

Arete Financial Receivership Frequently Asked Questions (FAQs)

1. What companies have been sued by the Federal Trade Commission (“FTC”)?

The complaint names the following companies as Defendants and the Temporary Restraining Order (“TRO”) includes them in its definition of Receivership Entities:

- American Financial Support Services, Inc.
- Arete Financial Group, also d/b/a Arete Financial Freedom
- Arete Financial Group LLC
- CBC Conglomerate LLC, also d/b/a 1file.org
- Diamond Choice Inc., also d/b/a Interest Rate Solutions
- J&L Enterprise LLC, also d/b/a Premier Solutions Servicing
- La Casa Bonita Investments, Inc., f/k/a La Casa Bonita Investments LLC, also d/b/a Education Loan Network, also d/b/a Edunet
- US Financial Freedom Center, Inc.

The Receiver has also determined these additional companies qualify as Receivership Entities:

- AZ Marketing and Management Group
- Fusion Graphics
- Summit Holding Group, Inc.
- FNZA Marketing, LLC d/b/a Student Loan Pro

The FTC also named the following individuals as Defendants in the lawsuit:

- Carey G. Howe
- Anna C. Howe
- Shunmin “Mike” Hsu
- Ruddy Palacios a/k/a Ruddy Barahona
- Oliver Pomazi aka Loc Phu
- Jay (Jagjeet) Singh

2. How do I deal with my student loan now?

We recommend that you immediately contact your student loan servicer regarding the status of your loan. A list of approved student loan servicers can be found on the U.S. Department of Education website at:

<https://studentloans.gov/myDirectLoan/additionalInformation.action>.

If you don’t have the contact information for your loan servicer, you can find it at studentloans.gov. If your loan payments were not made or your loan is in default, ask your loan servicer what repayment options are available for your loan. The Federal Student Aid guide (<https://studentaid.ed.gov/sa/repay-loans#guide>) has information that may help you choose a repayment plan and learn about other options.

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3. Can I get a refund?

At this very early stage of the case, the Receiver is still conducting his investigation and marshalling the assets of the Receivership Entities. If the FTC prevails in the case, the matter of refunds for customers of Defendants' student loan debt relief businesses will be an issue for the FTC and the Court to resolve. This determination is a long way down the road. As further information becomes available on the subject of refunds, we will post it on this website.

4. What is the next step for customers?

Again, we recommend that you immediately contact your student loan servicer regarding the status of your loan. A list of approved student loan servicers can be found on the U.S. Department of Education website at:
<https://studentloans.gov/myDirectLoan/additionalInformation.action>.

5. Will ACH auto-debits still be taken out of my account for my student loan payments?

No. All of Defendants' bank accounts and merchant accounts have been frozen. As such, auto-debits should have stopped.

6. How do I find out if my student loan is in default?

You should contact an approved student loan servicer and they can assist you going forward. A list of approved student loan servicers can be found on the U.S. Department of Education website at:
<https://studentloans.gov/myDirectLoan/additionalInformation.action>.

7. Can someone from the Receiver's Office contact me directly?

The Receiver does not have the resources to respond directly to each phone call or email coming into the Receiver's office. The volume is just too high. But, these FAQs are a good substitute for direct contact as they will be regularly updated to respond to new questions and issues as they are raised by consumers.

8. How do I keep up with what the Receiver is doing?

The Receiver's website is the most efficient vehicle for consumers to keep up with developments. Go to <http://regulatoryresolutions.com/> and click the Cases tab and then *Federal Trade Commission v. American Financial Support Services Inc., et al.* The Receiver will also file Status Reports and accountings with the Court which will be posted on the Receiver's website.

9. What is the FTC's case about and what is the status?

The FTC filed a lawsuit that alleges that Defendants used deceptive practices and charged consumers unlawful advance fees in connection with its student loan debt relief business. On November 4, 2019, the Court entered a Temporary Restraining Order ("TRO") which

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prohibited any further unlawful activity and appointed Thomas W. McNamara as Temporary Receiver to take possession and control of the businesses.

After taking possession of the business premises in Orange County and Walnut Creek, California, the Receiver made the determination that the Receivership Entities' businesses cannot go forward legally and profitably and therefore the businesses were suspended. A copy of the Preliminary Report filed by the Receiver can be accessed on the Receiver's website at <https://regulatoryresolutions.com/case/federal-trade-commission-v-american-financial-support-services-inc-et-al/>, under the documents section of the webpage.

10. What is a receivership and how does it work?

When the FTC filed its civil action in the federal court, they asked the Court to appoint a Receiver to immediately take over operations of the multiple businesses run by the Defendants and conduct an investigation. In that role, the Receiver is an independent party. He does not work for the FTC or for the Defendants. He reports directly to the Court and is supervised by the Court.