UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

FEDERAL TRADE COMMISSION, Plaintiff, v. **SEED CONSULTING, LLC**, also doing business as SEED CAPITAL and FOUNDATION FUNDING, a Nevada limited liability company, **CREDIT NAVIGATOR, LLC**, a Nevada limited liability company, **ERIK GANTZ**, individually, and as a principal and owner of SEED CONSULTING, LLC and CREDIT NAVIGATOR, LLC, and **RANDY LANG**, individually, Defendants.	Case No. 2:21-cv-154 **[PROPOSED] STIPULATED ORDER FOR PERMANENT INJUNCTION AND MONETARY JUDGMENT**

Plaintiff, the Federal Trade Commission ("Commission" or "FTC"), filed its Complaint for Permanent Injunction and Monetary Judgment in this matter ("Complaint"), for a permanent injunction and other equitable relief in this matter, pursuant to Sections 13(b) and 19 and of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, Section 6(b) of the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. § 6105, Section 410(b) of the Credit Repair Organizations Act ("CROA"), 15 U.S.C. § 1679h, and Section 2(d) of the Consumer Review Fairness Act of 2016 ("CRFA"), 15 U.S.C. § 45b. The Commission and Defendants Seed Consulting, LLC, Credit Navigator, LLC, Erik Gantz, and Randy Lang stipulate to the entry of

this [Proposed] Stipulated Order for Permanent Injunction and Monetary 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 deceptive and unfair acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), Section 310.3(b) of the FTC's Trade Regulation Rule entitled Telemarketing Sales Rule ("TSR"), 16 C.F.R. § 310.3(b), Section 404 of CROA, 15 U.S.C. § 1679b, and Section 2(c) of the CRFA, 15 U.S.C. § 45b, in connection with their business of applying for and obtaining credit cards on behalf of consumers in exchange for a fee.

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 Commission 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. "**Clearly and Conspicuously**" means that a required disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by ordinary consumers, including in all of the following ways:

1. In any communication that is solely visual or solely audible, the disclosure must be made through the same means through which the communication is presented. In any communication made through both visual and

audible means, such as a television advertisement, the disclosure must be presented simultaneously in both the visual and audible portions of the communication even if the representation requiring the disclosure is made in only one means.

2. A visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, must stand out from any accompanying text or other visual elements so that it is easily noticed, read, and understood.

3. An audible disclosure, including by telephone or streaming video, must be delivered in a volume, speed, and cadence sufficient for ordinary consumers to easily hear and understand it.

4. In any communication using an interactive electronic medium, such as the Internet or software, the disclosure must be unavoidable.

5. The disclosure must use diction and syntax understandable to ordinary consumers and must appear in each language in which the representation that requires the disclosure appears.

6. The disclosure must comply with these requirements in each medium through which it is received, including all electronic devices and face-to-face communications.

7. The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication.

8. When the representation or sales practice targets a specific audience, such as children, the elderly, or the terminally ill, "ordinary consumers" includes reasonable members of that group.

B. **"Consumer Credit"** means credit advanced to a consumer for the purchase of goods or services, including by a credit card.

C. **"Consumer Credit Service"** means an arrangement where a Person assists a consumer in applying for or obtaining Consumer Credit in exchange for a fee or other financial compensation. Consumer Credit Service does not include mortgage brokerage services.

D. **"Consumer Financial Account Information"** means any information that is identified with a consumer concerning a financial account, including account numbers, credit card account balances or limits, depository bank account balances, mortgage or automobile balances, or any other financial account balance or limit.

E. "**Corporate Defendants**" means Seed Consulting, LLC (also doing business as Seed Capital and Foundation Funding) and Credit Navigator, LLC, and each of their subsidiaries, affiliates, successors, and assigns.

F. **"Covered Communication"** means a written, oral, or Pictorial review, performance assessment, or other similar analysis of goods or services, including conduct related to the goods or services.

G. **"Credit Repair Service"** means any service, in return for payment of money or other consideration, for the express or implied purpose of: (1) improving any consumer's credit report, credit record, credit history, credit profile, credit score, 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 any consumer's credit report, credit record, credit history, credit profile, credit score, or credit rating.

H. "**Defendants**" means the Individual Defendants and the Corporate Defendants, individually, collectively, or in any combination.

I. "**Including**" means including but not limited to.

J. "**Individual Defendants**" means Erik Gantz and Randy Lang.

K. "**Person**" means any natural person, organization, or legal entity, including a corporation, limited liability company, partnership, proprietorship, association, cooperative, government or governmental subdivision or agency, or any other group or combination acting as an entity.

L. **"Pictorial"** includes pictures, photographs, video, illustrations, and symbols.

M. **"Review-Limiting Contract Term"** means a standardized contract term that:

1. prohibits or restricts the ability of a Person who is a party to the contract to engage in a Covered Communication;

2. imposes a penalty or fee against a Person who is a party to the contract for engaging in a Covered Communication; or

3. transfers, or requires a Person who is a party to the contract to transfer, to any other Person any intellectual property rights in a Covered Communication, with the exception of a non-exclusive license to lawfully use a Covered Communication about a Defendant's goods, services, or conduct.

I.

BAN ON SELLING CONSUMER CREDIT SERVICES

IT IS ORDERED that Defendants are permanently restrained and enjoined from advertising, marketing, promoting, or offering for sale, or assisting in the advertising, marketing, promoting, or offering for sale of, any Consumer Credit Service.

II.

PROHIBITED BUSINESS ACTIVITIES

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, 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, or offering for sale of any good or service, other than those banned by Section I of this Order, are permanently restrained and enjoined from:

A. Misrepresenting, or assisting others in misrepresenting, expressly or by implication:

1. The financial status of any customer, including the customer's income or assets, in connection with any submission to a financial institution or credit bureau;

2. That consumers are likely to earn substantial income, or a specific level or range of actual or potential income;

3. The impact of any service provided by Defendants on a consumer's credit record, credit history, or credit rating;

4. The extent to which and the manner in which Defendants will use, transfer, share, or disclose Consumer Financial Account Information;

5. Any Person's ability to improve or otherwise affect a consumer's credit record, credit history, or credit rating or ability to obtain credit;

6. That any Person can improve any consumer's credit record, credit history, or credit rating by permanently removing negative information from the consumer's credit record, credit history, or credit rating, even where such information is accurate and not obsolete;

7. The terms or rates that are available for any loan or other extension of credit, including, but not limited to: (a) the type of credit (such as a credit card, line of credit, or loan); (b) closing costs or other fees and how such costs or fees will be assessed; (c) the payment schedule, monthly payment amount(s), any balloon payment, or other payment terms; (d) the interest rate(s), annual percentage rate(s), or finance charge(s), and whether they are fixed or adjustable; (e) the loan amount, credit amount, draw amount, or outstanding balance; the loan term, draw period, or maturity; or any other term of credit; (f) 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; (g) whether any specified minimum payment amount covers both interest and principal, and whether the credit has or can result in negative amortization; or (h) that the credit

does not have a prepayment penalty or whether subsequent refinancing may trigger a prepayment penalty and/or other fees; or

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

B. Failing to disclose Clearly and Conspicuously, in connection with any representation regarding the availability of any loan or other extension of credit: (1) the type of credit (such as a credit card, line of credit, or loan); (2) all costs associated with such extension of credit and how such costs shall be assessed; (3) the interest rate(s), annual percentage rate(s), or finance charge(s), and whether they are fixed or adjustable; and (4) the loan amount, credit amount or limit, draw amount, or outstanding balance.

III.

PROHIBITIONS REGARDING CREDIT REPAIR SERVICES

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, 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, or offering for sale of any Credit Repair Service, other than those banned by Section I of this Order, are permanently restrained and enjoined from:

A. Engaging 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 a Credit Repair Service;

B. Making any statement or advising any consumer to make any statement, which is untrue or misleading or should be known 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 15

U.S.C. § 1681a(f)); 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;

C. Failing to provide any Person with a written statement of "Consumer Credit File Rights Under State and Federal Law," in the form and manner required by Section 405(a) of CROA, 15 U.S.C. § 1679c(a);

D. Failing to include in contracts for any Credit Repair Service a conspicuous statement in bold face type, in immediate proximity to the space reserved for the consumer's signature on the contract, regarding the consumer's right to cancel the contracts without penalty or obligation at any time before the third business day after the date on which consumers signed the contracts, in the form and manner required by Section 406(b)(4) of CROA, 15 U.S.C. § 1679d(b)(4);

E. Failing to provide any Person with a separate form with the heading "Notice of Cancellation," in the form and manner required by Section 407(b) of CROA, 15 U.S.C. § 1679e(b);

F. Charging or receiving any money or other consideration for the performance of any Credit Repair Service before such Credit Repair Service is fully performed; or

G. Violating CROA, 15 U.S.C. §§ 1679-1679j, a copy of which is attached as Attachment A.

IV.

PROHIBITION AGAINST DISCLOSURE OF CONSUMER FINANCIAL ACCOUNT INFORMATION

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, and employees, 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, are permanently restrained and enjoined from selling, transferring, or

disclosing any consumer's Consumer Financial Account Information without the consumer's express informed consent to the sale, transfer, or disclosure.

V.

PROHIBITION AGAINST ASSISTING AND FACILITATING

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, and employees, 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, are permanently restrained and enjoined from providing substantial assistance or support to any Person that they know, or should know, is engaged in:

A. Misrepresenting, directly or by implication, any material aspect of the performance, efficacy, nature, or central characteristics of any goods and services;

B. Misrepresenting, directly or by implication, any material aspect of the nature or terms of any refund, cancellation, exchange, or repurchase policies;

C. The unauthorized debiting or charging of consumer bank or credit card accounts; or

D. Any deceptive, unfair, or abusive act or practice prohibited by Section 5 of the FTC Act or by the TSR.

VI.

PROHIBITED USE OF REVIEW-LIMITING CONTRACT TERMS

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, and employees, 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 sale of any good or service, must not:

A. Offer to any prospective customer a contract, or offer to any customer a renewal contract, that includes a Review-Limiting Contract Term;

B. Require that a customer accept a Review-Limiting Contract Term as a condition of Defendants' fulfillment of its obligations under a customer contract that Defendants entered into before the effective date of this Order; or

C. Attempt to enforce or assert the validity of any Review-Limiting Contract Term in any customer contract that Defendants entered into before the effective date of this Order.

Nothing in this Paragraph shall require Defendants to publish or host the content provided by any Person, affect any other legal duty of a party to a contract, or affect any cause of action arising from the breach of such duty.

VII.

MONETARY JUDGMENT

IT IS FURTHER ORDERED that:

A. Judgment in the amount of Two Million One Hundred Thousand Dollars ($2,100,000) is entered in favor of the Commission against Defendants, jointly and severally, as equitable monetary relief.

B. Defendants are ordered to pay to the Commission Two Million One Hundred Thousand Dollars ($2,100,000), which, as Defendants stipulate, their undersigned counsel holds in escrow for no purpose other than payment to the Commission. Such payment must be made within 7 days of entry of this Order by electronic fund transfer in accordance with instructions previously provided by a representative of the Commission.

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

D. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission, in a proceeding to enforce its rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.

E. The facts alleged in the Complaint establish all elements necessary to sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the

Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.

F. Defendants acknowledge that their Taxpayer Identification Numbers (Social Security Numbers or Employer Identification Numbers), which Defendants must submit 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.

G. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for equitable relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. Defendants have no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection.

VIII.

CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Defendants and Defendants' officers, agents, and employees, 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, are hereby permanently restrained and enjoined from directly or indirectly:

A. Failing to provide sufficient customer information to enable the Commission to efficiently administer consumer redress. If a representative of the Commission requests in writing any information related to redress, Defendants must provide it, in the form prescribed by the Commission, within 14 days;

B. Disclosing, using, or benefitting from customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account), that any Defendant obtained prior to entry of this Order in connection with their business of applying for and obtaining credit cards on behalf of consumers in exchange for a fee; and

C. Failing to destroy such customer information in all forms in their possession, custody, or control within 30 days after receipt of written direction to do so from a representative of the Commission.

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

IX.

COOPERATION

IT IS FURTHER ORDERED that Defendants must fully cooperate with representatives of the Commission in this case and in any investigation related to or associated with the transactions or the occurrences that are the subject of the Complaint. Such Defendants must provide truthful and complete information, evidence, and testimony. Such Individual Defendants must appear and such Corporate Defendants must cause Defendants' officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that a Commission representative may reasonably request upon 5 days written notice, or other reasonable notice, at such places and times as a Commission representative may designate, without the service of a subpoena.

X.

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 5 years after entry of this Order, each Individual Defendant for any business that such 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 having managerial responsibilities for conduct related to the subject matter of the Order and all agents and representatives who participate in conduct related to the subject matter of this 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.

XI.

COMPLIANCE REPORTING

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

A. One year 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 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 pursuant to 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 any 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 name, 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 pursuant to 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: *FTC v. Seed Consulting, LLC, et al.*

XII.

RECORDKEEPING

IT IS FURTHER ORDERED that Defendants must create certain records for 10 years after entry of the Order, and retain each such record for 5 years. Specifically, Corporate Defendants and each Individual Defendant for any business that such Defendant, individually or collectively with any other Defendants, 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. records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response; and

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

XIII.

COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance with this Order, including 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, 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 is 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 is authorized to communicate directly with each Defendant. Defendants must permit representatives of the Commission 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 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, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

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

XIV.

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.

SO ORDERED this _____ day of _____.

_____
UNITED STATES DISTRICT JUDGE

SO STIPULATED AND AGREED:

For Plaintiff
Federal Trade Commission:

Dated: January 26, 2021

BRIAN N. LASKY
CHRISTOPHER Y. MILLER
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For Defendants Seed Consulting, LLC, Credit Navigator, LLC, Erik Gantz, and Randy Lang

Dated: 10-12, 2020

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Defendant Erik Gantz

Dated: Oct 12th, 2020

ERIK GANTZ
Individually and on behalf of the Corporate Defendants

Defendant Randy Lang

Dated: Oct. 6th, 2020

RANDY LANG
Individually

Attachment A

1 HAPTER 41, B HAPTER II-A: REDIT REPAIR ORGANIZATION

F om Title 1 —COMMER E AND TRADE r
CHAPTER 41—CONSUMER CREDIT PROTECTION

B HAPTER II–A—CREDIT REPAIR ORGANIZATION

§1679. Findings and pu poses

(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) Pu poses

The purposes of this subchapter 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.

(Pub. L. 90–321, title IV, §402, as added Pub. L. 104–208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009–455.)

Prior Provisions

A prior title IV of Pub. L. 90–321, May 29, 1968, 82 Stat. 164, as amended by Pub. L. 91–344, July 20, 1970, 84 Stat. 440; Pub. L. 92–321, June 30, 1972, 86 Stat. 382, which was set out as a note under section 1601 of this title, established a bipartisan National Commission on Consumer Finance to study the functioning and structure of the consumer finance industry as well as consumer credit transactions generally. The Commission was to submit a final report by Dec. 31, 1972, and was to cease to exist thereafter.

Effective Date

Pub. L. 90–321, title IV, §413, as added by Pub. L. 104–208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009–462, provided that: "This title [enacting this subchapter] shall apply after the end of the 6-month period beginning on the date of the enactment of the Credit Repair Organizations Act [Sept. 30, 1996], except with respect to contracts entered into by a credit repair organization before the end of such period."

hort Title

This subchapter known as the "Credit Repair Organizations Act", see Short Title note set out under section 1601 of this title.

§1679a. Definitions

For purposes of this subchapter, the following definitions apply:

(1) onsume

The term "consumer" means an individual.

(2) onsume c edit t ansaction

The term "consumer credit transaction" means any transaction in which credit is offered or extended to an r individual for personal, family, or household purposes. r

(3) edit epai o ganization

The term "credit repair organization"—

(A ns ny p rson who us s ny instru nt lity of int rst t co rc or th ils to s ll, provi , or p rfor (or r pr s nt th t such p rson c n or will s ll, provi , or p rfor ny s rvic , in r turn for th p y nt of n yoor oth r v lu bl consid r tion, for th pr ss or i li opurpos of—

(i i rovipng ny consu r's cr dit r cord, cr dit history, or cr dit r ting; or

(ii providing dvic or ssist nc to ny consu r with r g rd to ny ctivity or s rvic d scrib d in cl us (i ; nd

(B do s not includ —

(i ny nonprofit org niz tion which is t fropo t tion und r s ction 501(c (3 of titl 26;

(ii ny cr ditor (s d fin d in s ction 1602 of this titl , with r sp ct to ny consu r, to th t nt th cr ditor is ssisting th consu r to r structur ny d bt ow d by th consu r to th cr ditor; or

(iii ny d pository institution (s th t t r is d fin d in s ction 1813 of titl 12 or ny F d r l or St t cr dit union (s thos t r rs d fin d in s ction 1752 of titl 12 , or ny ffili t or subsidi ry of such d pository institution or cr dit union.

(4) Credit

Th t r "cr dit" h s th ning giv n to such t r in s ction 1602([1] of this titl .

(Pub. L. 90–321, titl IV, §403, s dd d Pub. L. 104–208, div. A, titl II, §2451, S pt. 30, 1996, 110 St t. 3009–455.

References in Text

S ction 1602(of this titl , r f rr d to in p r. (4 , w s r d sign t d s ction 1602(f of this titl by Pub. L. 111–203, titl X, §1100A(1 (A , July 21, 2010, 124 St t. 2107.

Prior Provisions

For prior s ction 403 of Pub. L. 90–321, s not s t out und r s ction 1679 of this titl .

Effective Date

S ction pplic bl ft r th nd of th 6- nthop riod b ginning on S pt. 30, 1996, c pt with r sp ct to contr cts nt r d into by cr dit r p ir org niz tion b for th nd of such p riod, s s ction 413 of Pub. L. 90–321, s dd d by Pub. L. 104–208, s t out s not und r s ction 1679 of this titl .

[1] *See References in Text note below.*

§1679b. Prohibited practices

(a) In general

No p rson y—

(1 k ny st t nt, or couns l or dvis ny consu r to k ny st t nt, which is untru or sl iding x (or which, upon th rcis of r son bl c r , should b known by th cr dit r p ir org niz tion, offic r, loyp , g nt, or oth r p rson to b untru or sl iding with r sp ct to ny consu r's cr dit worthin ss, cr dit st nding, or cr dit c p city to—

(A ny consu r r porting g ncy (s d fin d in s ction 1681 (f of this titl ; or

(B ny p rson—

(i who h s t nd d cr dit to th consu r; or

(ii to who th consu r h s ppli d or is pplying for n t nsion of cr dit;

(2 k ny st t nt, or couns l or dvis ny consu r to k ny st t nt, th int nd d ff ct of which is to lt r th consu r's id ntific tion to pr v nt th displ y of th consu r's cr dit r cord, history, or r ting for th purpos of conc ling dv rs infor tion th t is ccur t nd not obsol t to—

(A ny consu r r porting g ncy;

(B ny p rson—

(i who h s t nd d cr dit to th consu r; or

(ii to who th consu r h s ppli d or is pplying for n t nsion of cr dit; x

(3 k or us ny untru or sl iding r pr s nt tion of th s rvic s of th cr dit r p ir org niz tion; or

(4 ng g , dir ctly or indir ctly, in ny ct, pr ctic , or cours of busin ss th t constitut s or r sults in th co ssion ofi or n tt t topco t, fr uid or d c ption on ny p rson in conn ction with th off r or s l of th s rvic s of th cr dit r p ir org niz tion.

(b) Payment in advance

No it pai o ganization may ha g o iv any mon y o oth valuabl onsi ation fo th p fo man of any s vi hi h th it pai o ganization has ag to p fo m fo any onsum e b fo su h s vi is fully p fo m e .

Pub. L. 90–321, titl IV, §404, as a Pub. L. 104–208, iv. A, titl II, §2451, S pt. 30, 1996, 110 Stat. 3009–456.) (

Prior Provisions

Fo a p io s tion 404 of Pub. L. 90–321, s not s t out un s tion 1679 of this titl .

Effective Date

S tion appli abl aft th n of th 6-month p io b ginning on S pt. 30, 1996, x pt with sp t to ont a ts nt into by a it pai o ganization b fo th n of su h p io , s s tion 413 of Pub. L. 90–321, as a by Pub. L. 104–208, s t out as a not un s tion 1679 of this titl .

§1679c. Disclosures

(a) Disclosure required

Any it pai o ganization shall p ovi any onsum e with th following w itt n stat m ent b fo any ont a t o ag m nt b tw n th onsum e an th it pai o ganization is x ut :

"Consumer Credit File Rights Under State and Federal Law

"You hav a ight to isput ina u at info mation in you it po t by onta ting th it bu au i tly. How v , n ith you no any ' it pai ' ompany o it pai o ganization has th ight to hav a u at , u nt, an v ifiabl info mation mov f om you it po t. Th it bu au must mov a u at , n gativ info mation f om you po t only if it is ov 7 y a s ol . Bank upt y info mation an b po t fo 10 y a s.

"You hav a ight to obtain a opy of you it po t f om a it bu au. You may b ha g a asonabl f . Th is no f , how v , if you hav b n tu n own fo it, mploym ent, insu an , o a ntal w lling b aus of info mation in you it po t within th p ing 60 ays. Th it bu au must p ovi som eon to h lp you int p t th info mation in you it fil . You a ntitl to iv a f opy of you it po t if you a un mploy an int n to apply fo mploym ent in th n xt 60 ays, if you a a ipi nt of publi w lfa assistan , o if you hav ason to b li v that th is ina u at info mation in you it po t u to f au .

"You hav a ight to su a it pai o ganization that violat s th C it R pai O ganization A t. This law (p ohibits ptiv p a ti s by it pai o ganizations.

"You hav th ight to an l you ont a t with any it pai o ganization fo any ason within 3 busin ss ays f om th at you sign it.

"C it bu aus a qui to follow asonabl p o u s to nsu that th info mation th y po t is a u at . How v , mistak s may o u .

"You may, on you own, notify a it bu au in w iting that you isput th a u a y of info mation in you it fil . Th it bu au must th n inv stigat an mo ify o mov ina u at o in ompl t info mation. Th it bu au may not ha g any f fo this s vi . Any p tin nt info mation an opi s of all o um ents you hav on ning an o shoul b giv n to th it bu au.

"If th it bu au's inv stigation o s not solv th isput to you satisfa tion, you may s n a b i f stat m ent to th it bu au, to b k pt in you fil , xplaining why you think th o is ina u at . Th it bu au must in lu a summa y of you stat m ent about isput info mation with any po t it issu s about you. (

"Th F al T a Commission gulat s it bu aus an it pai o ganizations. Fo mo info mation onta t:

"Th Publi R f n B an h

"F al T a Commission

"Washington, D.C. 20580".

(b) Separate statement requirement

Th w itt n stat m ent qui un this s tion shall b p ovi as a o um ent whi h is s pa at f om any w itt n ont a t o oth ag m ent b tw n th it pai o ganization an th onsum e o any oth w itt n mat ial p ovi to th onsum e.

(c) Retention of compliance records

(1) In general

Th it pai o ganization shall maintain a opy of th stat m ent sign by th onsum e a knowl ging (ipt of th stat m ent.

(inten nce for ye rs

The cop of n con umer' emen h ll be m in ined in he org niz ion' file for 2 e r f er he d e on which the st tement is signed by the consumer.

(Pub. L. 90–321, title IV, §405, s dded Pub. L. 104–208, div. A, title II, §2451, Sept. 30, 1996, 110 St t. 3009–457.)

References in Text

The Credit Rep ir Org niz tion Act, referred to in subsec. ( ), prob bly me ns the Credit Rep ir Org niz tions Act, Pub. L. 90–321, title IV, s dded Pub. L. 104–208, div. A, title II, §2451, Sept. 30, 1996, 110 St t. 3009–454, which is cl ssified gener lly to this subch pter. For complete cl ssific tion of this Act to the Code, see Short Title note set out under section 1601 of this title nd T bles.

Prior Provisions

For prior section 405 of Pub. L. 90–321, see note set out under section 1679 of this title.

Effective Date

Section pplic ble fter the end of the 6-month period beginning on Sept. 30, 1996, except with respect to contr cts entered into by credit rep ir org niz tion before the end of such period, see section 413 of Pub. L. 90–321, s dded by Pub. L. 104–208, set out s note under section 1679 of this title.

§1679d. Credit rep ir org niz tions contr cts

(Written contr cts required

No services m y be provided by ny credit rep ir org niz tion for ny consumer—

(1) unless written nd d ted contr ct (for the purch se of such services) which meets the requirements of subsection (b) h s been signed by the consumer; or

(2) before the end of the 3-business-d y period beginning on the d te the contr ct is signed.

(b Terms nd conditions of contr ct

No contr ct referred to in subsection ( ) meets the requirements of this subsection unless such contr ct includes (in writing)—

(1) the terms nd conditions of p yment, including the tot l mount of ll p yments to be m de by the consumer to the credit rep ir org niz tion or to ny other person;

(2) full nd det iled description of the services to be performed by the credit rep ir org niz tion for the consumer, including—

(A) ll gu r ntees of perform nce; nd

(B) n estim te of—

(i) the d te by which the perform ance of the services (to be performed by the credit rep ir org niz tion or ny a other person) will be complete; or

(ii) the length of the period necess ry to perform such services;

(3) the credit rep ir org niz tion's n me nd princip l business ddress; nd

(4) conspicuous st tement in bold f ce type, in immedi te proximity to the sp ce reserved for the consumer's sign ture on the contr ct, which re ds s follows: "You m ay c ncel this contr ct without pen lty or oblig tion t ny a time before midnight of the 3rd business d y fter the d te on which you signed the contr ct. See the tt ched notice of c ncell tion form for n expl n tion of this right.".

(Pub. L. 90–321, title IV, §406, s dded Pub. L. 104–208, div. A, title II, §2451, Sept. 30, 1996, 110 St t. 3009–458.)

Prior Provisions

For prior section 406 of Pub. L. 90–321, see note set out under section 1679 of this title.

Effective Date

Section pplic ble fter the end of the 6-month period beginning on Sept. 30, 1996, except with respect to contr cts entered into by credit rep ir org niz tion before the end of such period, see section 413 of Pub. L. 90–321, s dded by Pub. L. 104–208, set out s note under section 1679 of this title.

§1679e. Right to c ncel contr ct

(In gener l a

A sumer ma a el a tra t with a redit repair rga izati with ut pe alt r bligati b ti i g the redit repair rga izati the sumer's i te ti t d s at a time be re mid ight the 3rd busi ess da whi h begi s after the date whi h the tra t r agreeme t betwee the sumer a d the redit repair rga izati is e e uted r w uld, but f r this subse ti , be me e f r eable agai st the parties.

(b) Cancellation form and other information

Ea h tra t shall be a mpa ied b a f rm, i dupli ate, whi h has the headi g "N ti e f Ca ellati " a d tai s i b ld fa e t pe the f ll wi g stateme t:

"Y u ma a el this tra t, with ut a pe alt r bligati , at a time bef re mid ight f the 3rd da whi h begi s after the date the tra t is sig ed b u.

"T a el this tra t, mail r deliver a sig ed, dated p f this a ellati ti e, r a ther writte ti e t [ame f redit repair rga izati] at [address f redit repair rga izati] bef re mid ight [date] x

"I hereb a el this tra sa ti ,

[date]

[pur haser's sig ature].".

(c) Consumer copy of contract required

A sumer wh e ters i t a tra t with a redit repair rga izati shall be give , b the rga izati —

(1) a p f the mpleted tra t a d the dis l sure stateme t required u der se ti 1679 f this title; a d

(2) a p f a ther d ume t the redit repair rga izati requires the sumer t sig ,

at the time the tra t r the ther d ume t is sig ed.

(Pub. L. 90–321, title IV, §407, as added Pub. L. 104–208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009–459.) x

Prior Provisions

F r a pri r se ti 407 f Pub. L. 90–321, see te set ut u der se ti 1679 f this title.

Effective Date

Se ti appli able after the e d f the 6-m o th peri d begi i g Sept. 30, 1996, e ept with respe t t tra ts e tered i t b a redit repair rga izati bef re the e d f su h peri d, see se ti 413 f Pub. L. 90–321, as added b Pub. L. 104–208, set ut as a te u der se ti 1679 f this title. x

§1679f. Noncompliance with this subchapter

(a) Consumer waivers invalid

A waiver b a sumer f a pr te ti pr vided b r a right f the sumer u der this sub hapter—x

(1) shall be treated as v id; a d

(2) ma t be e f r ed b a Federal r State urt r a ther pers .

(b) Attempt to obtain waiver

A attempt b a pers t btai a waiver fr m a sumer f a pr te ti pr vided b r a right f the x sumer u der this sub hapter shall be treated as a vi lati f this sub hapter.

(c) Contracts not in compliance

A tra t f r servi es whi h d es t mpl with the appli able pr visi s f this sub hapter—

(1) shall be treated as v id; a d

(2) ma t be e f r ed b a Federal r State urt r a ther pers .

(Pub. L. 90–321, title IV, §408, as added Pub. L. 104–208, div. A, title II, §2451, Sept. 30, 1996, 110 Stat. 3009–459.)

Effective Date

Se ti appli able after the e d f the 6-m o th peri d begi i g Sept. 30, 1996, e ept with respe t t tra ts e tered i t b a redit repair rga izati bef re the e d f su h peri d, see se ti 413 f Pub. L. 90–321, as added b Pub. L. 104–208, set ut as a te u der se ti 1679 f this title. x

§1679g. Civil liability

(a) Liability established

A pers wh fails t mpl with a pr visi f this sub hapter with respe t t a ther pers shall be liable t su h pers i a am ou t equal t the sum f the am ou ts determi ed u der ea h f the f ll wi g paragraphs:

(1) Actual damages

T at of—

(A) t amount of any actual dama susta n d by suc son as a sult of suc fa lu ; o

(B) any amount aid by t son to t c dit ai o anization.

(2) Punitive damages

(A) Individual actions

In t cas of any action by an individual, suc additional amount as t cou t may allow. p

(B) Class actions

In t cas of a class action, t sum of—

(i) t a at of t amount w ic t cou t may allow fo ac nam ed laintiff; and

(ii) t a at of t amount w ic t cou t may allow fo ac ot class memb , wit out a d to any minimum individual cov y.

(3) Attorneys' fees

In t cas of any succ ssful action to nfo c any liability und a a a (1) o (2), t costs of t action, to t wit asonabl atto n ys' f s.

(b) Factors to be considered in awarding punitive damages

In d t minin t amount of any liability of any c dit ai o anization und subs ction (a)(2), t cou t s all consid , amon ot l vant facto s—

(1) t f qu ncy and sist nc of noncom lianc by t c dit ai o anization;

(2) t natu of t noncom lianc ;

(3) t xt nt to w ic suc noncom lianc was int ntional; and

(4) in t cas of any class action, t numb of consum e s adv s ly aff ct d.

(Pub. L. 90–321, titl IV, §409, as add d Pub. L. 104–208, div. A, titl II, §2451, S t. 30, 1996, 110 Stat. 3009–459.)

EFFECTIVE DATE

S ction a licabl aft t nd of t 6-mont iod b innin on S t. 30, 1996, xc t wit s ct to cont acts nt d into by a c dit ai o anization b fo t nd of suc iod, s s ction p 413 of Pub. L. 90–321, as add d by Pub. L. 104–208, s t out as a not und s ction 1679 of t is titl .

§1679h. Administrative enforcement

(a) In general

Com lianc wit t qui m ents im os d und t is subc a t wit s ct to c dit ai o anizations s all b p nfo c d und t F d al T ad Commission Act [15 U.S.C. 41 t s q.] by t F d al T ad Commission.

(b) Violations of this subchapter treated as violations of Federal Trade Commission Act

(1) In general

Fo t u os of t x cis by t F d al T ad Commission of t Commission's functions and ow s und t F d al T ad Commission Act [15 U.S.C. 41 t s q.], any violation of any qui m ent o o ibition im os d und t is subc a t wit p s ct to c dit ai o anizations s all constitut an unfai o d c tiv act o actic in comme c in violation of s ction 5(a) of t F d al T ad Commission Act [15 U.S.C. 45(a)].

(2) Enforcement authority under other law

All functions and ow s of t F d al T ad Commission und t F d al T ad Commission Act s all b availabl to t Commission to nfo c com lianc wit t is subc a t by any son subj ct to nfo c m ent by t F d al T ad Commission u suant to t is subs ction, includin t ow to nfo c t ovisions of t is subc a t in t same mann as if t violation ad b n a violation of any F d al T ad Commission t ad ulation ul , wit out a d to w t t c dit ai o anization—

(A) is n a d in comme c ; o

(B) m e ts any ot ju isdictional t sts in t F d al T ad Commission Act.

(c) State action for violations

(1) Authority of States

In addition to suc ot m edi s as a ovid d und Stat law, w n v t c i f law nfo c m nt offic of p a Stat , o an official o a ncy d si nat d by a Stat , as ason to b li v t at any son as violat d o is violatin t is subc a t , t Stat —

(A) may b in an action to njoin suc violation;

(B) may b in an action on b alf of its sid nts to cov dama s fo w ic t son is liabl to suc sid nts und s ction 1679 of t is titl as a sult of t violation; and

(C) in t cas of any succ ssful action und sub a a a (A) o (B), s all b awa d d t costs of t action and asonabl atto n y f s as d t min d by t cou t.

(ghts of Commiss on

(A Not ce to Commiss on

The St te sh ll serve prior written notice of ny civil ction under p r gr ph (1) upon the Feder l Tr de Commission nd provide the Commission with copy of its compl int, except in ny c se where such prior notice a is not fe sible, in which c se the St te sh ll serve such notice immedi tely upon instituting such ction. a

(B Intervent on

The Commission sh ll h ve the right—

(i) to intervene in ny ction referred to in subp r gr ph (A);

(ii) upon so intervening, to be he rd on ll m tters rising in the ction; nd

(iii) to file petitions for ppe l.

(3 Invest gatory powers

For purposes of bringing ny ction under this subsection, nothing in this subsection sh ll prevent the chief l w enforcement officer, or n offici l or gency design ted by St te, from exercising the powers conferred on the chief l w enforcement officer or such offici l by the l ws of such St te to conduct investig tions or to dminister o ths or ffirm tions or to compel the ttend nce of witnesses or the production of document ry nd other evidence.

(4 L m tat on

Whenever the Feder l Tr de Commission h s instituted civil ction for viol tion of this subch pter, no St te m y, a during the pendency of such ction, bring n ction under this section g inst ny defend nt n med in the compl int of the Commission for ny viol tion of this subch pter th t is lleged in th t compl int.

(Pub. L. 90–321, title IV, §410, s dded Pub. L. 104–208, div. A, title II, §2451, Sept. 30, 1996, 110 St t. 3009–460.)

EFERENCES IN TEXT

The Feder l Tr de Commission Act, referred to in subsecs. ( ) nd (b), is ct Sept. 26, 1914, ch. 311, 38 St t. 717, s mended, which is cl ssified gener lly to subch pter I (§41 et seq.) of ch pter 2 of this title. For complete cl ssific tion of this Act to the Code, see section 58 of this title nd T bles.

EFFECTIVE DATE

Section pplic ble fter the end of the 6-month period beginning on Sept. 30, 1996, except with respect to contr cts entered into by credit rep ir org niz tion before the end of such period, see section 413 of Pub. L. 90–321, s dded by Pub. L. 104–208, set out s note under section 1679 of this title.

§1679 . Statute of l m tat ons

Any ction to enforce ny li bility under this subch pter m y be brought before the l ter of—

(1) the end of the 5-ye r period beginning on the d te of the occurrence of the viol tion involved; or

(2) in ny c se in which ny credit rep ir org niz tion h s m teri lly nd willfully misrepresented ny inform tion which—

(A) the credit rep ir org niz tion is required, by ny provision of this subch pter, to disclose to ny consumer; nd

(B) is m teri l to the est blishment of the credit rep ir org niz tion's li bility to the consumer under this subch pter,

the end of the 5-ye r period beginning on the d te of the discovery by the consumer of the misrepresent tion.

(Pub. L. 90–321, title IV, §411, s dded Pub. L. 104–208, div. A, title II, §2451, Sept. 30, 1996, 110 St t. 3009–461.)

EFFECTIVE DATE

Section pplic ble fter the end of the 6-month period beginning on Sept. 30, 1996, except with respect to contr cts entered into by credit rep ir org niz tion before the end of such period, see section 413 of Pub. L. 90–321, s dded by Pub. L. 104–208, set out s note under section 1679 of this title.

§1679j. elat on to State law

This subch pter sh ll not nnul, lter, ffect, or exempt ny person subject to the provisions of this subch pter from complying with ny l w of ny St te except to the extent th t such l w is inconsistent with ny provision of this subch pter, nd then only to the extent of the inconsistency.

(Pub. L. 90–321, title IV, §412, s dded Pub. L. 104–208, div. A, title II, §2451, Sept. 30, 1996, 110 St t. 3009–462.)

EFFECTIVE DATE

Se appl able af er he e d f he 6-m o h per d beg g Sep . 30, 1996, e ep w h re pe ra e ered by a red repa r rga s a bef re he e d f u h per d, ee e 413 f Pub. L. 90–321, a added by Pub. L. 104–208, e u a a e u der e 1679 f h le.