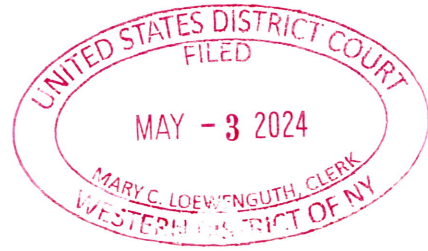


UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK



CONSUMER FINANCIAL PROTECTION
BUREAU, *et al.*

Plaintiffs,

v.

STRATFS, LLC f/k/a STRATEGIC
FINANCIAL SOLUTIONS, LLC, *et al.*

Defendants, and

DANIEL BLUMKIN, *et al.*,

Relief Defendants.

Case No. 1:24-cv-00040-EAW-MJR

**ORDER GRANTING
RECEIVER'S EMERGENCY REQUEST FOR INSTRUCTION**

On April 15, 2024, Thomas W. McNamara, as Court-appointed receiver (“Receiver”), filed a report concerning proposed steps to protect consumers and an Emergency Request for Instruction and authorization from the Court regarding the proposed course of action (the “Report and Emergency Request for Instruction”). The Court having reviewed all papers and pleadings on file, and having heard arguments of counsel in connection with the Report and Emergency Request for Instruction, and good cause appearing, the Court orders as follows:

- 1) The Receiver may identify the National Foundation for Credit Counseling to consumers as a potential resource for debt relief assistance including telephone and website contact information;
- 2) The Receiver may identify the National Association of Consumer Bankruptcy Attorneys to consumers as a potential resource for debt relief assistance including telephone and website contact information;

- 3) The Receiver may provide a letter with information concerning this lawsuit which consumers may use should they wish to approach creditors directly; and
- 4) The Receiver may inform consumers that the Court's finding that they paid unlawful advanced fees may impact their potential rights and options with the law firms, including the consumer's right to decline signing the proposed engagement agreement and the right to consult independent counsel concerning alternatives;
- 5) To accomplish these directives, the Court has approved a Supplemental Notice to Consumers, which is attached as Exhibit A to this Order. The receiver is directed to send the Supplemental Notice to Consumers to all consumers, with the exception of those consumers who are clients of Atlas Debt Relief, LLC, Timberline Financial, LLC, Hailstone Legal Group, and Royal Legal Group.

IT IS SO ORDERED, this 3rd day of May, 2024.

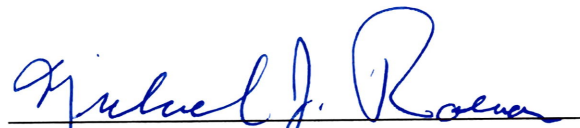

HONORABLE MICHAEL J. ROEMER
UNITED STATES MAGISTRATE JUDGE

EXHIBIT A

Supplemental Notice to Consumers

From: Court-Appointed Receiver for Strategic Financial Solutions

Date:

RE: Update regarding *Consumer Financial Protection Bureau, et al. v. StratFS, LLC (f/k/a Strategic Financial Solutions, LLC), et al.*
U.S.D.C. (WDNY): Case No. 1:24-cv-00040-EAW-MJR

Why Are You Receiving This Notice?

You are receiving this Notice because you are enrolled in a debt settlement program administered by a company named Strategic Financial Solutions (Strategic) working with a number of Law Firms (including the Law Firm that you retained). As we said in the email we sent on April 10, 2024, Strategic and other related companies and individuals are Defendants in a lawsuit filed in New York federal court by the Consumer Financial Protection Bureau and the Attorneys General of seven states (“Plaintiffs”). The Defendants dispute the allegations in the lawsuit. The Law Firms are not defendants in the lawsuit.

The information we sent on April 10, 2024 is included below. If you have not read it, we suggest that you do so, along with this notice. This notice has been reviewed and approved by the Court.

Preliminary Injunction

After a two-day evidentiary hearing in which the Plaintiffs, the Defendants, and the Law Firms participated, the Court issued a Preliminary Injunction Order against the Defendants. This means that the Court made a preliminary ruling that the Defendants and the Law Firms unlawfully took advance fees in the debt settlement program – i.e., fees collected from consumers prior to (1) settlement of a debt and (2) actual payment by a consumer on that settlement. The Defendants and the Law Firms are appealing the Preliminary Injunction decision. A final determination as to whether Defendants and the Law Firms violated the law by taking advance fees from consumers has not yet been made by the Court. However, the Defendants and the Law Firms are prohibited from taking any further advance fees until the lawsuit is over and the Court has made a final decision.

Your Debts Have Not Been Forgiven or Discharged as a Result of the Lawsuit

If your debts were not settled prior to the lawsuit, you still owe your underlying debts to creditors. To be clear, no matter the outcome of the lawsuit, your current debts will not be discharged and will remain your responsibility. Thus, you will need to decide, under the circumstances, how best to resolve your outstanding debts. During the pendency of this case, the Strategic companies cannot have a role in the negotiation or settling of any debts with your creditors absent further order from the Court. Please understand that we cannot provide specific legal advice to you, but the Court has permitted us to identify some options you may wish to consider.

Recommendations

Seek Advice from an Independent Attorney

We understand that the Law Firms recently requested that consumers, including you, amend your prior engagement agreement with the firms. You may sign the amendment or you may decline to sign the amendment. You may wish to contact an attorney to determine the impact of this lawsuit on you and your legal rights, including any decisions regarding the amendments. As noted above, we cannot provide legal advice to you.

Potential Resources Who May Be Able to Help

You may wish to consider contacting the below resources to assist you. We have spoken with leadership at these organizations, and they are willing to assist Strategic-affiliated consumers at a reduced fee or for no fee.

The National Foundation for Credit Counseling (“NFCC”) (www.nfcc.org) is an association of accredited, federally-regulated nonprofit counseling agencies in all 50 states. NFCC has established a webpage <https://www.nfcc.org/strategic/> and a toll free number, 1-888-926-7146, for Strategic-affiliated consumers. NFCC will refer you to a nonprofit credit counselor in your geographic area who has agreed to provide you with one credit counseling session at no charge. NFCC counselors may be able to help you negotiate and resolve your debts with your creditors. Additional fees will likely be required should you engage the credit counselor beyond the initial meeting.

The National Association of Consumer Bankruptcy Attorneys (NACBA) (www.nacba.org) is a trade organization of bankruptcy attorneys. NACBA will refer consumers to bankruptcy attorneys in their geographic area and can be reached via email at admin@nacba.org. NACBA’s referral attorneys have agreed to provide you with an initial consultation at no charge. Additional fees will be required should you engage a bankruptcy attorney beyond the initial meeting.

Negotiating with Creditors Directly

Some consumers may wish to negotiate directly with their creditors. If that is the case, we have provided a form letter [here](#)[hyperlink], which explains the background of the lawsuit and contains a link to a webpage, which has additional information about the lawsuit, including links to Court filings which may be useful background to creditors.

Monitor the Lawsuit

We recommend that you monitor the lawsuit, because of its potential impact on you. Depending on the outcome of the case, in the future you may be eligible for return of some or all of the advance fees you paid while enrolled in the debt settlement program. But to be clear, the lawsuit is still ongoing, and Defendants dispute the claims. You would only be entitled to potential

recovery of fees if the Plaintiffs prevail in the lawsuit. And again, no matter what the outcome of the lawsuit is, you will still owe your underlying debts. Updates on the case will be posted on a website found here [hyperlink].

If you have questions, the best way to communicate is via email. Please understand that customer service personnel are very busy. They will do their best to respond promptly, but it may take some time.