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

Bureau of Consumer Financial Protection; State of Minnesota, by its Attorney General, Keith Ellison; State of North Carolina, *ex rel.* Joshua H. Stein, Attorney General; and The People of The State of California, Michael N. Feuer, Los Angeles City Attorney,

Plaintiffs,

v.

Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center; True Count Staffing Inc., d/b/a SL Account Management; Prime Consulting LLC, d/b/a Financial Preparation Services; TAS 2019 LLC d/b/a Trusted Account Services; Horizon Consultants LLC; First Priority LLC d/b/a Priority Account Management; Albert Kim, a/k/a Albert King; Kaine Wen, a/k/a Wenting Kaine Dai, Wen Ting Dai, and Kaine Wen Dai in his individual capacity and as trustee of the Kaine Wen 2017 Trust; and Tuong Nguyen, a/k/a Tom Nelson,

Defendants, and

Infinite Management Corp., f/k/a Infinite Management Solutions Inc.; Hold The Door, Corp.; TN Accounting Inc.; Mice and Men LLC; 1st Generation Holdings, LLC; Sarah Kim; Anan Enterprise, Inc.; and Judy Dai in her individual capacity and as trustee of the Judy Dai 2017 Trust,

Relief Defendants.

Case No: SACV 19-1998-MWF(KSx)

**SECOND AMENDED COMPLAINT**

**INTRODUCTION**

1. The Bureau of Consumer Financial Protection (Bureau) brings this action under §§ 1031, 1036(a), 1054, and 1055 of the Consumer Financial

1 Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531, 5536(a), 5564 & 5565;  
2 under and the Telemarketing and Consumer Fraud and Abuse Prevention Act  
3 (Telemarketing Act), 15 U.S.C. §§ 6101-6108, and its implementing regulation,  
4 the Telemarketing Sales Rule (TSR), 16 C.F.R. Part 310; under § 3304(b)(1) of  
5 the Federal Debt Collection Procedures Act (FDCPA), 28 U.S.C. §§ 3001-  
6 3308; under § 3439.04(a) of the California Uniform Voidable Transactions Act  
7 (UVTA), Cal Civ. Code §§ 3439-3439.14; and under the Court's ancillary  
8 enforcement jurisdiction. The Bureau brings this action against the student-loan  
9 debt-relief operation involving Defendants Consumer Advocacy Center Inc.,  
10 d/b/a Premier Student Loan Center; True Count Staffing Inc., d/b/a SL Account  
11 Management; Prime Consulting LLC, d/b/a Financial Preparation Services  
12 (collectively, Student Loan Debt Relief Companies); Defendants TAS 2019  
13 LLC, d/b/a Trusted Account Services, Horizon Consultants LLC, and First  
14 Priority LLC (collectively, Payment Companies); and Defendants Albert Kim;  
15 Kaine Wen, in his individual capacity and as trustee of the Kaine Wen 2017  
16 Trust; and Tuong Nguyen (collectively, Individual Defendants). (Student Loan  
17 Debt Relief Companies, Payment Companies, and Individual Defendants are  
18 referred to, collectively, as Defendants.)

19 2. The State of Minnesota, by its Attorney General, brings this  
20 enforcement action to, among other things, obtain temporary, preliminary, and  
21 permanent injunctive relief, restitution, and civil penalties for Defendants' acts  
22 or practices in violation of the Minnesota Prevention of Consumer Fraud Act  
23 (MNCFA), Minn. Stat. §§ 325F.68-.694; the Minnesota Uniform Deceptive  
24 Trade Practices Act (MNDTPA), Minn. Stat. §§ 325D.43-.48; and the  
25 Telemarketing Act, 15 U.S.C. §§ 6101-6108, and its implementing regulation,  
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1 the TSR, 16 C.F.R. Part 310, in connection with Defendants’ student-loan debt-  
2 relief operation.

3 3. The State of North Carolina, by its Attorney General, brings this  
4 enforcement action to, among other things, obtain temporary, preliminary, and  
5 permanent injunctive relief, restitution, and civil penalties for Defendants’ acts  
6 or practices in violation of North Carolina’s Debt Adjusting Act, N.C. Gen.  
7 Stat. § 14-423, *et seq.*, (NCDAA); North Carolina’s Unfair and Deceptive  
8 Practices Act, N.C. Gen. Stat. § 75-1.1 (NCUDPA); North Carolina’s  
9 Telephonic Seller Registration Act, N.C. Gen. Stat. § 66-260, *et seq.*  
10 (NCTSRA); and the Telemarketing Act, 15 U.S.C. §§ 6101-6108, and its  
11 implementing regulation, the TSR, 16 C.F.R. Part 310, in connection with  
12 Defendants’ student-loan debt-relief operation.

13 4. The People of the State of California (collectively with the States  
14 of Minnesota and North Carolina, “the States”), by and through Michael N.  
15 Feuer, Los Angeles City Attorney, bring this enforcement action to, among  
16 other things, obtain temporary, preliminary, and permanent injunctive relief,  
17 restitution, and civil penalties for Defendants’ acts or practices in violation of  
18 California’s Business and Professions Code section 17200 *et seq.* (the “Unfair  
19 Competition Law,” or “UCL”), the UVTA, Cal. Civil Code sections 3439  
20 through 3439.14, and the Telemarketing Act, 15 U.S.C. §§ 6101-6108, and its  
21 implementing regulation, the TSR, 16 C.F.R. Part 310, in connection with  
22 student-loan debt-relief operation.

23 5. Defendants engaged in an unlawful student-loan debt-relief  
24 business that harmed consumers nationwide by charging consumers unlawful  
25 advance fees and misrepresenting the terms and conditions of their services.

26 6. The Bureau and the States bring this action to stop Defendants’  
27 unlawful conduct, obtain relief for harmed consumers, avoid certain fraudulent  
28 transfers to satisfy any judgment in favor of the Bureau and the People of the

1 State of California against Defendant Kaine Wen, and impose civil money  
2 penalties on Defendants for their unlawful actions.

3 7. The Bureau and the States also bring this action against Infinite  
4 Management Corporation; Hold the Door, Corp.; TN Accounting Inc.; Mice  
5 and Men LLC; 1st Generation Holdings, LLC; Sarah Kim; Anan Enterprise,  
6 Inc.; and Judy Dai in her individual capacity and as trustee of the Judy Dai 2017  
7 Trust, as Relief Defendants.

### 8 OVERVIEW

9 8. From at least 2015 until the filing of this action, Defendants  
10 operated a debt-relief enterprise that deceived thousands of federal-student-loan  
11 borrowers and collected over \$95 million in illegal advance fees, in violation of  
12 the TSR, the CFPA, the MNCFA, the MNDTPA, the NCDAA, the NCUDPA,  
13 the NCTSRA, and the UCL. Unless otherwise noted, all references to  
14 “borrowers” and “consumers” in this Complaint include California, Minnesota,  
15 and North Carolina borrowers and consumers.

16 9. The Student Loan Debt Relief Companies, controlled by the  
17 Individual Defendants, purported to help federal-student-loan borrowers obtain  
18 loan forgiveness or lower monthly payments through programs administered by  
19 the U.S. Department of Education (DOE).

20 10. In fact, the Student Loan Debt Relief Companies deceived  
21 consumers, including by misrepresenting that consumers would qualify for loan  
22 forgiveness in a matter of months, when forgiveness takes at least 10 years of  
23 on-time payments and is determined by DOE; that consumers were approved  
24 for lower monthly payments on their student loans, when consumers had not yet  
25 been approved or when the new payment amount was approved based on false  
26 information; and that consumers’ lower payments would be permanent when in  
27 fact they are subject to change based on changes in the consumers’ family size,  
28 income, and marital status.

1           11. The Student Loan Debt Relief Companies also falsely told  
2 consumers, or led consumers to believe, that the consumers' payments to the  
3 companies would go toward paying consumers' student-loan balances.

4           12. When describing the services offered to consumers, the Student  
5 Loan Debt Relief Companies failed to inform consumers that it was their  
6 practice to request that consumers' loans be placed into forbearance or that  
7 interest would continue to accrue during the forbearance period, thereby  
8 increasing consumers' overall loan balances.

9           13. When describing the services offered to consumers, the Student  
10 Loan Debt Relief Companies failed to inform consumers that it was their  
11 practice to submit false information about consumers' income, family size, and  
12 marital status on loan adjustment applications in order to try to qualify  
13 consumers for lower monthly payments.

14           14. The Student Loan Debt Relief Companies charged consumers an  
15 initial fee of \$900-\$1,750 for their services. This initial fee was typically levied  
16 well before consumers had been accepted to and made a payment under their  
17 new loan agreement, in violation of the TSR.

18           15. At no time did the Student Loan Debt Relief Companies hold  
19 consumer payments in independent third-party accounts.

20           16. At no time did the Student Loan Debt Relief Companies use  
21 payments from consumers to make payments toward consumers' student-loan  
22 debts.

23           17. The Individual Defendants conducted this operation using a  
24 network of several interrelated companies and over a dozen unregistered and  
25 fictitious business names. The Student Loan Debt Relief Companies operated as  
26 a common enterprise controlled by the Individual Defendants, rendering each  
27 jointly and severally liable for the illegal acts of the Student Loan Debt Relief  
28 Companies.

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**JURISDICTION AND VENUE**

18. This Court has subject-matter jurisdiction over this action because it is brought under federal consumer financial law, 12 U.S.C. § 5565(a)(1), presents a federal question, 28 U.S.C. § 1331, and is brought by an agency of the United States, 28 U.S.C. § 1345. This Court has supplemental jurisdiction over the States’ claims pursuant to 28 U.S.C. § 1367.

19. Venue is proper in this district pursuant to 12 U.S.C. § 5564(f) because Defendants are located, reside, or do business in this district.

**PARTIES**

20. The Bureau is an independent agency charged with enforcing violations of Federal consumer financial laws. 12 U.S.C. § 5491(a). The Bureau has independent litigating authority, 12 U.S.C. § 5564(a)-(b), including the authority to enforce the CFPA’s prohibitions on unfair, deceptive, and abusive acts or practices, 12 U.S.C. §§ 1031, 1036, the TSR as it applies to persons subject to the CFPA, 15 U.S.C. §§6102(c), 6105(d), the FDCPA as to a debt owed to the Bureau, and therefore the United States, 28 U.S.C. §§ 3001, 3002(1)(A), (3), (15)(B), and any judgment it obtains, including by invoking the court’s ancillary jurisdiction.

21. The Bureau has authority to bring civil actions against persons violating federal consumer-financial laws and to “seek all appropriate legal and equitable relief including a permanent or temporary injunction as permitted by law.” 12 U.S.C. § 5564(a).

22. Keith Ellison, Attorney General of the State of Minnesota, is authorized under Minnesota Statutes chapter 8; the MNCFA, Minn. Stat. § 325F.69, *et seq.*; the MNDTPA, Minn. Stat. § 325D.44, *et seq.*; the Telemarketing Act, 15 U.S.C. § 6103(a); and has common law authority, including *parens patriae* authority, to bring this action on behalf of the State of Minnesota and its citizens to enforce Minnesota law.

1           23. The State of North Carolina is acting through its Attorney General  
2 Joshua H. Stein, pursuant to authority granted by Chapters 14, 66, 75, and 114  
3 of the North Carolina General Statutes, and the Telemarketing Act, 15 U.S.C. §  
4 6103(a).

5           24. Michael N. Feuer, City Attorney for the City of Los Angeles, is  
6 authorized under the UCL, UVTA, and the Telemarketing Act, 15 U.S.C. §  
7 6103(a) and (f)(2), to bring this civil law enforcement action on behalf of the  
8 People of the State of California.

9           25. Defendant Consumer Advocacy Center Inc. (CAC) is a California  
10 corporation formed on August 6, 2014, and it has held itself out as doing  
11 business at the following addresses: 173 Technology Drive, Suite 202, Irvine,  
12 CA 92618; 29901 Santa Margarita Pkwy, Suite 200F, Rancho Santa Margarita,  
13 CA 92688; 8 Hughes Parkway, Irvine, CA 92618; 5350 E Suncrest Rd.,  
14 Anaheim, CA 92807; and 24852 Acropolis Dr., Mission Viejo, CA 92691.

15           26. CAC has held itself out as doing business as Premier Student Loan  
16 Center.

17           27. CAC transacted its student-loan debt-relief business in the Central  
18 District of California since at least November 2015.

19           28. On January 16, 2019, CAC filed for protection under chapter 11 of  
20 the Bankruptcy Code in the United States Bankruptcy Court for the Southern  
21 District of Florida. *See In re Consumer Advocacy Center, Inc.*, No. 19-10655-  
22 BKC-JKO (Bankr. S.D. Fla.).

23           29. Defendant True Count Staffing Inc. (True Count) registered as a  
24 California corporation on February 13, 2017, and it has held itself out as doing  
25 business at the following addresses: 173 Technology Dr., Ste 202, Irvine, CA  
26 92618; 777 E. Sierra Madre Ave, Azusa, CA 91702; 8 Hughes Parkway, Irvine,  
27 CA 92618; and 7545 Irvine Center Drive, Suite 200, PMB #108, Irvine, CA,  
28 92618.



1           30. True Count has held itself out as doing business as SL Account  
2 Management.

3           31. Defendant Prime Consulting LLC (Prime) is a Wyoming limited-  
4 liability company that registered with the California Secretary of State on April  
5 25, 2018, and it has held itself out as doing business at 11932 Klingerman  
6 Street, Suite 3, El Monte, CA, 91732 and 7545 Irvine Center Drive, Suite 200,  
7 Room 108, Irvine, CA, 92618.

8           32. Prime has held itself out as doing business as Financial Preparation  
9 Services.

10           33. Defendant TAS 2019 LLC, d/b/a Trusted Account Services (TAS)  
11 is a Wyoming limited liability corporation that has held itself out as doing  
12 business at two locations affiliated with companies providing resident agent  
13 services in Wyoming, 109 E. 17<sup>th</sup> Street Suite 5656, Cheyenne, WY, 82001, and  
14 30 N Gould Street, Suite R, Sheridan, WY 82801; a rented virtual office  
15 address at 17011 Beach Blvd., Suite 900, Huntington Beach, CA 92467; and a  
16 residential address affiliated with its purported owner, Kenny Huang, in  
17 Arcadia, CA.

18           34. TAS 2019 LLC's operations and principal place of business were  
19 located in the Central District of California.

20           35. Defendant Horizon Consultants LLC (Horizon) is a Wyoming  
21 limited liability corporation that has been registered to operate in California  
22 since October 2018. It has held itself out as doing business at 2522 Chambers  
23 Rd Suite 100 Rm 209, Tustin, CA 92780.

24           36. Defendant First Priority LLC d/b/a Priority Account Management  
25 (First Priority) is a Wyoming limited liability corporation that has been  
26 registered to operate in California since May 2018. It has held itself out as  
27 doing business at 1704 South Granada Ave, Alhambra, CA 91801.  
28

1           37. Defendant Albert Kim (a/k/a Albert King) is CAC's primary  
2 owner and founder.

3           38. Kim is a resident of the State of California and performed work for  
4 CAC while residing in this jurisdiction.

5           39. Kim exercised substantial control over CAC's business practices.

6           40. Kim exercised managerial responsibility for CAC and participated  
7 in the conduct of its affairs.

8           41. Defendant Kaine Wen (a/k/a Wenting Kaine Dai, Wen Ting Dai) is  
9 True Count's primary owner and founder and has also been an owner and  
10 manager of CAC. Wen incorporated True Count and has served as its chief  
11 executive officer, director, partner, and president.

12           42. Wen is a resident of the State of California and performed work for  
13 CAC and True Count while residing in this jurisdiction.

14           43. Wen exercised substantial control over True Count's business  
15 practices.

16           44. Wen exercised managerial responsibility for True Count and  
17 participated in the conduct of its affairs.

18           45. Wen exercised managerial responsibility for CAC and participated  
19 in the conduct of its affairs.

20           46. Wen is the sole trustee, settlor, and named beneficiary (during his  
21 lifetime) of the Kaine Wen 2017 Trust, a revocable trust created on or about  
22 September 7, 2017, under the laws of the State of California.

23           47. Defendant Tuong Nguyen (a/k/a Tom Nelson) served as CAC's  
24 controller and as True Count's secretary.

25           48. Nguyen is a resident of the State of California and performed work  
26 for CAC and True Count while residing in this jurisdiction.

27           49. Nguyen exercised managerial responsibility for CAC and  
28 participated in the conduct of its affairs.

1           50.    Nguyen exercised managerial responsibility for True Count and  
2 participated in the conduct of its affairs.

3           51.    Relief Defendant Infinite Management Corp., f/k/a Infinite  
4 Management Solutions Inc. (Infinite Management) registered as a California  
5 corporation on September 8, 2016, and it has held itself out as doing business at  
6 9228 City Lights Drive, Aliso Viejo, CA, 92656.

7           52.    Kim served as Infinite Management’s registered agent and  
8 president, and he is the sole signatory on a bank account belonging to it.

9           53.    Relief Defendant Hold the Door Corp. (Hold the Door) registered  
10 as a California corporation on December 30, 2016, and it listed its address as  
11 777 E. Sierra Madre Ave, Azusa, CA 91702. It described its business type as  
12 “consulting services” in corporate filings with the California Secretary of State.

13           54.    Hold the Door was incorporated by Wen, and he has served as its  
14 sole corporate officer.

15           55.    Relief Defendant TN Accounting Inc. (TN Accounting) is a  
16 California corporation that filed its Articles of Incorporation with the California  
17 Secretary of State on February 8, 2017, and it has listed its principal place of  
18 business address of 1704 S. Granada Ave, Alhambra, CA 91801 in corporate  
19 filings with the Secretary of State.

20           56.    Nguyen has served as TN Accounting’s president and sole  
21 corporate officer.

22           57.    Relief Defendant Mice and Men LLC (Mice and Men) is a  
23 Wyoming corporation incorporated in December 2018 that has listed its  
24 principal place of business as 30 N. Gould St, Ste R, Sheridan, WY 82801.

25           58.    Registered Agents Inc., is Mice and Men’s registered agent in  
26 Wyoming, and is the company that filed the Wyoming articles of organization  
27 for Mice and Men. The address for Registered Agents, Inc., is 30 N. Gould St,  
28 Ste R, Sheridan, WY 82801.



1 who make the requisite qualifying payments over a period ranging from 10 to  
2 25 years (and who meet other eligibility criteria) to obtain loan forgiveness.

3 68. One such program is the income-driven repayment (IDR) program.  
4 IDR plans may lower consumers' monthly payments to more affordable  
5 amounts based on the consumers' income and family size. Consumers enrolled  
6 in IDR plans who make qualifying payments may also have their outstanding  
7 student-loan balances forgiven after 20-25 years.

8 69. Under another program, the Public Service Loan Forgiveness  
9 program, consumers who work full-time for a qualifying public-service  
10 employer, make 120 qualifying payments, and meet other eligibility criteria,  
11 can apply to have their outstanding student-loan balances forgiven after 10  
12 years.

13 70. Because a borrower's income and family size can fluctuate over  
14 the life of the loan, consumers are required to recertify their eligibility for IDR  
15 programs on an annual basis. Variables such as marital status and tax-filing  
16 status (single, married filing separately, married filing jointly) may affect how  
17 DOE calculates monthly payment amounts. As a result, monthly payments  
18 under the IDR programs can vary from year to year.

### 19 **The Student Loan Debt Relief Companies**

20 71. CAC began offering student-loan debt-relief services purporting to  
21 lower consumers' monthly loan payments and obtain loan forgiveness through  
22 enrollment in loan forgiveness or IDR plans as early as November 2015.

23 72. Initially, CAC's internal structure included sales, processing, and  
24 customer-service departments.

25 73. The sales department fielded incoming consumer calls, made  
26 outbound marketing calls, and enrolled consumers in the Student Loan Debt  
27 Relief Companies' services by providing consumers with contracts for  
28 electronic signature during sales calls.



1 83. Sales representatives downloaded student-loan data from the  
2 consumer's online FSA account into the company's customer-relationship-  
3 management system.

4 84. Sales representatives often stated that there was an urgent need to  
5 sign up for the respective Student Loan Debt Relief Company's services.

6 85. For example, some sales representatives told consumers that they  
7 had a limited time in which they could apply for an IDR program.

8 86. At times, sales representatives represented that the respective  
9 Student Loan Debt Relief Company was affiliated with DOE.

10 **Representations about Fees**

11 87. During sales calls, sales representatives made affirmative  
12 representations or material omissions about the purpose of the fees paid by  
13 consumers to the Student Loan Debt Relief Companies.

14 88. Sales representatives frequently represented that the fees would be  
15 applied to the balance of consumers' student loans.

16 89. In fact, all monies paid by the consumers to the Student Loan Debt  
17 Relief Companies were fees retained by the companies and were not remitted to  
18 student-loan servicers to be applied toward consumers' loan balances.

19 90. Sales representatives frequently represented that fees paid to the  
20 Student Loan Debt Relief Companies would be the only payments consumers  
21 would owe on their student loans after being accepted into a DOE repayment  
22 program.

23 91. In fact, the fees paid to the Student Loan Debt Relief Companies  
24 were in addition to, and did not relieve consumers of, their obligation to pay  
25 their student loans.

26 92. Sales representatives frequently represented to consumers that the  
27 fees charged by the Student Loan Debt Relief Companies were necessary to  
28 participate and remain enrolled in a loan-forgiveness or IDR program.

1 93. In fact, consumers can apply free of charge for loan forgiveness or  
2 IDR programs, either through their student-loan servicer or directly to the DOE.

3 94. Moreover, consumers can recertify annually their eligibility to  
4 remain enrolled in their IDR plans through their student-loan servicer for free.

5 **Representations about Loan Forgiveness**

6 95. The Student Loan Debt Relief Companies' sales representatives  
7 often told consumers that they were qualified or approved for loan forgiveness.

8 96. Sales representatives frequently represented to consumers that they  
9 could get consumers' student loans forgiven in whole or in part shortly after  
10 enrolling in the respective Student Loan Debt Relief Company's services.

11 97. The DOE's loan forgiveness programs require anywhere from 10-  
12 25 years of qualifying payments, as well as satisfaction of other eligibility  
13 criteria, to qualify for loan forgiveness.

14 98. Only the DOE can approve consumers for loan forgiveness.

15 99. Because only the DOE can approve consumers for loan  
16 forgiveness, and only after a consumer makes qualifying monthly payments  
17 over a period ranging from 10 to 25 years, the Student Loan Debt Relief  
18 Companies' representations to consumers that all or part of their loans would be  
19 forgiven upon payment of enrollment fees were false.

20 **Representations about Lower Monthly Payments**

21 100. The Student Loan Debt Relief Companies' sales representatives  
22 often told consumers that they qualified or were approved for a specific lower  
23 monthly payment.

24 101. In fact, the new, lower monthly payment amount identified by  
25 sales representatives was often calculated based on an incorrect family size,  
26 income, or marital status.

27 102. Sales representatives often represented that consumers' lower  
28 monthly payment would be in place over the life of the loan.





1 the Student Loan Debt Relief Companies submitted forbearance requests to  
2 their student loan servicers on their behalf.

3 112. Processors signed the forbearance requests in the consumer's name  
4 so that it appeared the request was submitted by the consumer.

5 113. Many consumers were unaware the fees they paid to the Student  
6 Loan Debt Relief Companies were not paying down their student loans.

7 **Submitting Consolidation and IDR Requests with False Information**

8 114. Processors submitted IDR applications to servicers on behalf of  
9 consumers with false information about consumers' income, family size, or  
10 marital status.

11 115. For consumers who did not provide proof of income to the Student  
12 Loan Debt Relief Companies, processors frequently listed those consumers as  
13 unemployed on their IDR applications, even when the consumers were  
14 employed at the time.

15 116. Processors frequently submitted IDR applications to consumers'  
16 student loan servicers that listed consumers' family sizes greater than the  
17 consumers' actual family size.

18 117. Processors frequently submitted IDR applications to consumers'  
19 student loan servicers that listed consumers as single, even if the consumer had  
20 informed the Student Loan Debt Relief Companies that he or she was married.

21 118. When submitting IDR applications to consumers' student loan  
22 servicers, processors typically changed consumers' email address to an email  
23 address created by the Student Loan Debt Relief Company in order to  
24 temporarily divert all email correspondence from the consumer's student-loan  
25 servicer to the Student Loan Debt Relief Company.

26 119. When submitting IDR applications to consumers' student-loan  
27 servicers, processors typically changed consumers' mailing address to a mailing  
28 address used by the Student Loan Debt Relief Company in order to temporarily

1 divert all postal mail from the consumer’s student-loan servicer to the Student  
2 Loan Debt Relief Company.

3 120. After receiving confirmation from a consumer’s student loan  
4 servicer that a consumer’s loan consolidation or IDR application had been  
5 approved, processors typically logged back into the consumer’s loan account  
6 and changed the consumers email and mailing address back to the consumer’s  
7 actual information.

8 121. The Student Loan Debt Relief Companies’ practice of diverting  
9 correspondence to consumers from the consumers’ student-loan servicers  
10 helped conceal the Student Loan Debt Relief Companies’ practice of submitting  
11 false information to student loan servicers.

12 **Representations about and Collection of Fees from Consumers**

13 122. The Student Loan Debt Relief Companies typically collected  
14 enrollment fees from consumers before consumers had been approved for a loan  
15 consolidation or an IDR plan.

16 123. The Student Loan Debt Relief Companies collected monthly fees,  
17 typically ranging from \$10-\$42, before submitting the consumer’s  
18 corresponding annual IDR plan recertification.

19 124. At all times material to this Complaint, the Student Loan Debt  
20 Relief Companies did not track whether consumers had made an initial payment  
21 on an adjusted loan.

22 125. As early as April 2018, the Student Loan Debt Relief Companies’  
23 contracts began including a section entitled “No Advance Fees.”

24 126. The section of the Student Loan Debt Relief Companies’ contract  
25 entitled “No Advance Fees” states that the company “does not take any advance  
26 fees from Client” and further provides that consumer fees will be held in an  
27 independent third party “trust account” and not paid to the company until the  
28

1 consumer “has received a consolidation, adjustment, or otherwise satisfactory  
2 result” and makes one payment “towards such.”

3 127. At all times material to this Complaint, the Student Loan Debt  
4 Relief Companies did not use trust accounts to hold fees collected from  
5 consumers before placing consumers into loan repayment plans – at no time did  
6 the Student Loan Debt Relief Companies hold payments from consumers in  
7 accordance with Section 310.4(a)(5)(ii) of the TSR.

8 128. Rather, fees collected from consumers by the Student Loan Debt  
9 Relief Companies were directly deposited into the companies’ bank accounts  
10 and commingled with company assets.

11 129. The Defendants have collected over \$95 million in illegal advance  
12 fees from thousands of consumers nationwide.

### 13 **Roles of the Individual Defendants**

14 130. Albert Kim (a/k/a Albert King) is CAC’s primary owner and  
15 manager.

16 131. Kim was in the office frequently and helped manage CAC’s and  
17 True Count’s day-to-day operations.

18 132. Kim oversaw CAC’s marketing.

19 133. Kim signed CAC’s merchant-account applications or agreements  
20 with at least three different payment processors.

21 134. At times, Kim personally responded to consumers’ complaints.

22 135. Kim controlled CAC’s bank accounts, and was an authorized user  
23 on CAC’s and True Count’s bank accounts.

24 136. When Kim applied for a merchant account on CAC’s behalf in or  
25 about July 2017, he agreed to maintain fraud and chargebacks below certain  
26 levels.

27 137. Monthly account statements sent to CAC’s corporate address for  
28 that merchant account identify tens of thousands of dollars in chargebacks and

1 hundreds of thousands of dollars in consumer refunds between August 2017 and  
2 March 2019.

3 138. After CAC filed for bankruptcy, Kim personally generated  
4 marketing leads for Prime.

5 139. Kaine Wen served as CAC's owner, managing partner, and general  
6 counsel.

7 140. CAC's 2016 tax returns and U.K. registration documents list Wen  
8 as CAC's 50% owner.

9 141. Wen made capital contributions to CAC in October 2015 that  
10 accounted for 75% of capital contributions by members at that time.

11 142. Wen participated in the decision to move CAC's processing  
12 functions to True Count.

13 143. Wen personally guaranteed True Count's lease agreement.

14 144. Wen set up payment-processing agreements for True Count.

15 145. Wen corresponded with payment processors regarding True  
16 Count's excessive chargeback rates.

17 146. Wen represented to a payment processor that True Count  
18 "understands, currently fully complies with, and during the term of the  
19 Agreement will fully comply with" the TSR, CFPA, and "all other applicable  
20 federal, state, and local laws, rules, and regulations."

21 147. Wen has been an authorized user on CAC's, Premier Student Loan  
22 Center's, True Count's, and Hold the Door's bank accounts.

23 148. Wen was also a point of contact or signed for at least three  
24 merchant accounts for CAC and at least one merchant account for True Count.

25 149. Wen has been a successor trustee of the Judy Dai 2017 Trust.

26 150. Wen has held power of attorney over the Judy Dai 2017 Trust bank  
27 account at UBS Financial Services Inc. (Judy Dai 2017 Trust UBS Account)  
28 since on or about August 23, 2018.

1 151. Wen’s power of attorney over the Judy Dai 2017 Trust UBS  
2 Account has included authorizing Wen to order the purchase and sale of  
3 securities and similar property and to transfer assets to accounts held in the  
4 name of the Judy Dai 2017 Trust.

5 152. Tuong Nguyen served as the controller and provided accounting  
6 services for CAC.

7 153. Nguyen was responsible for paying CAC’s bills, reviewed its bank  
8 statements, and was a signatory on several of CAC’s bank accounts.

9 154. At times, Nguyen also responded to consumer complaints, and was  
10 listed as a point of contact for CAC’s d/b/a, Premier Student Loan Center, in the  
11 Bureau’s consumer-complaint portal.

12 155. True Count identified Nguyen as its secretary in some  
13 communications with banks.

14 156. Nguyen was a point of contact for at least two of CAC’s merchant  
15 accounts and one of True Count’s merchant accounts.

16 157. In January 2018, Nguyen signed a letter to a payment processor  
17 acknowledging CAC had incurred “excessive chargebacks” during  
18 “December/2017.”

19 158. Nguyen also acknowledged that the top chargeback reasons  
20 included fraud.

21 159. Nguyen incorporated TN Accounting and served as its president  
22 and sole corporate officer.

23 160. Nguyen has been a signatory on a bank account held by TN  
24 Accounting.

25 161. TN Accounting’s primary source of income is over \$225,000 from  
26 CAC and True Count from March 2017 through December 2018.

27 162. Nguyen was also an authorized user on bank accounts held by  
28 CAC, Premier Student Loan Center, and True Count.

**Roles of the Payment Companies**

1  
2 163. The Individual Defendants, True Count, and Prime used TAS,  
3 Horizon, and First Priority to obtain merchant accounts and to collect fees from  
4 consumers.

5 164. In September 2019, the Individual Defendants, True Count, and  
6 Prime transferred customer payment processing to TAS.

7 165. TAS held itself out as an “independent third party” in its contracts  
8 with consumers.

9 166. In fact, TAS was not independent of Defendants.

10 167. Rather, TAS was run from within True Count and Prime by the  
11 Individual Defendants.

12 168. TAS’s domain credentials (username and password) were stored in  
13 an account in Albert Kim’s name.

14 169. The Individual Defendants and the Student Loan Debt Relief  
15 Companies controlled TAS’s email system, and the Student Loan Debt Relief  
16 Companies’ employees reviewed and responded to consumers’ emails sent to  
17 TAS. Defendant Wen executed or acted as TAS’s agent to handle the  
18 application necessary for TAS to open a merchant account to process payments  
19 from the Student Loan Debt Relief Companies’ consumers. Wen and True  
20 Count’s Operations Manager created a fictional employee to interact with True  
21 Count’s and Prime’s software provider to promote the appearance of TAS as an  
22 entity independent of Defendants.

23 170. Since September 12, 2019, until the date of the temporary  
24 restraining order issued by this Court, TAS collected approximately \$3 million  
25 in payments from consumers.

26 171. The Individual Defendants, True Count, and Prime used Horizon  
27 to process consumers’ payments to the student-loan debt-relief enterprise.  
28

1           172. Horizon’s incorporation documents list Keneth Hu, an IT  
2 professional employed by the Student Loan Debt Relief Companies, as its Chief  
3 Executive Officer and President.

4           173. Notwithstanding Mr. Hu’s nominal ownership, Defendants Wen,  
5 Nguyen, True Count, and Prime exercised substantial control over Horizon.

6           174. Defendant Nguyen was a signatory on a Horizon bank account.

7           175. Defendant Wen was Horizon’s designated contact on a merchant  
8 account.

9           176. Defendant True Count asserts that Horizon holds over \$700,000  
10 for its benefit.

11           177. Horizon’s stated business address was leased by Defendant Prime  
12 Consulting.

13           178. Horizon applied for at least two merchant accounts to process  
14 consumer payments (including any associated chargebacks or refunds) on  
15 behalf of the Student Loan Debt Relief Companies.

16           179. Defendants Wen and Nguyen received a finalized payment  
17 processor application for a merchant account with Quantum Electronic  
18 Payments on Horizon’s behalf.

19           180. Defendant Wen later instructed Hu to sign the application for a  
20 merchant account with Quantum Electronic Payments.

21           181. Horizon processed about \$9 million in consumer payments through  
22 at least one of its payment processors accounts on behalf of the Student Loan  
23 Debt Relief Companies.

24           182. The Individual Defendants, True Count, and Prime used First  
25 Priority to open merchant accounts to receive consumer payments to the student  
26 loan debt relief enterprise.



1 183. The Individual Defendants, True Count, and Prime used First  
2 Priority to obtain and then copy documents, such as agreements and contracts,  
3 for use by TAS in the student-loan debt-relief operation.

4 184. First Priority’s corporate registration identifies Defendant Nguyen  
5 as its president and sole owner.

6 185. Defendants Kim and Wen served as contacts on behalf of First  
7 Priority for a payment processor.

8 186. First Priority’s income in 2018 and 2019 consisted of  
9 approximately \$400,000 in transfers from True Count and \$150,000 in  
10 consumer fees collected through two payment processor accounts on behalf of  
11 Prime and True Count.

12 **The Student Loan Debt Relief Companies Operated as a Common**  
13 **Enterprise**

14 187. CAC, True Count, and Prime shared employees, customers,  
15 scripts, and training materials, and they used the same database to store  
16 consumers’ information and track aspects of their business activity.

17 188. CAC, True Count, and Prime shared the proceeds of the debt-relief  
18 enterprise.

19 189. For example, since April 2018, True Count, acting as the purported  
20 “billing department” for CAC and Prime, has transferred at least \$12 million to  
21 CAC and at least \$25 million to Prime.

22 190. CAC lent hundreds of thousands of dollars to True Count without  
23 interest or any written agreement.

24 191. CAC stated in a lease guarantee that it had a “financial interest” in  
25 True Count.

26 192. CAC guaranteed at least one lease on behalf of Prime Consulting  
27 and two leases on behalf of True Count.

28

1 193. CAC, True Count, and Prime have used overlapping addresses to  
2 carry out the debt-relief operation.

3 194. For example, addresses True Count identifies as its business  
4 addresses are also business addresses for CAC, Prime, and Hold the Door.

5 195. To market their debt-relief services to consumers, CAC, True  
6 Count, and Prime shared over a dozen fictitious names, including but not  
7 limited to South Coast Financial Center, Direct Account Services, Financial  
8 Loan Advisors, Account Preparation Services, Administrative Financial,  
9 Tangible Savings Solutions, Coastal Shores Financial Group, First Choice  
10 Financial Centre (a/k/a First Choice Financial Center), Administrative Account  
11 Services, Primary Account Solutions, Prime Document Services, Financial  
12 Accounting Center, Doc Management Solutions, First Priority LLC, ALW  
13 Loans Administrative Accounting Center, Best Choice Financial Center, First  
14 Document Services, Global Direct Accounting Solutions, Keystone Document  
15 Center, Pacific Palm Financial Group, Pacific Shores Advisory, Sequoia  
16 Account Management, Signature Loan Solutions, Yellowstone Account  
17 Services, ClearStudentLoanDebt, and Clear Student Loan Debt.

18 196. The websites for Doc Management Solutions, Financial  
19 Accounting Center, Prime Document Services, Primary Account Solutions,  
20 Administrative Account Services, South Coast Financial Center, First Choice  
21 Financial Center, Coastal Shores Financial Group, Tangible Savings Solutions,  
22 Administrative Financial, Account Preparation Services, Financial Loan  
23 Advisors, and Direct Account Services are nearly identical.

24 **Transfer of Assets to Relief Defendants**

25 197. Defendants Wen, Kim, and Nguyen directed and controlled Relief  
26 Defendants Hold the Door, Infinite Management, and TN Accounting,  
27 respectively.  
28

1           2018. Wen, Kim, and Nguyen are the signatories on bank accounts for  
2 the respective companies and thus controlled the flow of money into and out of  
3 their corporate accounts.

4           2019. From 2017 to 2019, payments from CAC or True Count made up  
5 most or almost all the income of Hold the Door, Infinite Management, and TN  
6 Accounting.

7           200. Monies were transferred from Hold the Door, Infinite  
8 Management, and TN Accounting to the respective individuals' personal  
9 accounts or to pay their personal expenses.

10           201. Hold the Door made over \$200,000 in direct transfers to Wen's  
11 personal bank accounts, and it made payments for purchases of art and for  
12 Wen's Tesla and Mercedes Benz automobiles.

13           202. Infinite Management made more than \$300,000 in payments to pay  
14 Kim's personal credit cards, wedding expenses, dental expenses, and to  
15 purchase luxury cars.

16           203. Infinite Management purchased approximately \$87,500 in jewelry,  
17 paid over \$200,000 to purchase a luxury vehicle, and spent approximately  
18 \$60,000 as a down payment for a second luxury vehicle for Relief Defendant  
19 Sarah Kim.

20           204. Sarah Kim is not employed by Infinite Management, nor has she  
21 ever done business with Infinite Management.

22           205. TN Accounting transferred over \$100,000 to Nguyen's personal  
23 bank accounts and made payments on Nguyen's personal credit cards and  
24 Tesla.

25           206. In December 2018, Mice and Men opened a banking account with  
26 Bank of America, listing Relief Defendant Judy L Dai as the signor, and a  
27 related debit card was issued to Mice and Men LLC Judy L Dai.  
28

1           207. In December 2018, a total of 14 deposits and credits were received  
2 in the Mice and Men account at Bank of America from Prime Consulting,  
3 totaling \$5,041,039. Thirteen of the deposits and credits were for purported  
4 marketing expenses, and one was for purported residual expenses. During its  
5 existence, no other deposits were made into this account.

6           208. In January 2019, a bank account in the name of Mice and Men was  
7 opened with UBS, listing Judy L Dai as the signor.

8           209. In or around February 2019, Bank of America notified Mice and  
9 Men that Bank of America was closing the Mice and Men account.

10           210. In February 2019, a bank check from Bank of America in the  
11 amount of \$5,041,039 was deposited into the Mice and Men account at UBS.  
12 This represented the entire balance in the Mice and Men Bank America  
13 account.

14           211. In April 2019, Defendant Wen was granted third party access to  
15 the Mice and Men account at UBS, which gave him the ability to view account  
16 information, balances, monthly statements and tax information.

17           212. In the Corporate Financial Statement submitted by True Count  
18 Staffing pursuant to the October 21, 2019 Temporary Restraining Order (TRO),  
19 True Count identified the Mice and Men UBS account, which contained  
20 approximately \$4 million, as being held by True Count Staffing.

21           213. Defendant Wen is the 100% owner of True Count Staffing.

22           214. Prime transferred approximately \$4 million to 1st Generation  
23 Holdings over the last three years.

24           215. True Count's Corporate Financial Statement submitted pursuant to  
25 the TRO identified funds in 1st Generation Holdings accounts as held for the  
26 benefit of True Count.

27  
28

1           216. Between 2017-2018, CAC paid Anan Enterprise approximately  
2 \$3.6 million ostensibly for services, but Anan Enterprise never rendered those  
3 services.

4           217. From 2016 through 2018, Wen transferred, or caused companies  
5 he controlled to pay, more than \$<sup>REDACTED</sup> to or for the benefit of Relief  
6 Defendant Judy Dai or the Judy Dai 2017 Trust.

7           218. The funds that Wen transferred or caused to be transferred to or for  
8 the benefit of Judy Dai or the Judy Dai 2017 Trust include funds he obtained  
9 from, or commingled with funds from, the Student Loan Debt Relief  
10 Companies.

11           219. For example, from on or about April 16, 2018, through June 5,  
12 2018, <sup>REDACTED</sup> in the name of the Kaine Wen 2017 Trust received a total  
13 of about \$<sup>REDACTED</sup> in deposits, of which at least \$<sup>REDACTED</sup> were from Hold  
14 the Door.

15           220. From on or about June 1 through June 5, 2018, Wen transferred  
16 \$<sup>REDACTED</sup> from the same Kaine Wen 2017 Trust <sup>REDACTED</sup> identified in the  
17 preceding paragraph to a <sup>REDACTED</sup> held by Judy Dai or the Judy Dai 2017  
18 Trust.

19           221. As another example, Hold the Door paid over \$<sup>REDACTED</sup> to lease a  
20 Mercedes-Benz automobile for Judy Dai's use from at least 2017 through 2019.

21           222. As another example, in or about April 2019, Hold the Door paid  
22 about \$<sup>REDACTED</sup> for a Lexus automobile that has been registered to Judy Dai.

23           223. As another example, in 2019, True Count made over \$<sup>REDACTED</sup> in  
24 payments on a <sup>REDACTED</sup> name that has been secured by a  
25 personal residence in Arcadia, CA (Arcadia Residence).

26           224. The Arcadia Residence has been owned in part by the Judy Dai  
27 2017 Trust.

28



1 of dollars in statutory restitution orders and mandatory civil penalties per  
2 unlawful act or practice under the UCL, as alleged in Count XXII.

3 232. Wen’s remaining assets immediately after the First Transfer were  
4 worth less than his then-existing liabilities to the Bureau and the States as set  
5 forth in paragraphs 229-232.

6 233. Wen failed to disclose the First Transfer as a gift on REDACTED  
7 REDACTED

8 234. At the time of the first Transfer, Wen had been named in his  
9 individual capacity in at least two lawsuits by consumers asserting that he and  
10 other defendants violated the Telephone Consumer Protection Act, 47 U.S.C.  
11 § 227, and related claims.

12 235. At the time of the First Transfer, Defendant CAC had received  
13 inquiries from at least six state law enforcement agencies, including four state  
14 attorneys general, regarding consumer complaints or potential violations of  
15 state consumer protection laws.

16 236. For example, a state attorney general’s office issued a letter to  
17 CAC in or about March 2017, attaching a consumer complaint that asserts that  
18 CAC falsified the consumer’s marital status and family size to the Department  
19 of Education by listing her as single with six children when in fact she was  
20 married with two children.

21 237. As purported general counsel for CAC, Wen was aware of and  
22 responded to each of the six state law enforcement inquiries on behalf of CAC.

23 238. In or about April 2017, the Better Business Bureau (BBB)  
24 contacted CAC to inform it that “multiple sources” had alleged that CAC  
25 charged upfront fees and that “[s]ome consumers allege that their information  
26 was falsified on their [student-loan repayment] application by [listing] more  
27 members in their household than they actually had.”  
28

1           239. Wen responded to BBB within a week, presenting himself as  
2 general counsel for CAC.

3           240. On or about February 12, 2018, just days after the First Transfer,  
4 Wen signed a “Credit Repair Merchant Agreement Addendum” with a payment  
5 processor, falsely warranting that True Count complied with numerous  
6 consumer protection laws, including the TSR and the CFPA, and shortly  
7 thereafter, he signed a “Debt Relief Service Merchant Agreement Addendum”  
8 with similar provisions.

9           241. Before the First Transfer, Wen personally guaranteed at least two  
10 of CAC’s payment processor accounts that received millions of dollars in  
11 unlawfully obtained consumer fees.

12           242. As the sole corporate officer of True Count, Wen also assumed  
13 increased liability risk when True Count took over some of CAC’s operations in  
14 2018.

15           243. In or about February 2018, just days after the First Transfer, Kaine  
16 Wen personally guaranteed at least three of True Count’s payment processor  
17 accounts that received tens of millions of dollars in unlawfully obtained  
18 consumer fees.

19           244. Wen’s personal guarantee of True Count’s merchant accounts  
20 made him liable for consumer refund requests and chargebacks due to True  
21 Count’s unlawful acts and practices.

22           245. In or about April 2018, Wen participated in an internal email chain  
23 that included an email from a True Count manager who stated that “in most  
24 cases” the Student Loan Debt Relief Companies “incorrectly” submit student-  
25 loan-adjustment applications to servicers, including by always listing  
26 consumers as single (whether married or not) and inaccurately inflating family  
27 size.  
28



1 246. After the First Transfer, Wen retained control over the proceeds of  
2 the First Transfer by directing REDACTED in wire transfers  
3 from a REDACTED held by the Judy Dai 2017 Trust, including directing an  
4 over \$REDACTED from the Judy Dai 2017 Trust that was used as a  
5 down payment on the Arcadia Residence

6 247. Since in or about August 2018, the Judy Dai 2017 Trust UBS  
7 Account has held significant proceeds of the First Transfer.

8 **Second Transfer**

9 248. In or about July 2019, the Bureau, the State of North Carolina, and  
10 the State of Minnesota filed proofs of claim seeking to recover tens of millions  
11 of dollars in CAC's bankruptcy proceeding in United States Bankruptcy Court  
12 in the Southern District of Florida.

13 249. The Bureau's proof of claim was for at least \$31 million in  
14 unliquidated damages and undetermined civil money penalties based on CAC's  
15 violations of the CFPA and TSR.

16 250. On or about August 20, 2019, the Kaine Wen 2017 Trust  
17 transferred REDACTED from REDACTED  
18 REDACTED to the Judy Dai 2017 Trust UBS Account  
19 (Second Transfer).

20 251. Before the Second Transfer, the Kaine Wen 2017 Trust had held  
21 the funds traceable to the Second Transfer in REDACTED that  
22 simultaneously held at least \$REDACTED that is traceable to the Student Loan Debt  
23 Relief Companies' unlawful conduct.

24 252. Judy Dai and the Judy Dai 2017 Trust did not provide any  
25 reasonably equivalent consideration in exchange for the Second Transfer.

26 253. At the time of the Second Transfer, the Student Loan Debt Relief  
27 Companies had unlawfully collected tens of millions of dollars in fees from  
28 consumers in violation of the CFPA and the TSR.

1           254. At the time of the Second Transfer, Wen was liable for, jointly and  
2 severally with other defendants in this action, tens of millions of dollars to the  
3 Bureau and the States based on violations of the CFPB and TSR, including for  
4 damages, restitution, or disgorgement, but not including liability for civil  
5 money penalties.

6           255. Based on the civil money penalty amounts set forth in 12 U.S.C.  
7 § 5565(c)(1) & (2), Wen was subject to millions of dollars in penalties per  
8 unlawful practice alleged at Counts I-III, V, VII, IX, and XI as of August 20,  
9 2019, before considering the statutory mitigating factors set forth in section  
10 5565(c)(3) and upward penalty adjustments for inflation under 12 C.F.R.  
11 § 1083.1. Wen was also subject to potential joint and several liability for  
12 millions of dollars in statutory restitution orders and mandatory civil penalties  
13 per unlawful act or practice under the UCL, as alleged in Count XXII.

14           256. Wen's remaining assets after the Second Transfer were worth less  
15 than his then-existing liability to the Bureau and the States as set forth in  
16 paragraphs 253-255.

17           257. At the time of Second Transfer, Wen was aware of the Bureau's  
18 investigation of the SLDR Companies and had retained counsel for True Count  
19 related to the Bureau's investigation.

20           258. Around the time of the Second Transfer, Wen was aware that the  
21 news media was inquiring about the SLDR Companies' business practices.

22           259. On the eve of the Second Transfer, Wen directed a Human  
23 Resources manager for the SLDR Companies to instruct employees that the  
24 press may try to contact them and that employees were not to speak with the  
25 press.

26           260. Several days after the Second Transfer, the *Wall Street Journal*  
27 published a story critical of the SLDR Companies.

28           261. Since at least November 1, 2019, Wen has concealed assets.

1 262. For example, for over a year after receiving service of the TRO on  
2 October 25, 2019, Wen concealed from the Bureau **REDACTED** estimated to  
3 be worth **REDACTED** contrary to the requirements of  
4 Section VIII, paragraph A, of the TRO.

5 **LEGAL BACKGROUND**

6 **The TSR**

7 263. The TSR defines “debt relief service” as “any program or service  
8 represented, directly or by implication, to renegotiate, settle, or in any way alter  
9 the terms of payment or other terms of the debt between a person and one or  
10 more unsecured creditors or debt collectors, including, but not limited to, a  
11 reduction in the balance, interest rate, or fees owed by a person to an unsecured  
12 creditor or debt collector.” 16 C.F.R. § 310.2(o).

13 264. The TSR defines a “seller” as “any person who, in connection with  
14 a telemarketing transaction, provides, offers to provide, or arranges for others to  
15 provide goods or services to the customer in exchange for consideration.” 16  
16 C.F.R. § 310.2(dd).

17 265. The TSR defines “telemarketer” as “any person who, in connection  
18 with telemarketing, initiates or receives telephone calls to or from a customer.”  
19 16 C.F.R. § 310.2(ff).

20 266. The TSR defines “telemarketing” in relevant part as “a plan,  
21 program, or campaign which is conducted to induce the purchase of goods or  
22 services . . . by use of one or more telephones and which involves more than  
23 one interstate telephone call.” 16 C.F.R. § 310.2(gg).

24 267. The Student Loan Debt Relief Companies offered services to  
25 renegotiate, settle, or alter the terms of payments of consumers’ federal student  
26 loans by submitting requests for loan forgiveness or IDR plans to consumers’  
27 student-loan servicers.  
28

1 268. The Student Loan Debt Relief Companies offered and provided  
2 these services to consumers nationwide using the telephones and employed  
3 more than one interstate telephone call.

4 269. The Student Loan Debt Relief Companies offered and provided  
5 these services to consumers in exchange for payment of enrollment and  
6 monthly fees in connection with a telemarketing transaction.

7 270. The Student Loan Debt Relief Companies are each a  
8 “telemarketer” or “seller” offering a “debt relief service” under the TSR.

9 271. Kim arranged for CAC to provide debt-relief services to  
10 consumers in exchange for consideration and personally generated marketing  
11 leads for Prime. Kim is a “telemarketer” or “seller” offering a “debt relief  
12 service” under the TSR. 16 C.F.R. § 310.2(dd), (ff), (o).

13 272. Wen arranged for CAC and True Count to provide debt-relief  
14 services to consumers in exchange for consideration. Wen is a “seller” offering  
15 a “debt relief service” under the TSR. 16 C.F.R. § 310.2(dd), (o).

16 273. Nguyen arranged for CAC and True Count to provide debt-relief  
17 services to consumers in exchange for consideration. Nguyen is a “seller”  
18 offering a “debt relief service” under the TSR. 16 C.F.R. § 310.2(dd), (o).

19 274. TAS is a “seller” because it provided, offered to provide, or  
20 arranged for others to provide third-party dedicated account services to  
21 consumers “in connection with a telemarketing transaction.” 16 C.F.R.  
22 § 310.2(dd).

### 23 **The CFPA**

24 275. Sections 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531,  
25 5536(a)(1)(B), prohibit “covered person[s]” and “service provider[s]” from  
26 engaging in any “unfair, deceptive, or abusive act or practice.”

27 276. The Student Loan Debt Relief Companies are each “covered  
28 persons” under the CFPA because they offer or provide consumer-financial

1 products or services, including financial-advisory services such as assisting  
2 consumers with debt-management or debt-settlement and modifying the terms  
3 of any extension of credit. 12 U.S.C. § 5481(5), (6), (15)(A)(viii).

4 277. TAS is a “covered person” under the CFPA because it offered or  
5 provided consumer-financial products or services, including by “engaging in  
6 deposit-taking activities, transmitting or exchanging funds, or otherwise acting  
7 as a custodian of funds or any financial instrument for use by or on behalf of a  
8 consumer.” 12 U.S.C. § 5481(15)(iv).

9 278. The CFPA also defines “covered person” to include “(B) any  
10 affiliate of a person [that engages in offering or providing a consumer financial  
11 product or service] if such affiliate acts as a service provider to such person.” 12  
12 U.S.C. § 5481(6).

13 279. Section 1002(1) of the CFPA defines the term “affiliate” to mean  
14 “any person that controls, is controlled by, or is under common control with  
15 another person.” 12 U.S.C. § 5481(1).

16 280. Section 1002(26)(A) of the CFPA defines the term “service  
17 provider” to mean “any person that provides a material service to a covered  
18 person in connection with the offering or provision by such covered person of a  
19 consumer financial product or service, including a person that-- ... (ii)  
20 processes transactions relating to the consumer financial product or service ...”  
21 12 U.S.C. § 5481(26)(A)(ii).

22 281. TAS, Horizon and First Priority are affiliates of the Student Loan  
23 Debt Relief Companies because they are controlled by the Student Loan Debt  
24 Relief Companies. Further, by processing consumer payments made to the  
25 Student Loan Debt Relief Companies, TAS, Horizon, and First Priority acted as  
26 service providers to the Student Loan Debt Relief Companies. TAS, Horizon,  
27 and First Priority are each “covered persons” under the CFPA.  
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1           282. Section 1002(25) of the CFPA defines the term “related person” to  
2 mean “any director, officer, or employee charged with managerial responsibility  
3 for, or controlling shareholder of,” or “any . . . other person . . . who materially  
4 participates in the conduct of the affairs of” a non-bank provider of a consumer-  
5 financial product or service. 12 U.S.C. § 5481(25)(C). Section 1002(25) further  
6 provides that a “related person” shall be “deemed to mean a covered person for  
7 all purposes of any provision of Federal consumer financial law.” 12 U.S.C. §  
8 5481(25)(B).

9           283. Kim is a “related person” and “covered person” under the CFPA  
10 because he is CAC’s owner and officer and had managerial responsibility for  
11 CAC. He controlled CAC’s bank accounts, oversaw CAC’s sales and  
12 marketing, entered into contractual relationships on CAC’s behalf with payment  
13 processors, and responded to certain consumer complaints.

14           284. Wen is a “related person” and “covered person” under the CFPA  
15 because he is True Count’s owner and officer, has been an owner and manager  
16 of CAC, and has had managerial responsibility for both companies. He was  
17 involved in making decisions for CAC, including the decision to shift CAC’s  
18 processing function to True Count, entered into contractual relationships on  
19 behalf of True Count with payment processors, and was a signatory on True  
20 Count’s bank accounts.

21           285. Nguyen is a “related person” and “covered person” under the  
22 CFPA because he is an officer of CAC and True Count and has managerial  
23 responsibility for CAC, and because he materially participated in the conduct of  
24 the Student Loan Debt Relief Companies. He managed CAC’s finances and  
25 responded to consumers’ complaints on CAC’s behalf. He also was the point of  
26 contact for several of CAC’s and True Count’s merchant accounts.

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1 **COUNT I**

2 **By the Bureau and the States**

3 **(Advance Fees in Violation of the TSR – Enrollment Fees)**

4 **(The Student Loan Debt Relief Companies and Individual Defendants)**

5 286. The allegations in paragraphs 1-274 are incorporated by reference.

6 287. Under the TSR, it is an abusive act or practice for a seller or  
7 telemarketer to request or receive payment of any fee or consideration for any  
8 debt-relief services unless and until (A) the seller or telemarketer has  
9 renegotiated, settled, reduced, or otherwise altered the terms of at least one debt  
10 pursuant to a settlement agreement, debt-management plan, or other such valid  
11 contractual agreement executed by the customer; and (B) the customer has  
12 made at least one payment pursuant to that settlement agreement, debt-  
13 management plan, or other valid contractual agreement between the customer  
14 and the creditor or debt collector. 16 C.F.R. § 310.4(a)(5)(i)(A)-(B).

15 288. In the course of providing, offering to provide, or arranging for  
16 others to provide debt-relief services, the Student Loan Debt Relief Companies  
17 and Individual Defendants charged and collected from consumers enrollment  
18 fees before consumers had been approved for IDR plans and before consumers  
19 had made any payments toward such IDR plans, in violation of the TSR. 16  
20 C.F.R. § 310.4(a)(5)(i)(A)-(B).

21 289. Moreover, because the IDR plans in which consumers were placed  
22 often were based on false information about consumers’ family size, income,  
23 and marital status that the Student Loan Debt Relief Companies submitted to  
24 consumers’ student-loan servicers, none of the payments made by consumers in  
25 these plans were made pursuant to a “valid contractual agreement” within the  
26 meaning of the TSR and thus were collected in violation of the TSR. 16 C.F.R.  
27 § 310.4(a)(5)(i)(A)-(B).

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**COUNT II**

**By the Bureau and the States**

**(Advance Fees in Violation of the TSR – Monthly Fees)**

**(The Student Loan Debt Relief Companies and Individual Defendants)**

290. The allegations in paragraphs 1-274 are incorporated by reference.

291. In the course of providing, offering to provide, or arranging for others to provide debt-relief services, the Student Loan Debt Relief Companies and Individual Defendants charged and collected from consumers monthly fees before consumers had completed their annual recertifications of eligibility for IDR plans and before consumers had made any payments toward such recertified IDR plans, in violation of the TSR. 16 C.F.R. § 310. 4(a)(5)(i)(A)-(B).

292. Moreover, because the IDR plans in which consumers were placed often were based on false information about consumers’ family size, income, and marital status that the Student Loan Debt Relief Companies submitted to consumers’ student-loan servicers, none of the payments made by consumers in these plans were made pursuant to a “valid contractual agreement” within the meaning of the TSR and thus were collected in violation of the TSR. 16 C.F.R. § 310.4(a)(5)(i)(A)-(B).

**COUNT III**

**By the Bureau and the States**

**(Misrepresentations About Material**

**Aspects of Their Services in Violation of the TSR)**

**(The Student Loan Debt Relief Companies and Individual Defendants)**

293. The allegations in paragraphs 1-274 are incorporated by reference.

294. It is a deceptive practice under the TSR for a seller or telemarketer to misrepresent any material aspect of the efficacy of their services and to



1 misrepresent any material aspect of a debt-relief service. 16 C.F.R. §  
2 310.3(a)(2)(iii), (x).

3 295. Among other things, the Student Loan Debt Relief Companies and  
4 Individual Defendants misrepresented, directly or indirectly, expressly or by  
5 implication that:

6 a. fees paid by consumers were payments toward the  
7 consumer's outstanding loan debt;

8 b. fees paid by consumers reflected the adjusted amount of the  
9 consumers' periodic payments toward their outstanding loan balance;

10 c. consumers' loans would be forgiven in whole or in part  
11 shortly after enrolling in the Student Loan Debt Relief Companies'  
12 services;

13 d. consumers were eligible or approved for lower monthly  
14 payments, including where such payment amounts had been calculated  
15 based on an incorrect family size, income, or marital status;

16 e. consumers' monthly payment amount had been lowered for  
17 the life of the repayment plan; and

18 f. any fees collected would be held in trust accounts  
19 maintained by a third-party account provider until the Student Loan Debt  
20 Relief Companies had performed certain services.

21 296. The Student Loan Debt Relief Companies and Individual  
22 Defendants also failed to inform consumers that:

23 a. it was their practice to submit forbearance requests on  
24 behalf of consumers; and

25 b. it was their practice to falsify consumers' family size,  
26 marital status, and income to consumers' student-loan servicers.

1 297. The acts or practices of the Individual Defendants and Student  
2 Loan Debt Relief Companies, as set forth in this Count, are deceptive acts or  
3 practices that violate the TSR, 16 C.F.R. 310.3(a)(2)(iii), (x).

4 **COUNT IV**

5 **By the Bureau and the States**

6 **(Misrepresentations About Material**

7 **Aspects of Their Services in Violation of the TSR)**

8 **(True Count, Prime, and TAS)**

9 298. The allegations in paragraphs 1-274 are incorporated by reference.

10 299. It is a deceptive practice under the TSR for a seller or telemarketer  
11 to misrepresent any material aspect of the efficacy of their services and to  
12 misrepresent any material aspect of a debt-relief service. 16 C.F.R. §  
13 310.3(a)(2)(iii), (x).

14 300. True Count, Prime, and TAS misrepresented, directly or indirectly,  
15 expressly or by implication, that TAS was an independent third-party provider  
16 of dedicated customer escrow accounts.

17 301. The misrepresentations relate to a material aspect of a debt-relief  
18 service.

19 302. The acts or practices of the Individual Defendants, Student Loan  
20 Debt Relief Companies, and TAS, as set forth in this paragraph, are deceptive  
21 acts or practices that violate the TSR, 16 C.F.R. 310.3(a)(2)(iii), (x).

22 **COUNT V**

23 **By the Bureau and the States**

24 **(Substantial Assistance in Violation of the TSR)**

25 **(Individual Defendants)**

26 303. The allegations in paragraphs 1-274 are incorporated by reference.

27 304. The TSR prohibits any person from providing “substantial  
28 assistance or support to any seller or telemarketer when that person knows or

1 consciously avoids knowing that the seller or telemarketer is engaged in any act  
2 or practice that [constitutes deceptive or abusive conduct]” under the Rule. 16  
3 C.F.R. § 310.3(b).

4 305. Kim managed both CAC’s and True Count’s day-to-day  
5 operations. As CAC’s co-owner and president, Kim oversaw CAC’s marketing  
6 and approved its sales scripts.

7 306. Kim knew, or recklessly avoided knowing, the material  
8 misrepresentations and omissions that CAC’s and True Count’s sales  
9 representatives and processors made to consumers.

10 307. Kim knew, or recklessly avoided knowing, that the Student Loan  
11 Debt Relief Companies charged and collected enrollment and monthly fees  
12 from consumers before the companies had obtained loan-repayment plans for  
13 consumers and before consumers had made their first payments toward such  
14 repayment plans.

15 308. Kim represented CAC in contractual relationships with payment  
16 processors.

17 309. As CAC’s point of contact on a merchant account where he agreed  
18 to keep chargebacks and fraud below a certain level, Kim knew, or recklessly  
19 avoided knowing, that the merchant’s monthly statements identified tens of  
20 thousands of dollars in chargebacks and hundreds of thousands of dollars in  
21 consumer refunds between August 2017 and March 2019.

22 310. As CAC’s co-owner and officer and True Count’s owner and  
23 officer, Wen entered into payment-processing agreements on CAC’s and True  
24 Count’s behalf, including at least one where he represented that True Count  
25 intended to fully comply with the TSR.

26 311. As a principal representative for CAC’s and True Count’s  
27 merchant accounts and a signatory on the bank accounts from which refunds  
28 and chargebacks to consumers were paid, Wen knew, or recklessly avoided

1 knowing, CAC's and True Count's high chargeback and refund rates, including  
2 that during at least one period, the top chargeback reasons included "fraud."

3 312. Wen knew, or recklessly avoided knowing, the material  
4 misrepresentations and omissions that CAC's and True Count's sales  
5 representatives and processors made to consumers.

6 313. Wen knew, or recklessly avoided knowing, that the Student Loan  
7 Debt Relief Companies charged and collected enrollment and monthly fees  
8 from consumers before the companies had obtained loan-repayment plans for  
9 consumers and before consumers had made their first payments toward such  
10 repayment plans.

11 314. As an officer of CAC and True Count, Nguyen managed CAC's  
12 finances, served as a point of contact for several of CAC's and True Count's  
13 merchant accounts, and responded to consumer complaints on CAC's behalf.

14 315. Because he signed a January 2018 letter from CAC to a payment  
15 processor in which he acknowledged that CAC had incurred excessive  
16 chargebacks and that fraud was one of the top reasons for such chargebacks,  
17 Nguyen knew, or recklessly avoided knowing, the material misrepresentations  
18 and omissions that CAC's and True Count's sales representatives and  
19 processors made to consumers.

20 316. Nguyen knew, or recklessly avoided knowing, that the Student  
21 Loan Debt Relief Companies charged and collected enrollment and monthly  
22 fees from consumers before the companies had obtained loan-repayment plans  
23 for consumers and before consumers had made their first payments toward such  
24 repayment plans.

25 317. Kim, Wen, and Nguyen provided substantial assistance to the  
26 Student Loan Debt Relief Companies in their violations of the TSR.

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**COUNT VI**

**By the Bureau and the States**

**(Substantial Assistance in Violation of the TSR)**

**(Payment Companies)**

318. The allegations in paragraphs 1-274 are incorporated by reference.

319. The TSR prohibits any person from providing “substantial assistance or support to any seller or telemarketer when that person knows or consciously avoids knowing that the seller or telemarketer is engaged in any act that [constitutes deceptive or abusive conduct]” under the Rule. 16 C.F.R. § 310.3(b).

320. The Payment Companies knew, or consciously avoided knowing, the material misrepresentations that the Student Loan Debt Relief Companies made to consumers.

321. The Payment Companies knew, or consciously avoided knowing, that the Student Loan Debt Relief Companies charged and received fees from consumers before consumers’ applications for loan consolidations, loan-repayment plans, and loan-forgiveness plans were approved, and before consumers had made the first payments under the altered terms of their student loans.

322. The Payment Companies provided substantial assistance to the Student Loan Debt Relief Companies in their violations of the TSR. 16 C.F.R. § 310.3(b)

**COUNT VII**

**By the Bureau**

**(CFPA – Deception)**

**(The Student Loan Debt Relief Companies and Individual Defendants)**

323. The allegations in paragraphs 1-262 and 275-285 are incorporated by reference.

1           324. Among other things, the Student Loan Debt Relief Companies and  
2 Individual Defendants misrepresented, directly or indirectly, expressly or by  
3 implication that:

4           a. fees paid by consumers were payments toward the  
5 consumer's outstanding loan debt;

6           b. fees paid by consumers reflected the adjusted amount of the  
7 consumers' periodic payments toward their outstanding loan balance;

8           c. consumers' loans would be forgiven in whole or in part  
9 following payment of the initial enrollment fees;

10           d. consumers were eligible or approved for lower monthly  
11 payments, including where such payment amounts have been calculated  
12 based on an incorrect family size, income, or marital status;

13           e. consumers' monthly payment amounts had been lowered for  
14 the life of the repayment plan; and

15           f. any fees collected would be held in trust accounts  
16 maintained by a third-party account provider until the Student Loan  
17 Debt Relief Companies had performed certain services.

18           325. The Student Loan Debt Relief Companies also failed to inform  
19 consumers that:

20           a. it was their practice to submit forbearance requests on  
21 behalf of consumers; and

22           b. it was their practice to falsify consumers' family size,  
23 marital status, and income to consumers' student-loan servicers and the  
24 consequences for consumers of that practice.

25           326. The Student Loan Debt Relief Companies' representations were  
26 material and likely to mislead consumers acting reasonably under the  
27 circumstances.  
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1           327. Among other things, Kim generated marketing leads for Prime,  
2 approved sales scripts for CAC, and managed day-to-day operations for CAC  
3 and True Count. He was also aware of CAC's and True Count's high  
4 chargeback and consumer-refund rates. He participated directly in these  
5 representations or had the authority to control them as CAC's co-owner and  
6 president and had knowledge of these representations, was recklessly  
7 indifferent to the truth or falsity of the misrepresentations, or was aware of a  
8 high probability of fraud along with an intentional avoidance of the truth.

9           328. Among other things, Wen managed payment-processor  
10 relationships on behalf of True Count, was a signatory on True Count's bank  
11 accounts, and was aware of CAC's and True Count's high chargeback and  
12 consumer-refund rates. He participated directly in these representations or had  
13 the authority to control them as CAC's co-owner and president and True  
14 Count's owner and president and had knowledge of these representations, was  
15 recklessly indifferent to the truth or falsity of the misrepresentations, or was  
16 aware of a high probability of fraud along with an intentional avoidance of the  
17 truth.

18           329. Among other things, Nguyen managed CAC's finances, responded  
19 to consumer complaints, and served as point of contact on several of CAC's and  
20 True Count's merchant accounts. He was aware of CAC's and True Count's  
21 high chargeback and consumer-refund rates. He participated directly in these  
22 representations or had the authority to control them and had knowledge of these  
23 representations, was recklessly indifferent to the truth or falsity of the  
24 misrepresentations, or was aware of a high probability of fraud along with an  
25 intentional avoidance of the truth.

26           330. The Student Loan Debt Relief Companies and Individual  
27 Defendants have therefore engaged in deceptive acts or practices in violation of  
28 §§ 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536.

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**COUNT VIII**

**By the Bureau**

**(CFPA – Deception)**

**(True Count, Prime, and TAS)**

331. The allegations in paragraphs 1-262 and 275-285 are incorporated by reference.

332. True Count, Prime, and TAS misrepresented, directly or indirectly, expressly or by implication, that TAS was an independent third-party provider of dedicated customer accounts.

333. The representations were material and likely to mislead consumers acting reasonably under the circumstances.

334. True Count, Prime, and TAS have therefore engaged in deceptive acts or practices in violation of §§ 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536.

**COUNT IX**

**By the Bureau**

**(Substantial Assistance in Violation of the CFPA)**

**(Individual Defendants)**

335. The allegations in paragraphs 1-262 and 275-285 are incorporated by reference.

336. Section 1036(a)(3) of the CFPA prohibits any person from “knowingly or recklessly provid[ing] substantial assistance to a covered person or service provider in violation of the provisions of section 1031” and states that “the provider of such substantial assistance shall be deemed to be in violation of that section to the same extent as the person to whom such assistance is provided.” 12 U.S.C. § 5536(a)(3).



1 337. As CAC’s co-owner and president, and as someone who managed  
2 the day-to-day operations of CAC and True Count and who generated  
3 marketing leads for Prime, Kim knowingly or recklessly provided substantial  
4 assistance to the Student Loan Debt Relief Companies in their deceptive acts or  
5 practices.

6 338. As CAC’s co-owner and True Count’s owner and president who  
7 was aware that high chargeback and consumer refund rates were attributable at  
8 least in part to fraud, Wen knowingly or recklessly provided substantial  
9 assistance to the Student Loan Debt Relief Companies in their deceptive acts or  
10 practices.

11 339. As an individual responsible for managing CAC’s finances and  
12 responding to consumers’ complaints on behalf of CAC and who was aware  
13 that the Student Loan Debt Relief Companies’ high chargeback and consumer-  
14 refund rates were attributable at least in part to fraud, Nguyen knowingly or  
15 recklessly provided substantial assistance to the Student Loan Debt Relief  
16 Companies in their deceptive acts or practices.

17 340. The Individual Defendants thus provided substantial assistance to  
18 the Student Loan Debt Relief Companies in their deceptive acts or practices, in  
19 violation of § 1036(a)(3) of the CFPA. 12 U.S.C. § 5563(a)(3).

20 **COUNT X**

21 **By the Bureau**

22 **(Substantial Assistance in Violation of the CFPA)**

23 **(Payment Companies)**

24 341. The allegations in paragraphs 1-262 and 275-285 are incorporated  
25 by reference.

26 342. Section 1036(a)(3) of the CFPA prohibits any person from  
27 “knowingly or recklessly provid[ing] substantial assistance to a covered person  
28 or service provider in violation of the provisions of section 1031” and states that

1 “the provider of such substantial assistance shall be deemed to be in violation of  
2 that section to the same extent as the person to whom such assistance is  
3 provided.” 12 U.S.C. § 5536(a)(3).

4 343. The Payment Companies knew, or recklessly avoided knowing, the  
5 material misrepresentations that the Student Loan Debt Relief Companies made  
6 to consumers.

7 344. The Payment Companies provided substantial assistance to the  
8 Student Loan Debt Relief Companies in their deceptive acts or practices, in  
9 violation of § 1036(a)(3) of the CFPA. 12 U.S.C. § 5563(a)(3).

10 **COUNT XI**

11 **By the Bureau**

12 **CFPA Violation Based on Violation of TSR**

13 **(All Defendants)**

14 345. The allegations in paragraphs 1-285 are incorporated by reference.

15 346. The Bureau is authorized to enforce the Telemarketing Act with  
16 respect to the offering or provision of a consumer-financial product or service  
17 subject to the CFPA. 15 U.S.C. § 6105(d).

18 347. A violation of the TSR “committed by a person subject to the  
19 Consumer Financial Protection Act of 2010 shall be treated as a violation of a  
20 rule under Section 1031 of [the CFPA] regarding unfair, deceptive, or abusive  
21 acts or practices.” 15 U.S.C. § 6102.

22 348. Section 1031 of the CFPA provides that “[t]he Bureau may  
23 prescribe rules applicable to a covered person or service provider identifying as  
24 unlawful unfair, deceptive, or abusive acts or practices in connection with any  
25 transaction with a consumer for a consumer financial product or service, or the  
26 offering of a consumer financial product or service.” 12 U.S.C. § 5531(b).

27 349. Defendants’ violations of the TSR are treated as violations of a  
28 rule under § 1031 of the CFPA. 15 U.S.C. § 6102(c).

1 350. Because Defendants are “covered persons” who violated the TSR  
2 by charging and collecting illegal advance fees from consumers and engaging in  
3 deceptive conduct, they violated § 1036(a)(1)(A) of the CFPA. 12 U.S.C. §  
4 5536(a)(1)(A).

5 **COUNT XII**

6 **By the Bureau and the States**

7 **(Relief Defendants)**

8 351. The allegations in paragraphs 1-285 are incorporated by reference.

9 352. Relief Defendants Hold the Door, Infinite Management, TN  
10 Accounting, Mice and Men, 1st Generation Holdings, Sarah Kim, Anan  
11 Enterprise, and Judy Dai (in her individual capacity and as the trustee of the  
12 Judy Dai 2017 Trust) have received, directly or indirectly, funds or other assets  
13 from Defendants that are traceable to, or commingled with, funds obtained from  
14 consumers through the deceptive and unlawful practices described herein.

15 353. The Relief Defendants are not bona fide purchasers with legal or  
16 equitable title to the funds or other assets received from Defendants.

17 354. The Relief Defendants would be unjustly enriched if not required  
18 to disgorge funds or the value of the benefits received as a result of Defendants’  
19 unlawful acts or practices.

20 355. The Relief Defendants therefore hold funds and assets in  
21 constructive trust for the benefit of the Student Loan Debt Relief Companies’  
22 customers.

23 **AVOIDANCE OF FRAUDULENT TRANSFERS**

24 356. Defendant Kaine Wen has made over \$**REDACTED** in transfers to  
25 Relief Defendant Judy Dai that are fraudulent and can be voided under the  
26 Federal Debt Collection Procedures Act or the California Uniform Voidable  
27 Transactions Act.  
28

1 357. Defendant Kaine Wen does not have sufficient financial resources  
2 to satisfy his debts to the Bureau and the States as described in paragraphs 8,  
3 129, 229-232 and 253-256 and Counts I-III, V, VII, IX, XI, and XXII.

4 **COUNT XIII**

5 **By the Bureau**

6 **Fraudulent Transfers under the Federal Debt Collection Procedures Act,**  
7 **28 U.S.C. § 3304(b)(1)(A)**

8 **(Defendant Kaine Wen and Relief Defendant Judy Dai)**

9 358. The allegations in paragraphs 1-285 are incorporated by reference.

10 359. Wen is subject to, jointly and severally with other defendants in  
11 this action, a claim for a debt to the Bureau in excess of \$100 million, including  
12 for damages, restitution, disgorgement, and civil money penalties for violations  
13 of the CFPA and TSR. Counts I-III, V, VII, IX, and XI. This debt constitutes a  
14 “debt” under 28 U.S.C. §§ 3002(3)(B) and 3304(b)(1) and Wen is a “debtor”  
15 under 28 U.S.C. §§ 3002(4) and 3304(b)(1).

16 360. As set forth in paragraphs 227-262, through the First and Second  
17 Transfers, Wen transferred cash and investments directly or indirectly to Relief  
18 Defendant Judy Dai (individually and as a trustee of the Judy Dai 2017 Trust)  
19 with actual intent to hinder, delay, or defraud a creditor.

20 361. Wen’s actual intent to hinder, delay, or defraud a creditor is  
21 demonstrated by the allegations in this Second Amended Complaint, including  
22 the following:

23 a. Judy Dai was Wen’s mother and therefore an insider within  
24 the meaning of 28 U.S.C. §§ 3301(5), 3304(b)(2)(A). Paragraph 65.

25 b. Wen retained control over the assets transferred, including  
26 because Judy Dai granted him power of attorney over the Judy Dai 2017  
27 Trust UBS Account and he directed large wires on behalf of the Judy Dai  
28

1 2017 Trust. 28 U.S.C. § 3304(b)(2)(B). Paragraphs 150-151 and 246-  
2 247.

3 c. Wen failed to disclose the First Transfer on his REDACTED  
4 REDACTED 28 U.S.C. § 3304(b)(2)(C). Paragraph 233.

5 d. At the time of the First Transfer, Wen had been sued and  
6 threatened with suit. 28 U.S.C. § 3304(b)(2)(D). Paragraphs 234-245.

7 e. At the time of the Second Transfer, Wen had been further  
8 threatened with suit. 28 U.S.C. § 3304(b)(2)(D). Paragraphs 234-245 and  
9 248-249, 257-260.

10 f. Wen concealed significant assets from the Bureau for over a  
11 year after entry of the TRO. 28 U.S.C. § 3304(b)(2)(G). Paragraph 261-  
12 262.

13 g. Wen did not receive reasonably equivalent consideration in  
14 exchange for the First or Second Transfer. 28 U.S.C. § 3304(b)(2)(H).  
15 Paragraphs 228 and 252.

16 h. At the time of the First and Second Transfers, or shortly  
17 thereafter, Wen was insolvent as he faced millions of dollars in liability  
18 to the Bureau for its claims, which significantly exceeded his assets at  
19 each of those times. 28 U.S.C. § 3304(b)(2)(I). Paragraphs 229-232 and  
20 253-256.

21 i. The First and Second Transfers occurred shortly before Wen  
22 incurred substantial debt, including as the personal guarantor on at least  
23 three of True Count's payment processor accounts that collectively  
24 received tens of millions of dollars in unlawfully obtained consumer fees  
25 in violation of the CFPA and TSR in the months after the First Transfer.  
26 28 U.S.C. § 3304(b)(2)(J). Paragraphs 229-231, 241-245, and 253-255.

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1 362. The transfers described above should be adjudged fraudulent and  
2 avoidable to the extent necessary to satisfy any judgment for the Bureau, and  
3 therefore the United States, 28 U.S.C. § 3002(15)(B), in this proceeding.

4 **COUNT XIV**

5 **By the Bureau**

6 **Fraudulent Transfers under the Federal Debt Collection Procedures Act,**

7 **28 U.S.C. § 3304(b)(1)(B)**

8 **(Defendant Kaine Wen and Relief Defendant Judy Dai)**

9 363. The allegations in paragraphs 1-285 are incorporated by reference.

10 364. Wen is subject to, jointly and severally with other defendants in  
11 this action, a claim for a debt to the Bureau in excess of \$100 million, including  
12 for damages, restitution, disgorgement, and civil money penalties for violations  
13 of the CFPA and TSR. Counts I-III, V, VII, IX, and XI. This debt constitutes a  
14 “debt” under 28 U.S.C. §§ 3002(3)(B) and 3304(b)(1) and Wen is a “debtor”  
15 under 28 U.S.C. §§ 3002(4) and 3304(b)(1).

16 365. As set forth in paragraphs 227-262, through the First and Second  
17 Transfers, Wen transferred **REDACTED** directly or indirectly to Relief  
18 Defendant Judy Dai (both individually and as a trustee of the Judy Dai 2017  
19 Trust), who did not provide reasonably equivalent value to Wen in exchange for  
20 the transfers.

21 366. At the time of the First and Second Transfers, Wen was engaged in  
22 or about to engage in transactions for which the remainder of his assets were  
23 unreasonably small, or Wen believed or reasonably should have believed that  
24 he would incur debts beyond his ability to pay them, including because at the  
25 time of each transfer his assets were worth far less than the tens of millions of  
26 dollars in liabilities under the CFPA and TSR that he had incurred or was about  
27 to incur, including based on personally guaranteeing CAC’s and True Count’s  
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1 merchant accounts as set forth in paragraphs 227-262, in violation of 28 U.S.C.  
2 § 3304(b)(1)(B)(i), (ii).

3 367. The transfers described above should be adjudged fraudulent and  
4 avoidable to the extent necessary to satisfy any judgment for the Bureau, and  
5 therefore the United States, 28 U.S.C. § 3002(15)(B), in this proceeding.

6 **COUNT XV**

7 **By the People of the State of California**

8 **Avoidable Transfers under the California Uniform Voidable Transactions**  
9 **Act (UVTA), and by the Bureau (in the alternative),**

10 **Cal. Civ. Code § 3439.04(a)(1)**

11 **(Defendant Kaine Wen and Relief Defendant Judy Dai)**

12 368. The allegations in paragraphs 1-285 are incorporated by reference.

13 369. Wen’s liability to the Bureau and the States, jointly and severally  
14 with other defendants in this action, exceeds \$100 million, including for  
15 damages, restitution, disgorgement, and civil money penalties for violations of  
16 the CFPA, TSR, and UCL. Counts I-III, V, VII, IX, XI and XXII. These  
17 Counts include harm to California consumers occurring before the First  
18 Transfer. Thus, Wen is a “debtor” and the Bureau, and the People of the State  
19 of California are “creditors” with a “claim” within the meaning of the UVTA.  
20 Cal. Civ. Code § 3439.01(b), (c), (e).

21 370. As set forth in paragraphs 227-262, through the First and Second  
22 Transfers, Wen transferred **REDACTED** directly or indirectly to Relief  
23 Defendant Judy Dai (both individually and as a trustee of the Judy Dai 2017  
24 Trust) with actual intent to hinder, delay, or defraud a creditor.

25 371. Wen’s actual intent to hinder, delay, or defraud a creditor is  
26 demonstrated by the allegations in this Second Amended Complaint, including  
27 the following:  
28

1 a. Judy Dai was Wen’s mother and therefore an insider within  
2 the meaning of Cal Civ. Code § 3439.04(b)(1). Paragraph 65.

3 b. Wen retained control over the assets transferred, including  
4 because Judy Dai granted him power of attorney over the Judy Dai 2017  
5 Trust UBS Account and he directed large wires on behalf of the Judy Dai  
6 2017 Trust. Cal Civ. Code § 3439.04(b)(2). Paragraph 150-151 and 246-  
7 247.

8 c. Wen failed to disclose the First Transfer on his REDACTED  
9 REDACTED Cal Civ. Code § 3439.04(b)(3). Paragraph 233.

10 d. At the time of the First Transfer, Wen had been sued and  
11 threatened with suit. Cal Civ. Code § 3439.04(b)(4). Paragraphs 234-  
12 245.

13 e. At the time of the Second Transfer, Wen had been further  
14 threatened with suit. Cal Civ. Code § 3439.04(b)(4). Paragraphs 234-245  
15 and 248-249, 257-260.

16 f. Wen concealed significant assets from the Bureau for over a  
17 year after entry of the TRO. Cal Civ. Code § 3439.04(b)(7). Paragraph  
18 261-262.

19 g. Wen did not receive reasonably equivalent consideration in  
20 exchange for the First or Second Transfer. Cal Civ. Code  
21 § 3439.04(b)(8). Paragraphs 228 and 252.

22 h. At the time of the First and Second Transfers, or shortly  
23 thereafter, Wen was insolvent as he faced millions of dollars in liability  
24 to the Bureau and the States for their claims, which significantly  
25 exceeded his assets at each of those times. Cal Civ. Code §  
26 3439.04(b)(9). Paragraphs 229-232 and 253-256.

27 i. The First and Second Transfers occurred shortly before Wen  
28 incurred substantial debt, including as the personal guarantor on at least



1 three of True Count’s payment processor accounts that collectively  
2 received tens of millions of dollars in unlawfully obtained consumer fees  
3 in violation of the CFPA, TSR, and UCL in the months after the First  
4 Transfer. Cal Civ. Code § 3439.04(b)(10). Paragraphs 229-231, 241-  
5 245, and 253-255.

6 372. The transfers described above should be adjudged fraudulent and  
7 void to the extent necessary to satisfy any judgment for the Bureau or the  
8 People of the State of California in this proceeding.

9 **COUNT XVI**

10 **By the People of the State of California**

11 **Avoidable Transfers under the California Uniform Voidable Transactions**

12 **Act, and by the Bureau (in the alternative),**

13 **Cal. Civ. Code §§ 3439.04(a)(2)**

14 **(Defendant Kaine Wen and Relief Defendant Judy Dai)**

15 373. The allegations in paragraphs 1-285 are incorporated by reference.

16 374. Wen’s liability to the Bureau and the States, jointly and severally  
17 with other defendants in this action, exceeds \$100 million, including for  
18 damages, restitution, disgorgement, and civil money penalties for violations of  
19 the CFPA, TSR, and UCL. Counts I-III, V, VII, IX, XI, and XXII. These  
20 Counts include harm to California consumers occurring before the First  
21 Transfer. Thus, Wen is a “debtor” and the Bureau, and the People of the State  
22 of California are “creditors” with a “claim” within the meaning of the UVTA.  
23 Cal. Civ. Code § 3439.01(b), (c), (e).

24 375. As set forth in paragraphs 227-262, through the First and Second  
25 Transfers, Wen transferred cash and investments directly or indirectly to Relief  
26 Defendant Judy Dai (both individually and as a trustee of the Judy Dai 2017  
27 Trust), who did not provide reasonably equivalent value to Wen in exchange for  
28 the transfers.

1           376. At the time of the First and Second Transfers, Wen was engaged in  
2 or about to engage in transactions for which the remainder of his assets were  
3 unreasonably small, or Wen believed or reasonably should have believed that  
4 he would incur debts beyond his ability to pay them, including because at the  
5 time of each transfer his assets were worth far less than the tens of millions of  
6 dollars in liabilities under the CFPA, TSR, and UCL, that he had incurred or  
7 was about to incur, including based on personally guaranteeing CAC’s and True  
8 Count’s merchant accounts as set forth in paragraphs 227-262, in violation of  
9 Cal. Civ. Code § 3439.04(a)(2).

10           377. The transfers described above should be adjudged fraudulent and  
11 void to the extent necessary to satisfy any judgment for the Bureau or the  
12 People of the State of California in this proceeding.

13   **COUNT XVII**

14   **By the State of Minnesota**

15   **Prevention of Consumer Fraud Act**

16   **Minn. Stat. § 325F.69, et seq.**

17                   **(The Student Loan Debt Relief Companies and Individual Defendants)**

18           378. The allegations in paragraphs 1-322 and 351-355 are incorporated  
19 by reference.

20           379. Minnesota Statutes section 325F.69, subdivision 1 reads:

21           380. The act, use, or employment by any person of any fraud, false  
22 pretense, false promise, misrepresentation, misleading statement or deceptive  
23 practice, with the intent that others rely thereon in connection with the sale of  
24 any merchandise, whether or not any person has in fact been misled, deceived,  
25 or damaged thereby, is enjoined as provided in section 325F.70.

26           381. The term “merchandise” within the meaning of Minnesota Statutes  
27 section 325F.69 includes services. See Minn. Stat. § 325F.68, subd. 2.  
28

1           382. The term “person” includes “any natural person or legal  
2 representative, partnership, corporation (domestic and foreign), company, trust,  
3 business entity, or association, and any agent, employee, salesperson, partner,  
4 officer, director, member, stockholder, associate, trustee, or cestui que thereof.”  
5 Minn. Stat. § 325F.68, subd. 3. The Student Loan Debt Relief Companies and  
6 Individual Defendants are “persons” within the meaning of the statute.

7           383. The Student Loan Debt Relief Companies and Individual  
8 Defendants repeatedly violated Minnesota Statutes section 325F.69, subdivision  
9 1, by engaging in the deceptive and fraudulent practices described in this  
10 Complaint, with the intent that others rely thereon in connection with the sale of  
11 their student loan debt relief services. This conduct includes, but is not limited  
12 to:

13           a. Misrepresenting to consumers that the Student Loan Debt  
14 Relief Companies could forgive consumers’ loans and otherwise  
15 misrepresenting their ability to reduce or eliminate student loan debt;

16           b. Misrepresenting to consumers that the consumers were  
17 “approved” for student loan relief, and otherwise misrepresenting their  
18 ability to qualify borrowers for government programs;

19           c. Misrepresenting and falsely leading consumers to believe  
20 that the Student Loan Debt Relief Companies would apply payments  
21 made to it to consumers’ loans;

22           d. Misrepresenting and falsely leading consumers to believe  
23 that fees paid by consumers reflected the adjusted amount of the  
24 consumers’ periodic payments toward their outstanding loan balance;

25           e. Misrepresenting to consumers that the amount owed on their  
26 student loans would be reduced;

27           f. Misrepresenting to consumers that their loans would be  
28 forgiven in whole or in part following payment of the enrollment fees;

1 g. Misrepresenting to consumers that their monthly student  
2 loan payment amount had been lowered for the life of the repayment  
3 plan;

4 h. Misrepresenting to consumers that fees collected would be  
5 held in trust accounts maintained by a third-party account provider until  
6 the Student Loan Debt Relief Companies had performed certain services;

7 i. Misleading consumers to believe that the Student Loan Debt  
8 Relief Companies were tied to or had a relationship with the federal  
9 government or a particular federal debt relief plan;

10 j. Misrepresenting government programs and payment plan  
11 terms to consumers; and

12 k. The other practices described in this Complaint.

13 384. Due to the deceptive and fraudulent conduct described in this  
14 Complaint, Minnesota consumers made payments to Defendants for services  
15 that they otherwise would not have purchased, thereby causing harm to those  
16 consumers.

17 385. Defendants’ conduct, practices, and actions described in this  
18 Complaint constitute multiple, separate violations of Minnesota Statutes section  
19 325F.69.

20 **COUNT XVIII**

21 **By the State of Minnesota**

22 **Uniform Deceptive Trade Practices Act**

23 **Minn. Stat. § 325F.43, et seq.**

24 **(The Student Loan Debt Relief Companies and Individual Defendants)**

25 386. The allegations in paragraphs 1-322, 351-355, and 378-385 are  
26 incorporated by reference.

27 387. Minnesota Statutes section 325D.44, subdivision 1 provides, in  
28 part that:

1 A person engages in a deceptive trade practice when, in the course of  
2 business, vocation, or occupation, the person:

\*\*\*

3 (2) causes likelihood of confusion or of misunderstanding as to the  
4 source, sponsorship, approval, or certification of goods or services;

\*\*\*

5 (5) represents that goods or services have sponsorship, approval,  
6 characteristics, ingredients, uses, benefits, or quantities that they do not  
7 have or that a person has a sponsorship, approval, status, affiliation, or  
8 connection that the person does not have;

\*\*\*

8 (7) represents that goods or services are of a particular standard [or]  
9 quality . . . if they are of another;

\*\*\*

10 (9) advertises goods or services with intent not to sell them as advertised;  
11 [or]

\*\*\*

12 (13) engages in any other conduct which similarly creates a likelihood of  
13 confusion or of misunderstanding.

14 388. The Student Loan Debt Relief Companies and Individual  
15 Defendants are “persons” within the meaning of the statute.

16 389. The Student Loan Debt Relief Companies and Individual  
17 Defendants repeatedly violated Minnesota Statutes section 325D.44,  
18 subdivision 1, by, in the course of business, engaging in the deceptive and  
19 fraudulent practices described in this Complaint that caused a likelihood of  
20 confusion or of misunderstanding among consumers in connection with the sale  
21 of Defendants’ student loan debt relief services, including by making false,  
22 deceptive, fraudulent, and/or misleading representations to consumers regarding  
23 its advertised services. These practices include but are not limited to:

24 a. Misrepresenting to consumers that the Student Loan Debt  
25 Relief Companies could forgive consumers’ loans and otherwise  
26 misrepresenting their ability to reduce or eliminate student loan debt;

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1           b.     Misrepresenting to consumers that the consumers were  
2     “approved” for student loan relief, and otherwise misrepresenting their  
3     ability to qualify borrowers for government programs;

4           c.     Misrepresenting and falsely leading consumers to believe  
5     that the Student Loan Debt Relief Companies would apply payments  
6     made to it to consumers’ loans;

7           d.     Misrepresenting and falsely leading consumers to believe  
8     that fees paid by consumers reflected the adjusted amount of the  
9     consumers’ periodic payments toward their outstanding loan balance;

10          e.     Misrepresenting to consumers that the amount owed on their  
11     student loans would be reduced;

12          f.     Misrepresenting to consumers that their loans would be  
13     forgiven in whole or in part following payment of the enrollment fees;

14          g.     Misrepresenting to consumers that their monthly student  
15     loan payment amount had been lowered for the life of the repayment  
16     plan;

17          h.     Misrepresenting to consumers that fees collected would be  
18     held in trust accounts maintained by a third-party account provider until  
19     the Student Loan Debt Relief Companies had performed certain services;

20          i.     Misleading consumers to believe that the Student Loan Debt  
21     Relief Companies were tied to or had a relationship with the federal  
22     government or a particular federal debt relief plan;

23          j.     Misrepresenting government programs and payment plan  
24     terms to consumers; and

25          k.     The other practices described in this Complaint.

26     390. Due to the deceptive and fraudulent conduct described in this  
27     Complaint, Minnesota consumers made payments to Defendants for services  
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1 that they otherwise would not have purchased, thereby causing harm to those  
2 consumers.

3 391. Defendants’ conduct, practices, and actions described in this  
4 Complaint constitute multiple, separate violations of Minnesota Statutes section  
5 325D.44.

6 **Count XIX**

7 **By the State of North Carolina**

8 **North Carolina Debt Adjusting Act**

9 **N.C. Gen. Stat. § 14-423, et seq.**

10 **(The Student Loan Debt Relief Companies and Individual Defendants)**

11 392. The allegations in paragraphs 1-322 and 351-357 are incorporated  
12 by reference.

13 393. The Student Loan Debt Relief Companies engaged in illegal “debt  
14 adjusting” as that term is defined in Article 56 of Chapter 14 of the North  
15 Carolina General Statutes. Specifically, N.C. Gen. Stat. § 14-423(2) defines  
16 “debt adjusting” as any of the following:

17 “Debt adjusting” means entering into or making  
18 a contract, express or implied, with a particular debtor  
19 whereby the debtor agrees to pay a certain amount of  
20 money periodically to the person engaged in the debt  
21 adjusting business and that person, for consideration,  
22 agrees to distribute, or distributes the same among  
23 certain specified creditors in accordance with a plan  
24 agreed upon.

25 Debt adjusting includes the business or practice  
26 of any person who holds himself out as acting or  
27 offering or attempting to act for consideration as an  
28 intermediary between a debtor and his creditors for the  
purpose of settling, compounding, or in any way  
altering the terms of payment of any debt of a debtor,  
and to that end receives money or other property from  
the debtor, or on behalf of the debtor, for the payment  
to, or distribution among, the creditors of the debtor.

Debt adjusting also includes the business or  
practice of debt settlement . . . whereby any person  
holds himself or herself out as acting for consideration  
as an intermediary between a debtor and the debtor’s

1 creditors for the purpose of reducing, settling, or  
2 altering the terms of the payment of any debt of the  
3 debtor, whether or not the person distributes the  
4 debtor's funds or property among the creditors, and  
5 receives a fee or other consideration for reducing,  
6 settling, or altering the terms of the  
7 payment of the debt in advance of the debt settlement  
8 having been completed or in advance of all the services  
9 agreed to having been rendered in full.

6 394. Debt adjusting is prohibited by N.C. Gen. Stat. § 14-424, which  
7 provides that “[i]f any person shall engage in, or offer to or attempt to, engage  
8 in the business or practice of debt adjusting, or if any person shall hereafter act,  
9 offer to act, or attempt to act as a debt adjuster, he shall be guilty of a Class 2  
10 misdemeanor.”

11 395. The Student Loan Debt Relief Companies and Individual  
12 Defendants’ offering and purported rendering of debt adjusting services was in  
13 violation of North Carolina’s debt adjusting statute.

14 396. The Student Loan Debt Relief Companies have entered into  
15 contracts with North Carolina student loan debtors whereby the debtors agreed  
16 to pay certain amounts of money periodically to the Student Loan Debt Relief  
17 Companies, and the Student Loan Debt Relief Companies, for consideration,  
18 represented or implied that they would distribute debtors’ money among  
19 debtors’ student loan servicers or lenders and/or DOE in accordance with a plan  
20 agreed upon.

21 397. The Student Loan Debt Relief Companies and Individual  
22 Defendants have engaged in the business or practice of holding themselves out  
23 as acting or offering or attempting to act for consideration, as an intermediary  
24 between North Carolina student loan debtors and their servicers or lenders  
25 and/or DOE for the purpose of settling, compounding, or altering the terms of  
26 payment of the student loan debts of the debtors, and to that end received  
27 money from the debtors, or on behalf of the debtors, for the payment to, or  
28 distribution among, the student loan creditors of the debtors.



1 398. Defendants have engaged in a business or practice in which they  
2 hold themselves out as acting or offering or attempting to act, for consideration,  
3 as an intermediary between North Carolina student loan debtors and their  
4 student loan servicers or lenders and/or DOE for the purpose of reducing,  
5 settling, or altering the terms of payment of North Carolina debtors' student  
6 loan debts, and defendants receive a fee in advance of the debt settlements  
7 having been completed or in advance of all the services agreed to having been  
8 rendered in full.

9 399. Pursuant to N.C. Gen. Stat. § 14-425, the Attorney General is  
10 authorized to seek (a) injunctive relief to enjoin Defendants from the  
11 continuation of any debt adjusting activities or the offering of any debt  
12 adjusting services in North Carolina; (b) the disgorgement of all monies  
13 unlawfully collected by Defendants from North Carolina consumers; (c) the  
14 appointment of a receiver to assist in the recovery of funds unlawfully collected  
15 by Defendants and to ensure their return to consumers; and (d) the assessment  
16 of civil penalties under N.C. Gen. Stat. § 75-15.2 and attorneys' fees for the  
17 State under N.C. Gen. Stat. § 75-16.1.

18 **Count XX**

19 **By the State of North Carolina**

20 **North Carolina Unfair and Deceptive Practices Act**

21 **N.C. Gen. Stat. § 75-1.1**

22 **(All Defendants)**

23 400. The allegations in paragraphs 1-322, 351-357, and 392-399 are  
24 incorporated by reference.

25 401. In the course of soliciting and promoting their student loan debt  
26 relief services to North Carolina consumers, in entering into agreements with  
27 North Carolina consumers to provide such services, and in either performing or  
28 failing to meaningfully perform those services, the Defendants have engaged in

1 unfair and deceptive acts and practices in trade or commerce in violation of  
2 N.C. Gen. Stat. § 75-1.1.

3 402. The Student Loan Debt Relief Companies were engaged in trade or  
4 commerce in the State of North Carolina.

5 403. The Student Loan Debt Relief Companies’ unfair or deceptive acts  
6 and practices include, but are not limited to, the following:

7 404. Engaging in violations of the TSR, as set forth supra, which are  
8 specifically prohibited by 16 C.F.R. Part 310;

9 405. Engaging in illegal debt adjusting activities, as set forth supra,  
10 which are specifically prohibited by N.C. Gen. Stat. 14-423, et seq.;

11 406. Failing to register as a telephonic seller under North Carolina’s  
12 Telephonic Seller Registration Act, N.C. Gen. Stat §§ 66-260 and 66-261, as set  
13 forth infra; and

14 407. Making deceptive and misleading representations to consumers,  
15 including but not limited to:

16 a. Misrepresenting to consumers that the Student Loan Debt  
17 Relief Companies could forgive consumers’ loans and otherwise  
18 misrepresenting the Student Loan Debt Relief Companies’ ability to  
19 reduce or eliminate student loan debt;

20 b. Misrepresenting to consumers that the consumers were  
21 “approved” for student loan relief, and otherwise misrepresenting their  
22 ability to qualify borrowers for government programs;

23 c. Misrepresenting and falsely leading consumers to believe  
24 that the Student Loan Debt Relief Companies would apply payments  
25 made to the Student Loan Debt Relief Companies and Payment  
26 Companies to the consumers’ outstanding loans;

1           d.     Misrepresenting and falsely leading consumers to believe  
2 that fees paid by consumers reflected the adjusted amount of the  
3 consumers' periodic payments toward their outstanding loan balance;

4           e.     Misrepresenting to consumers that the amount owed on their  
5 student loans would be reduced if students signed up for the Student  
6 Loan Debt Relief Companies' services;

7           f.     Misrepresenting to consumers that their loans would be  
8 forgiven in whole or in part shortly after enrolling in the Student Loan  
9 Debt Relief Companies' services;

10          g.     Misrepresenting to consumers that their monthly student  
11 loan payment amount had been lowered for the life of the repayment  
12 plan;

13          h.     Misrepresenting that consumers were eligible or approved  
14 for lower monthly payments, including where such payment amounts had  
15 been calculated based on an incorrect family size, income, or marital  
16 status;

17          i.     Misrepresenting to consumers that fees collected would be  
18 held in trust accounts maintained by a third-party account provider until  
19 the Student Loan Debt Relief Companies had performed certain services;

20          j.     Misrepresenting to consumers that TAS was an independent  
21 third-party provider of dedicated customer accounts;

22          k.     Misleading consumers to believe that the Student Loan Debt  
23 Relief Companies were tied to or had a relationship with the federal  
24 government or a particular federal debt relief plan;

25          l.     Failing to inform consumers that it was their practice to  
26 submit false information about consumers' income, family size, and  
27 marital status on loan adjustment applications in order to try to qualify  
28 consumers for lower monthly payments;

1 m. Misrepresenting government programs and payment plan  
2 terms to consumers; and

3 n. The other practices described in this Amended Complaint.

4 408. The Attorney General is authorized to seek an injunction against  
5 Defendants’ practices under N.C. Gen. Stat. § 75-14, the restoration of any  
6 moneys obtained by Defendants from North Carolina consumers as well as the  
7 cancellation of Defendants’ contracts with North Carolina consumers under  
8 N.C. Gen. Stat. § 75-15.1, civil penalties under N.C. Gen. Stat. § 75-15.2, and  
9 attorneys’ fees under N.C. Gen. Stat. § 75-16.1.

10 **Count XXI**

11 **By the State of North Carolina**

12 **North Carolina Telephonic Seller Registration Act**

13 **N.C. Gen. Stat. § 66-260**

14 **(The Student Loan Debt Relief Companies and Individual Defendants)**

15 409. The allegations in paragraphs 1-322, 351-357, and 392-408 are  
16 incorporated by reference.

17 410. North Carolina’s Telephonic Seller Registration Act, N.C. Gen.  
18 Stat §§ 66-260 and 66-261, requires any non-exempt person engaged in  
19 telephonic solicitations directed to North Carolina consumers to: (a) register  
20 with the North Carolina Secretary of State not less than 10 days before  
21 commencing telephone solicitations; (b) provide specified information on a  
22 form provided by the Secretary of State that contains the notarized signature of  
23 each principal of the telephonic seller; and (c) pay a \$100.00 filing fee.

24 411. Pursuant to N.C. Gen. Stat. § 66-261(c), a registration of a  
25 telephonic seller is valid for one year from the effective date of the provision of  
26 all required information, and may be renewed annually by making the filing  
27 required by N.C. Gen. Stat. § 66-262, and paying the filing fee of \$100.00.  
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1        412. Each of the Student Loan Debt Relief Companies was a  
2 “telephonic seller” as defined in N.C. Gen. Stat. § 66-260(11), as the Student  
3 Loan Debt Relief Companies caused directly, or through employees or agents,  
4 telephone solicitations or attempted telephone solicitations to occur, and the  
5 Student Loan Debt Relief Companies are not exempt from the Act.

6        413. The Student Loan Debt Relief Companies engaged in violations of  
7 the Telephonic Seller Registration Act, N.C. Gen. Stat. § 66-260, et seq., by  
8 failing to register with the North Carolina Secretary of State as a telephonic  
9 seller; by failing to provide the North Carolina Secretary of State with the  
10 information mandated by N.C. Gen. Stat. § 66-262; by failing to pay the filing  
11 fee of \$100.00; and by failing to register in each year the Student Loan Debt  
12 Relief Companies engaged in telephonic solicitations.

13        414. N.C. Gen. Stat. § 66-266(a) provides that any violation of the  
14 Telephonic Seller Registration Act “shall constitute an unfair and deceptive  
15 trade practice in violation of N.C. Gen. Stat. §75-1.1.”

16        415. N.C. Gen. Stat. § 66-266(c) further provides that the remedies and  
17 penalties available under the section “shall be supplemental to others available  
18 under the law, both civil and criminal.”

19        416. Pursuant to N.C. Gen. Stat. §§ 66-266(b), in an action by the  
20 Attorney General against a telephonic seller for violation of the Telephonic  
21 Seller Registration Act, or for any other act or practice by a telephonic seller  
22 constituting a violation of N.C. Gen. Stat. § 75-1.1, the court may impose civil  
23 penalties of up to \$25,000 for each violation involving North Carolina  
24 purchasers or prospective purchasers who are 65 years of age or older.

25                                    **Count XXII**

26                                    **By the People of the State of California**

27                                    **California Unfair Competition Law**

28                                    **Cal. Bus. & Prof. Code § 17200 et seq.**

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**(All Defendants and Relief Defendants)**

417. The People of the State of California re-allege and incorporate herein paragraphs 1 through 350 of this Complaint.

418. California’s UCL, Business and Professions Code section 17200, prohibits any “unlawful, unfair or fraudulent business act[s] or practice[s].” Cal. Bus. & Prof. Code § 17200.

419. Section 17203 of the UCL provides that “(a)ny person performing or proposing to perform an act of unfair competition within this state may be enjoined in any court of competent jurisdiction.” Section 17203 also permits recovery of any “interest in money or property, real or personal” acquired by a violation of the UCL. Cal. Bus. & Prof. Code § 17203.

420. Section 17206, subdivision (a), of the UCL provides that any person violating Section 17200 “shall be liable for a civil penalty not to exceed two thousand five hundred dollars (\$2,500) for each violation, which shall be assessed and recovered in a civil action brought in the name of the [P]eople of the State of California . . . by any city attorney of a city having a population in excess of 750,000,” thereby authorizing the City Attorney of Los Angeles, which has a population in excess of 750,000, to bring such an action. Cal. Bus. & Prof. Code § 17206.

421. Under the UCL’s Section 17205, these remedies and penalties are “cumulative to each other and to the remedies or penalties available under all other laws of this state.” Cal. Bus. & Prof. Code § 17205.

422. Defendants are all “persons” within the meaning of the UCL. Cal. Bus. & Prof. Code § 17201.

423. “Unlawful” acts or practices, “unfair” acts or practices, and “fraudulent” acts or practices each independently violate Section 17200. Beginning no later than 2015, and continuing to the filing of this action, Defendants, and each of them, have repeatedly violated the UCL by engaging in

1 “unlawful, unfair, or fraudulent business act[s] or practice[s]” with the sale of  
2 their purported student loan debt settlement services. Cal. Bus. & Prof. Code §  
3 17200. These violations include, but are not limited to:

4 a. Violating the UCL through the following unlawful acts or  
5 practices committed against California consumers, including in the City  
6 and County of Los Angeles:

7 i. As to the Student Loan Debt Relief Companies and  
8 Individual Defendants, violating California Financial Code §  
9 12000 et seq., the California Check Sellers, Bill Payers and  
10 Proraters Law, by acting as a check seller, bill payer, or prorater  
11 without first obtaining a license from the California Commissioner  
12 of Business Oversight. Cal. Fin. Code § 12200;

13 1. As alleged in this Complaint, including but not  
14 limited to in paragraphs 8-285, California consumers  
15 provided funds to Defendants based upon assurances and  
16 representations that Defendants would assist them in  
17 reducing or otherwise managing their student loan debts  
18 and/or negotiate with their creditors and distribute payments.

19 2. At all relevant times, the Student Loan Debt  
20 Relief Companies and Individual Defendants were not  
21 licensed by the California Corporations Commissioner as  
22 required by Financial Code § 12000 et seq.

23 ii. As to the Student Loan Debt Relief Companies and  
24 Individual Defendants, violating California Financial Code section  
25 28100, et seq., the California Student Loan Servicing Act, which  
26 requires Student Loan Servicers to be licensed to lawfully operate,  
27 by engaging in the business of servicing student loans in California  
28 without obtaining a license as required under the Act;

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1. The Student Loan Debt Relief Companies and Individual Defendants are “persons” under the Student Loan Servicing Act. Cal. Fin. Code § 28104, subd. (j).

2. As alleged in this Complaint, including but not limited to in paragraphs 8-285, the Student Loan Debt Relief Companies and Individual Defendants have engaged in the business of servicing student loans in California. Cal. Fin. Code § 28104, subds. (f), (g), (l), (m), (n).

3. The Student Loan Debt Relief Companies and Individual Defendants never obtained a license to service student loans as required under the California Student Loan Servicing Act. Cal. Fin. Code § 28102, subd. (a).

iii. As to all Defendants, violating the Telemarketing Sales Rule (“TSR”), which is specifically set forth in 16 C.F.R. Part 310, as set forth in this Complaint, including but not limited to in paragraphs 8-322 (Count I (Advance Fees in Violation of the TSR – Enrollment Fees), Count II (Advance Fees in Violation of the TSR – Monthly Fees), Count III (Misrepresentations About Material Aspects of Their Services in Violation of the TSR) (The Student Loan Debt Relief Companies and Individual Defendants), Count IV (Misrepresentations About Material Aspects of Their Services in Violation of the TSR) (True Count, Prime, and TAS), Count V (Substantial Assistance in Violation of the TSR) (Individual Defendants), and Count VI (Substantial Assistance in Violation of the TSR) (Payment Companies)).

iv. As to all Defendants, violating the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531 et seq., as set forth in this Complaint, including but not limited to in



1 paragraphs 8-285 and paragraphs 323-350 (Count VII (CFPA –  
2 Deception) (The Student Loan Debt Relief Companies and  
3 Individual Defendants), Count VIII (CFPA – Deception) (True  
4 Count, Prime, and TAS), Count IX (Substantial Assistance in  
5 Violation of the CFPA) (Individual Defendants), Count X  
6 (Substantial Assistance in Violation of the CFPA) (Payment  
7 Companies), and Count XI (CFPA Violation Based on Violation of  
8 TSR)).

9 v. As to the Relief Defendants, by receiving, directly or  
10 indirectly, funds or other assets from Defendants that are traceable  
11 to funds obtained from consumers through the deceptive and  
12 unlawful practices as set forth in this Complaint, without having  
13 legal or equitable title to funds or other assets received from  
14 Defendants as bona fide purchasers, and/or in violation of the  
15 Federal Debt Collection Procedure Act, U.S.C. Code section 3304  
16 and the California Uniform Voidable Transactions Act, Cal. Civil  
17 Code section 3439 et seq. and as further alleged in paragraphs 8-  
18 285 and paragraphs 351-355 (Count XII).

19 b. The Student Loan Debt Relief Companies and Individual  
20 Defendants also violated the UCL through the following unlawful,  
21 fraudulent and/or unfair acts or practices committed against California  
22 consumers, including consumers in the City and County of Los Angeles:

23 i. Misrepresenting to consumers that Defendants could  
24 forgive consumers' loans and otherwise misrepresenting  
25 Defendants' ability to reduce or eliminate student loan debt;

26 ii. Misrepresenting to consumers that the consumers  
27 were "approved" for student loan relief, and otherwise  
28

1 misrepresenting their ability to qualify borrowers for government  
2 programs;

3 iii. Misrepresenting and falsely leading consumers to  
4 believe that Defendants would apply payments made to Defendants  
5 to the consumers' outstanding loans;

6 iv. Misrepresenting and falsely leading consumers to  
7 believe that fees paid by consumers reflected the adjusted amount  
8 of the consumers' periodic payments toward their outstanding loan  
9 balance;

10 v. Misrepresenting to consumers that the amount owed  
11 on their student loans would be reduced if students signed up for  
12 Student Loan Debt Relief Companies' services;

13 vi. Misrepresenting to consumers that their loans would  
14 be forgiven in whole or in part shortly after enrolling in Student  
15 Loan Debt Relief Companies' services;

16 vii. Misrepresenting to consumers that their monthly  
17 student loan payment amount had been lowered for the life of the  
18 repayment plan;

19 viii. Misrepresenting that consumers were eligible or  
20 approved for lower monthly payments, including where such  
21 payment amounts had been calculated based on an incorrect family  
22 size, income, or marital status;

23 ix. Misrepresenting to consumers that fees collected  
24 would be held in trust accounts maintained by a third-party account  
25 provider until the Student Loan Debt Relief Companies had  
26 performed certain services;

1 x. Misleading consumers to believe that the Student  
2 Loan Debt Relief Companies are tied to or have a relationship with  
3 the federal government or a particular federal debt relief plan;

4 xi. Failing to inform consumers that it was their practice  
5 to submit false information about consumers' income, family size,  
6 and marital status on loan adjustment applications in order to try to  
7 qualify consumers for lower monthly payments;

8 xii. Misrepresenting government programs and payment  
9 plan terms to consumers; and

10 xiii. The other practices described in this Complaint.

11 424. Due to the deceptive and fraudulent conduct described in this  
12 Complaint, California consumers made payments to Defendants for services  
13 that they otherwise would not have purchased, thereby causing harm to those  
14 consumers.

15 425. Defendants' conduct, practices, and actions described in this  
16 Complaint constitute multiple, separate violations of California Business and  
17 Professions Code section 17200.

18 **DEMAND FOR RELIEF**

19 426. WHEREFORE, the Bureau and the States request, under 12 U.S.C.  
20 §§ 5538(a), 5565(a); 28 U.S.C. § 3306; Cal. Civ. Code § 3439.07; Minn. Stat.  
21 §§ 8.31, 325D.45, and 325F.70; the State of Minnesota's common law  
22 authority, including *parens patriae* authority; N.C. Gen. Stat. §§ 14-424, 75-14,  
23 75-15.1, 75-16.1, and 66-266; and Cal. Bus. & Prof. Code §§ 17200 et seq., and  
24 the Court's equitable and ancillary authority to protect and enforce federal  
25 judgments, that the Court:

26 a. award the Bureau and the States such preliminary and  
27 injunctive and ancillary relief as may be necessary to avert the likelihood  
28 of consumer injury during the pendency of this action, including but not

1 limited to a temporary and preliminary injunction, an order freezing  
2 assets, immediate access to business premises, and appointment of a  
3 Receiver against Defendants and Relief Defendants;

4 b. permanently enjoin Defendants from committing future  
5 violations of the TSR, the CFPA, the MNCFA, the MNDTPA, the  
6 NCDA, the NCUDPA, the NCTSRA, and the UCL, and enter such  
7 other injunctive relief as appropriate;

8 c. permanently enjoin Defendants from the advertisement,  
9 marketing, promotion, offering for sale, or selling of any consumer-  
10 financial product or service, including but not limited to any debt relief  
11 service;

12 d. grant additional injunctive relief as the Court may deem to  
13 be just and proper;

14 e. award damages and other monetary relief against  
15 Defendants and Relief Defendants as the Court finds necessary to redress  
16 injury to consumers resulting from Defendants' violations of the CFPA,  
17 the TSR, the FDCPA, the MNCFA, the MNDTPA, the NCDA, the  
18 NCUDPA, the NCTSRA, and the California UVTA, including but not  
19 limited to rescission or reformation of contracts, the refund of monies  
20 paid, restitution, disgorgement or compensation for unjust enrichment;

21 f. award restitution against Defendants and Relief Defendants  
22 as the Court finds necessary to redress injury to consumers resulting from  
23 Defendants' violations of the UCL;

24 g. award the Bureau and the States civil money penalties;

25 h. award the Bureau and the States the costs of bringing this  
26 action, as well as such other and additional relief as the Court may  
27 determine to be just and proper;

28

- 1 i. award the States the costs of investigation and attorneys’  
2 fees; and  
3 j. adjudge fraudulent and void the transfers described at  
4 paragraphs 227-262 and Counts XIII-XVI to the extent necessary to  
5 satisfy any judgment for the Bureau or the People of the State of  
6 California in this action.

Dated: April 20, 2021

7 Respectfully submitted,

8 CARA PETERSEN  
9 Acting Enforcement Director

10 DEBORAH MORRIS  
11 Deputy Enforcement Director

12 /s/ Nathan Dimock

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I, Nathan Dimock, attest that all other signatories listed, and on whose behalf the filing is submitted, concur in the filing's content and have authorized the filing.

/s/ Nathan Dimock  
Nathan Dimock