERED** that Stipulating Defendant, and his officers,  
 16 agents, employees, and attorneys, and all other persons or entities in active concert  
 17 or participation with Stipulating Defendant, who receive actual notice of this  
 18 Order, whether acting directly or indirectly, in connection with the advertising,  
 19 marketing, promoting, offering for sale, or selling of any financial product or  
 20 service, are permanently restrained and enjoined from misrepresenting, or assisting  
 21 others in misrepresenting, expressly or by implication:

22 A. The terms or rates that are available for any loan or other extension of  
 23 credit, including:

- 24 1. closing costs or other fees;
- 25 2. the payment schedule, monthly payment amount(s), any balloon
- 26 payment, or other payment terms;
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- 1 3. the interest rate(s), annual percentage rate(s), or finance
- 2 charge(s), or whether they are fixed or adjustable;
- 3 4. the loan amount, credit amount, draw amount, or outstanding
- 4 balance; the loan term, draw period, or maturity; or any other term of
- 5 credit;
- 6 5. the amount of cash to be disbursed to the borrower out of the
- 7 proceeds, or the amount of cash to be disbursed on behalf of the
- 8 borrower to any third parties;
- 9 6. whether any specified minimum payment amount covers both
- 10 interest and principal, or whether the credit has or can result in
- 11 negative amortization; or
- 12 7. that the credit does not have a prepayment penalty or whether
- 13 subsequent refinancing may trigger a prepayment penalty and/or other
- 14 fees.

15 B. The ability to improve or otherwise affect a consumer's credit record,

16 credit history, credit rating, or ability to obtain credit, including that a consumer's

17 credit record, credit history, credit rating, or ability to obtain credit can be

18 improved by permanently removing current, accurate negative information from

19 the consumer's credit record or history.

20 C. That a consumer will receive legal representation.

21 D. Any other fact material to consumers concerning any financial

22 product or service, such as: the total costs; any material restrictions, limitations, or

23 conditions; or any material aspect of its performance, efficacy, nature, or central

24 characteristics.

25 **III. PROHIBITION AGAINST MISREPRESENTATIONS RELATING**

26 **TO ANY PRODUCTS OR SERVICES**

27 **IT IS FURTHER ORDERED** that Stipulating Defendant, and his officers,

28 agents, employees, and attorneys, and all other persons in active concert or

1 participation with Stipulating Defendant, who receive actual notice of this Order,  
2 whether acting directly or indirectly, in connection with the advertising, marketing,  
3 promoting, offering for sale, or selling of any product, service, plan, or program,  
4 are permanently restrained and enjoined from misrepresenting, or assisting others  
5 in misrepresenting, expressly or by implication:

6 A. Any material aspect of the nature or terms of any refund, cancellation,  
7 exchange, or repurchase policy, including the likelihood of a consumer obtaining a  
8 full or partial refund, or the circumstances in which a full or partial refund will be  
9 granted to the consumer;

10 B. That any person is affiliated with, endorsed, approved by, accredited  
11 by, or otherwise connected to any other person; government entity; public, non-  
12 profit, or other non-commercial program; or any other program;

13 C. The nature, expertise, position, or job title of any person who provides  
14 any product, service, plan, or program;

15 D. The cost or likelihood of qualifying for or receiving any product,  
16 service, plan, or program;

17 E. That any person providing a testimonial has purchased, received, or  
18 used the product, service, plan, or program;

19 F. That the experience represented in a testimonial of the product,  
20 service, plan, or program represents the person's actual experience resulting from  
21 the use of the product, service, plan, or program under the circumstances depicted  
22 in the advertisement; or

23 G. Any other fact material to consumers concerning any good or service,  
24 such as: the total costs; any material restrictions, limitations, or conditions; or any  
25 material aspect of its performance, efficacy, nature, or central characteristics.

26 **IV. MONETARY EQUITABLE RELIEF AND SUSPENSION**

27 **IT IS FURTHER ORDERED** that:





1 C. The facts alleged in the Complaint establish all elements necessary to  
2 sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the  
3 Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral  
4 estoppel effect for such purposes.

5 D. Stipulating Defendant acknowledges that the Social Security Number,  
6 which Stipulating Defendant previously submitted to the Commission, may be  
7 used for collecting and reporting on any delinquent amount arising out of this  
8 Order, in accordance with 31 U.S.C. § 7701.

9 E. All money paid to the Commission pursuant to this Order may be  
10 deposited into a fund administered by the Commission or its designee to be used  
11 for equitable relief, including consumer redress and any attendant expenses for the  
12 administration of any redress fund. If a representative of the Commission decides  
13 that direct redress to consumers is wholly or partially impracticable or money  
14 remains after redress is completed, the Commission may apply any remaining  
15 money for such other equitable relief (including consumer information remedies)  
16 as it determines to be reasonably related to Stipulating Defendant's practices  
17 alleged in the Complaint. Any money not used for such equitable relief is to be  
18 deposited to the U.S. Treasury as disgorgement. Stipulating Defendant has no  
19 right to challenge any actions the Commission or its representative may take  
20 pursuant to this Subsection.

21 **VI. CUSTOMER INFORMATION**

22 **IT IS FURTHER ORDERED** that Stipulating Defendant, his officers,  
23 agents, employees, attorneys, and all other persons in active concert or  
24 participation with him, who receive actual notice of this Order, are permanently  
25 restrained and enjoined from directly or indirectly:

26 A. Failing to provide sufficient customer information to enable the  
27 Commission to efficiently administer consumer redress. Stipulating Defendant  
28 represents that he has provided this redress information to the Commission. If a

1 representative of the Commission requests in writing information related to  
2 redress, Stipulating Defendant must provide it, in the form prescribed by the  
3 Commission, within fourteen (14) days.

4 B. Disclosing, using, or benefitting from customer information, including  
5 the name, address, telephone number, email address, other identifying information,  
6 or any data that enables access to a customer's account, (including a credit card,  
7 bank account, or other financial account), that Stipulating Defendant obtained prior  
8 to entry of this Order in connection with the sale of debt relief; and

9 C. Failing to destroy such customer information in all forms in his  
10 possession, custody, or control within thirty (30) days after entry of this Order.

11 *Provided, however,* that customer information need not be disposed of, and  
12 may be disclosed, to the extent requested by a government agency or required by  
13 law, regulation, or court order.

#### 14 VII. COOPERATION

15 **IT IS FURTHER ORDERED** that Stipulating Defendant must fully  
16 cooperate with representatives of the Commission in this case and in any  
17 investigation related to or associated with the transactions or the occurrences that  
18 are the subject of the Complaint. Stipulating Defendant must provide truthful and  
19 complete information, evidence, and testimony. Stipulating Defendant must  
20 appear for interviews, discovery, hearings, trials, and any other proceedings that a  
21 Commission representative may designate, without the service of a subpoena.  
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1 **VIII. COMPLIANCE REPORTING**

2 **IT IS FURTHER ORDERED** that Stipulating Defendant make timely  
3 submissions to the Commission:

4 A. One year after entry of this Order, Stipulating Defendant must submit  
5 a compliance report, sworn under penalty of perjury.

6 1. Stipulating Defendant must: (a) identify the primary physical,  
7 postal, email address, and telephone number, as designated points of contact,  
8 which representatives of the Commission may use to communicate with  
9 Stipulating Defendant; (b) identify all of Stipulating Defendant’s businesses  
10 by all of their names, telephone numbers, and physical, postal, email, and  
11 Internet addresses; (c) describe the activities of each business including the  
12 goods and services offered, the means of advertising, marketing, and sales,  
13 and the involvement of any other Defendant (which Stipulating Defendant  
14 must describe if he knows or should know due to his own involvement); (d)  
15 describe in detail whether and how that Stipulating Defendant is in  
16 compliance with each Section of this Order; and (e) provide a copy of each  
17 Order Acknowledgment obtained pursuant to this Order, unless previously  
18 submitted to the Commission.

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

27 B. For ten (10) years after entry of this Order, Stipulating Defendant  
28 must submit a compliance notice, sworn under penalty of perjury, within fourteen

1 (14) days of any change in the following: (1) name, including aliases or fictitious  
2 name, or residence address; or (2) title or role in any business activity, including  
3 any business for which he performs services whether as an employee or otherwise  
4 and any entity in which he has any ownership interest, and identify the name,  
5 physical address, and any Internet address of the business or entity.

6 C. Stipulating Defendant must submit to the Commission notice of the  
7 filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by  
8 or against Stipulating Defendant within fourteen (14) days of its filing.

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

15 E. Unless otherwise directed by a Commission representative in writing,  
16 all submissions to the Commission pursuant to this Order must be emailed to  
17 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:  
18 Associate Director for Enforcement, Bureau of Consumer Protection, Federal  
19 Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The  
20 subject line must begin: FTC v. Alliance Document Preparation, LLC, *et al.*,  
21 X170054.

## 22 IX. RECORDKEEPING

23 **IT IS FURTHER ORDERED** that Stipulating Defendant must create  
24 certain records for ten (10) years after entry of the Order, and retain each such  
25 record for five (5) years. Specifically, for any business for which Stipulating  
26 Defendant is a majority owner or controls directly or indirectly, Stipulating  
27 Defendant must create and retain the following records: (a) accounting records  
28 showing the revenues from all goods or services sold; (b) personnel records

1 showing, for each person providing services, whether as an employee or otherwise,  
2 that person's: name; addresses; telephone numbers; job title or position; dates of  
3 service; and (if applicable) the reason for termination; (c) records of all consumer  
4 complaints and refund requests, whether received directly or indirectly, such as  
5 through a third party, and any response; (d) all records necessary to demonstrate  
6 full compliance with each provision of this Order, including all submissions to the  
7 Commission; and (e) a copy of each unique advertisement or other marketing  
8 material.

9 **X. ORDER ACKNOWLEDGMENTS**

10 **IT IS FURTHER ORDERED** that Stipulating Defendant obtain  
11 acknowledgments of receipt of this Order:

12 A. Stipulating Defendant, within seven (7) days of entry of this Order,  
13 must submit to the Commission an acknowledgment of receipt of this Order sworn  
14 under penalty of perjury.

15 B. For five (5) years after entry of this Order, Stipulating Defendant for  
16 any business that he is the majority owner or controls directly or indirectly, must  
17 deliver a copy of this Order to: (1) all principals, officers, directors, and LLC  
18 managers and members; (2) all employees having managerial responsibilities for  
19 conduct related to the subject matter of the Order and all agents and representatives  
20 who participate in conduct related to the subject matter of the Order; and (3) any  
21 business entity resulting from any change in structure as set forth in the Section  
22 titled Compliance Reporting. Delivery must occur within seven (7) days of entry  
23 of this Order for current personnel. For all others, delivery must occur before they  
24 assume their responsibilities.

25 C. From each individual or entity to which Stipulating Defendant  
26 delivered a copy of this Order, Stipulating Defendant must obtain, within thirty  
27 (30) days, a signed and dated acknowledgment of receipt of this Order.

1 **XI. COMPLIANCE MONITORING**

2 **IT IS FURTHER ORDERED** that, for the purpose of monitoring  
3 Stipulating Defendant’s compliance with this Order, including the financial  
4 attestations upon which all or part of the judgment was suspended and any failure  
5 to transfer any assets as required by this Order:

6 A. Within fourteen (14) days of receipt of a written request from a  
7 representative of the Commission, Stipulating Defendant must: submit additional  
8 compliance reports or other requested information, which must be sworn under  
9 penalty of perjury; appear for depositions; and produce documents for inspection  
10 and copying. The Commission is also authorized to obtain discovery, without  
11 further leave of court, using any of the procedures prescribed by Federal Rules of  
12 Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and  
13 69.

14 B. For matters concerning this Order, the Commission is authorized to  
15 communicate directly with Stipulating Defendant. Stipulating Defendant must  
16 permit representatives of the Commission to interview any employee or other  
17 person affiliated with Stipulating Defendant who has agreed to such an interview.  
18 The person interviewed may have counsel present.

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

25 D. Upon written request from a representative of the Commission, any  
26 consumer reporting agency must furnish consumer reports concerning Michael  
27 Ratliff, pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C.  
28 §1681b(a)(1).

