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Federal Trade Commission v. Panda Benefit Services, LLC, et al.
U.S. District Court (C.D. Cal.)
Case No. 8:24-cv-01386-CAS (RAOx)

PRELIMINARY REPORT OF TEMPORARY RECEIVER

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1 **I.**

2 **INTRODUCTION**

3 I was appointed temporary receiver (“Receiver”) of the Receivership
4 Entities¹ by the Temporary Restraining Order entered June 24, 2024 (“TRO”).

5 I submit this Preliminary Report pursuant to Section XX of the TRO to
6 report on the status of the receivership and specifically the five topics identified in
7 Section XX: (1) the steps taken to implement the TRO; (2-3) the value of all assets
8 and the sum of all liabilities; (4) steps taken or to be taken to preserve assets; and
9 (5) whether the business can be operated lawfully and profitably.

10 Our investigation confirms that despite various maneuvers to silo and
11 obscure the relationships among the Receivership Entities and conceal the role of
12 Individual Defendant Eduardo (“Ed”) Martinez, the Defendants have been
13 operating a student loan debt relief business based on misrepresentations and
14 advance fees prohibited by the TRO – hence, I have suspended any ongoing
15 operations.

16 **II.**

17 **STEPS TAKEN TO IMPLEMENT TRO**

18 **A. Immediate Access**

19 As authorized by TRO Sections XII.H and XXI, we entered, and took
20 exclusive control of, the business premises from which Receivership Entities have
21 active operations – 4 Hutton Drive, Suite 400, Santa Ana, California.

22
23
24 ¹ Receivership Entities are defined in the TRO at Definition K to include the
25 Corporate Defendants (Panda Benefit Services, LLC, also d/b/a Prosperity Benefit
26 Services and Prosperity Benefit Services, LLC; Clarity Support Services, LLC;
27 Pacific Quest Services, also d/b/a DocPrepPay.com; Prosperity Loan Services,
28 LLC; Public Processing Services, LLC; Quick Start Services, LLC; Select Student
Services, LLC; Signature Processing Services, Inc.) and “any other entity that has
conducted any business related to Defendants’ marketing of Debt Relief Services,
including receipt of Assets derived from any activity that is the subject of the
Complaint in this matter and that the Receiver determines is controlled or owned
by any Defendant.”

1 We also served the TRO on seven different virtual office/mail drop sites
2 (five in Orange County, CA and two in Las Vegas, NV) maintained by
3 Receivership Entities.² There are no physical operations at these sites, they are just
4 mail drops with any arriving mail automatically forwarded, or picked up and
5 delivered, to the 4 Hutton Drive location. The primary purpose of these sites
6 appeared to be to conceal the relationships and fuel the false impression that the
7 Receivership Entities are independent.

8 We secured the 4 Hutton Drive site beginning at 11:00 a.m. on June 26,
9 2024, supported by local law enforcement. **Exhibit 1** contains a schematic of the
10 suite and an inventory of property located therein. The landlord later changed the
11 four exterior locks. As instructed by the TRO, we provided access to the FTC
12 team shortly after securing the suite.

13 The suite is a roomy 12,000 square feet in an upscale office complex in
14 Santa Ana. The three-year lease was executed in October 2023 in the name of
15 Panda Benefit Services with an initial monthly rent of \$17,000 with annual
16 increases.

17 At our arrival, approximately 80-90 employees were present.³ With minor
18 exceptions, they were reticent to speak with us, were uncooperative, and refused to
19 complete a questionnaire; a small group were overtly combative.⁴ Of the four

20 _____
21 ² 19800 MacArthur Blvd., Suite 400, Irvine, California (Panda Benefit d/b/a
22 Prosperity Benefit Services); 333 City Boulevard West, 17th Floor, Orange,
23 California (Clarity Support Services); 2030 Main Street, Suite 1300 #825, Irvine,
24 California (Pacific Quest Services d/b/a DocPrepPay.com); 501 S. Rancho Drive,
25 Suite D20, PMB 1043, Las Vegas, Nevada (Public Processing Services);
26 6 CenterPoint Drive, #700, La Palma, California (Quick Start Services); 1851 E.
27 First Street, Santa Ana, California (Select Student Services); and 3753 Howard
28 Hughes Parkway, Suite 200 #1221, Las Vegas, Nevada (Signature Processing
Services).

³ Based on payroll and other records, we estimate that the head count of active employees on site each day has generally been around 90.

⁴ We believe that three laptops were removed by employees as they left. We asked Defendant Ed Martinez to make efforts to get them returned, but they remain missing.

1 Individual Defendants, only Emiliano Salinas was present on our arrival, but he
2 quickly slipped out without identifying himself. Ed Martinez met with us later in
3 the day.

4 The building directory and signage at the suite entry identify the business as
5 “Prosperity Benefit Services.”⁵ In general, the space is well-appointed with these
6 components: a large reception area with reception desk; large conference room just
7 off the entrance; a small area at the North side with six sales carrels and two
8 window offices; in the middle of the space, a large lunch room and employee “play
9 area”⁶; one internal executive office just off the entry occupied by Ed Martinez;
10 eight smaller window offices along the South Wall; and an area with 80 carrels
11 (each equipped with telephone and computer, 74 of which appeared to be active)
12 best identified as the “Call Room.” Large TV monitors and whiteboards abound
13 throughout the suite.

14 The Call Room is the operational center of the business – all Receivership
15 Entities have or have had some level of “operations” here. Carrels are assigned to
16 Sales (approximately 58 carrels, all currently dedicated to sales for Receivership
17 Entities Public Processing Services and Prosperity Benefit Services) and Back-End
18 Support for sales (approximately 17 carrels, dedicated to Receivership Entity
19 Pacific Quest Services which provides compliance, customer service and Back-
20 End billing and administrative services to the other entities). Seven carrels (with
21 only three currently active) are assigned to MMRX, a new subscription weight loss
22 business launched by Ed Martinez and third parties.

23 The other Receivership Entities do not have dedicated carrels, but
24 nonetheless have connections to the Call Room: Quick Start Services acts as the
25 staffing entity which carries the sales personnel on its payroll (Back-End personnel

26 ⁵ There is no other signage inside or outside the suite which identifies any other
27 Receivership Entity or any individual occupying the internal offices.

28 ⁶ The play area is equipped with pool table, foosball, chess, ping pong, mini
shuffleboard, and a large couch.

1 are on the Pacific Quest payroll); Select Student Services (the only Receivership
2 Entity in Ed Martinez’ name) maintains legacy membership accounts that are also
3 serviced by Pacific Quest personnel; Signature Processing was the consumer-
4 facing sales entity until February, 2024 when that function was transitioned to
5 Public Processing Services; and Clarity Support Services, which provided Back-
6 End and Customer Service support until that function was transitioned to Pacific
7 Quest Services.

8 The Call Room is reflective of the basic organizational reality of this
9 business – employees of the maze of interrelated companies sit side-by-side while
10 the various companies rotate out and are replaced by others doing the same
11 function, particularly the consumer-facing ones that serve as the enterprise’s public
12 brands. *See* Section V.A.4, *infra*.

13 Of the eight offices along the window wall adjoining the Call Center, a
14 number appear to be currently assigned to Individual Defendant Emiliano Salinas
15 (principal of Prosperity Benefit), Individual Defendant Melissa Salinas (principal
16 of Pacific Quest), Brandon Lewis (principal of Defendant Signature Processing),
17 Karohn Pearson (one of the highest paid sales managers and a previous principal of
18 two of Defendants’ consumer-facing entities), and Jose “Joe” Magana, the sales
19 floor manager.

20 At our entry, we learned that a 400 square foot portion at the North end of
21 the suite was occupied by Student Assist Plus LLC (“SAP”) under a verbal
22 sublease arrangement with Ed Martinez with an extravagant monthly rent of
23 \$6,250 paid to Receivership Entity Quick Start. SAP personnel occupy four sales
24 carrels and one office. The SAP business is similar to the business of Receivership
25 Entities (a “membership product” with annual student loan recertification as the
26 primary “benefit”) and an entity related to SAP’s principal received more than
27 \$100,000 from Receivership Entities, but we did not find evidence to support a
28

1 determination that it is owned or controlled by Receivership Entities. SAP was
2 allowed to vacate the premises on June 27, 2024.

3 We also identified a business operating on the site which is not engaged in
4 the debt relief business – MMRX, a Nevada LLC with a connection to Ed
5 Martinez. MMRX had three telemarketers stationed in the Call Room to pitch a
6 telemedicine membership program focused on selling a compounded generic
7 version of the weight loss drug Ozempic. Ed Martinez indicated that he provided
8 funding for MMRX through one of his entities, Red Signature Solutions, LLC
9 (which we have identified as a Receivership Entity pursuant to XXII.U of the
10 TRO), but the venture has not been profitable.

11 **B. Documents/Information/Electronic Data**

12 The current operations appear to be largely paperless. We confirmed that
13 the limited hard copy documents on site were secure. The FTC’s digital forensics
14 team obtained, under our vendor’s supervision, forensic images of selected desktop
15 and laptop computers.

16 All Receivership Entities deployed the same electronic services: Google
17 Workspace and Outlook for email, document storage, and chat messaging;
18 QuickBooks for accounting; Forth (formerly known as DebtPayPro) for the
19 customer relationship management database (“CRM”); and Freevoice for
20 telephone systems and call data management. We ultimately secured the necessary
21 administrative passwords to access most of the Google Workspace and Outlook
22 emails, stored documents, and chats, and QuickBooks, CRM, and Freevoice
23 accounts.

24 **C. Asset Freeze**

25 At the time we entered the business, the FTC and my office served the notice
26 of asset freeze on banks and other financial institutions where Defendants and
27 Receivership Entities were known to maintain accounts.

28

1 **D. Notice to Consumers**

2 We have updated the outgoing telephone greeting on the primary lines
3 coming into Suite 400, noting the suspension of operations and encouraging all
4 callers with student loan issues (existing customers and any potential new
5 customers) to contact their student loan servicers directly.

6 We have updated the Receiver’s website to post a notice regarding the
7 FTC’s action and the suspension of operations, and to encourage student loan
8 consumers to directly contact their loan servicer. We are early in the process of
9 placing notices on all active Receivership Entity websites that will re-route visitors
10 to the Receiver’s website.

11 **E. Cooperation**

12 We have identified two instances of what appears to be evidence tampering/
13 destruction after service of the TRO: the remote wiping of all data from the laptop
14 computer in Ed Martinez’ office; and the deletion of all recordings of sales calls.

15 1. Martinez’ Laptop is Wiped

16 In the afternoon of Wednesday June 26, Mr. Martinez provided us, albeit
17 reluctantly,⁷ the access password to the laptop computer connected to a monitor in
18 his office at 4 Hutton Drive. After FTC forensics imaged that computer, we began
19 a review of its data; among other things we observed were weekly student loan
20 debt relief sales reports for Public Processing (the current sales entity as to which
21 Ed Martinez denies any involvement). When we returned in the morning,
22 however, FTC forensics reported that the laptop appeared to have been remotely
23 wiped overnight and all data removed; they confirmed this conclusion later in the
24 day. When confronted, Mr. Martinez was steadfast in his denial that he did not
25 personally remotely wipe the computer or ask anyone else to do so.

26 _____
27 ⁷ When we met with Martinez, he was generally cooperative, but very reluctant to
28 provide the password to the laptop located in his office, claiming it was his
personal computer. After discussing the TRO with him and giving him time to
review the FTC’s filings, he ultimately did provide the password.

1 This wiping effort did not fully achieve its apparent goal – since FTC
2 forensics had made a forensic image of the computer prior to the wiping, they were
3 able to install the data back on the computer.

4 2. Quick Start Call Recordings Are Deleted

5 In the afternoon of Thursday June 27, we learned from Individual Defendant
6 Emiliano Salinas that all calls to/from the Call Room at 4 Hutton Drive were
7 historically recorded through a vendor called Freevoice.

8 The next morning, Friday June 28, we contacted Freevoice to ensure
9 preservation of those recordings. Freevoice’s CFO confirmed accounts with Quick
10 Start (the payroll entity for all sales personnel) and Pacific Quest (the
11 backend/customer service entity) but told us all Quick Start recordings had been
12 deleted the day before at the request of the client.

13 Specifically, at 8:47 a.m. on June 27, a ticket was submitted to delete all
14 Quick Start recordings and by noon they were permanently deleted. The ticket was
15 submitted under the name of Adrian Martinez, the principal of Quick Start and the
16 brother of Ed Martinez.

17 Later in the day of June 28, I was speaking to Individual Defendant
18 Christopher Hanson about administrative passwords for Clarity Support. Since the
19 Freevoice CFO had identified Hanson as one of Defendants’ contacts on the
20 account, on a lark I asked him if he had contacted Freevoice the prior morning. He
21 hesitated, but ultimately and reluctantly admitted he had. He proceeded to tell me
22 a convoluted story that Ed Martinez and unknown others were behind the deletion
23 request.⁸

24 _____
25 ⁸ The story he relayed was: On Thursday morning June 27, he got a call from a
26 number he knew to be Ed Martinez, but the voice was not Ed, but someone else
27 who said he was the owner of Quick Start (which Hanson knew to be Adrian
28 Martinez) and asked if Hanson could delete phone recordings. Hanson said he
would find out and called Freevoice who told him a ticket request was required.
Hanson was not willing to create the ticket himself, so he called back Ed’s number
– Ed answered the call and Hanson told him what needed to be done. Ed
responded, “I’ll tell him.”

1 Shortly afterwards, Hanson called back. He said he was not honest earlier
2 and now took full responsibility for submitting the deletion ticket. He confirmed
3 he had been served with the pleadings the night before, was aware of the TRO
4 when he submitted the ticket, and claimed he had “panicked.” Hanson said several
5 times that neither Ed Martinez nor Adrian Martinez (or any other Defendant) asked
6 him to delete the recordings. We later spoke to Adrian Martinez, the principal of
7 Quick Start, who confirmed he had not contacted Freevoice or Hanson about the
8 recordings. We have not yet spoken to Ed Martinez about the event.

9 We considered a motion for an order to show cause regarding civil
10 contempt, but a civil contempt motion seeks to compel action or compliance.
11 *Ahearn ex rel. N.L.R.B. v. Int’l Longshore & Warehouse Union, Locs. 21 & 4*, 721
12 F.3d 1122, 1131 (9th Cir. 2013). In this instance, no “compliance” will rectify the
13 permanent deletions. The Court, if it desires, may refer the matter to the United
14 States Attorney’s Office to consider criminal contempt. *See, e.g., Anwari v.*
15 *Momand*, 2024 WL 2273191, at *3 (N.D. Cal. May 17, 2024).

16 **F. Additional Receivership Entities**

17 TRO Section XII.U empowers the Receiver to designate additional
18 Receivership Entities if they fall within the TRO’s extended definition of
19 Receivership Entities (Definition K). To date, we have identified the following
20 additional Receivership Entities and have provided each with letter notice as
21 required by TRO Section XII.U to each of the Individual Defendants, noting their
22 right to discuss and/or challenge the determination:

23 Entities owned by Ed Martinez: Clarity Tax Relief, LLC; Docs Done Right,
24 Inc.; Docs Done Right, LLC; Docs Done Right, L.P.; Mimo Services, Inc.; and
25 Red Signature Solutions, LLC;

26 Entity owned by Emiliano Salinas: Design It Media;

27 Entity Owned by Christopher Hanson: GFY Services, Inc.; and

28 Entity owned by Melissa Salinas: Serene Creations, Inc.

We continue to evaluate all entities related to Defendants.

III.

ASSETS AND LIABILITIES OF RECEIVERSHIP ENTITIES

A. Accounts

To date, we have received the following information as to frozen accounts:

Account Name	Fin'l Institution	Acct. No. Ending	Balance Frozen
Clarity Support Services, LLC	JPMC	5120	\$5,302.63
Clarity Support Services, LLC	JPMC	5138	\$246.21
Clarity Tax Relief, Inc.	JPMC	3117	\$51,774.22
Design IT Media, Inc.	JPMC	3323	\$59,129.07
Design IT Media, Inc.	JPMC	5582	\$25,528.64
Docs Done Right, Inc.	JPMC	1685	\$9,343.71
GFY Services, Inc.	JPMC	3580	\$997.08
Mimo Services, Inc.	JPMC	1685	\$21,331.22
Pacific Quest Services	JPMC	1262	\$272,876.70
Pacific Quest Services	JPMC	8048	\$6,780.83
Pacific Quest Services	PAN / Unity FI		\$131,437.68
Pacific Quest Services	PAN / Unity FI		\$81,863.65
Panda Benefit Services, LLC d/b/a Prosperity Benefit Services	JPMC	1379	\$247,536.09
Panda Benefit Services, LLC d/b/a Prosperity Benefit Services	JPMC	1763	\$23,572.71
Prosperity Loan Services LLC	JPMC	9621	\$9,106.66
Public Processing Services LLC	JPMC	2868	\$200,027.16
Quick Start Services, LLC	JPMC	2098	\$82,860.64
Quick Start Services, LLC	JPMC	2106	\$26,850.52
Red Signature Solutions, Inc.	JPMC	5090	\$21,868.91
Select Student Services, LLC	JPMC	0231	\$27,023.39
Serene Creations Inc.	JPMC	1420	\$732.41
Signature Processing Services, Inc.	JPMC	8850	\$16,357.89
Total			\$1,322,548.02

1 **B. Other Assets**

2 We are not aware of any other liquid Receivership Entity assets. As
3 reported in the FTC’s investigator’s declaration, Clarity Tax Relief has transferred
4 approximately \$800,000 to Mexico. In discussions with Ed Martinez, he indicated
5 he is building a house in Rosarito Beach, Mexico, funded by these transfers. He
6 warned that another roughly \$500,000 will be necessary to complete construction
7 which he claims is required in order to secure clear title to the property.

8 **C. Accounting**

9 Our forensic accountant, Lisa Jones, has conducted a preliminary review of
10 available financial records, which include QuickBooks records, bank statements,
11 and the companies’ CRM database. She has prepared a Receivership Initial
12 Account Records Review report attached as **Exhibit 2**.

13 **IV.**

14 **FUTURE STEPS TO PRESERVE AND PURSUE ASSETS**

15 The Asset Freeze is the primary tool to preserve liquid assets. We will
16 follow up on any leads concerning Receivership Entity funds which were deployed
17 to purchase and/or support any personal assets of Individual Defendants or related
18 entities and will consider pursuing claims where they make economic sense.

19 **V.**

20 **CAN THE BUSINESS BE OPERATED**

21 **LAWFULLY AND PROFITABLY?**

22 TRO Section XII.R authorizes the Receiver to “suspend business operations
23 of Receivership Entities if in the judgment of the Receiver such operations cannot
24 be continued legally and profitably.” Section XX also requires that the Receiver’s
25 initial report address whether the business of Receivership Entities can be operated
26 “lawfully and profitably.”

27 Through the immediate access process and the review of hard copy and
28 electronic records, we have confirmed that these debt relief businesses were fueled

1 by misrepresentations and unlawful advance fees prohibited by the TRO. I have,
2 therefore, concluded that these businesses cannot be operated lawfully and
3 profitably, have suspended operations as authorized by TRO Section XII.T, and
4 have provided the notice to consumers required by TRO Section XII.V.

5 **A. Capsule Summary of Operations**

6 1. The Business is Debt Relief with an Upsell

7 Despite efforts at disguise, the business of the Receivership Entities is
8 student loan debt relief with an upsell of a monthly “membership benefits
9 program” sold through Prosperity Benefit Services.⁹ The upsell is remarkably
10 successful – 84% of consumers who enroll in student loan debt relief services also
11 enroll in Prosperity Benefit.¹⁰

12 Defendants deployed two maneuvers that appear designed to disguise the
13 actual business: (1) describe the business to non-consumer third parties as benign
14 document preparation and a related monthly membership program with multiple
15 consumer-friendly services; and (2) operate the business through a myriad of
16 entities, including constantly rotating consumer-facing entities with government-
17 or generic official-sounding names. The rotation of the consumer-facing entities is
18 presumably an effort to re-brand the product offerings and stay ahead of bad
19 internet reviews and BBB complaints and below the radar of regulatory agencies.
20 *See* Section IV.D.1(a), *infra*.

21 2. Pricing

22 Pricing for the debt relief program is set at price points from \$999 to \$2,300,
23 generally broken up into installments (typically \$250 per month). *See Exhibit 3*.
24 For those adding the Prosperity Benefit “membership,” \$39.99 is added each

25 _____
26 ⁹ The d/b/a of Defendant Panda Benefit Services, LLC.

27 ¹⁰ While services such as informative blog posts, tax assistance, and annual credit
28 reports are claimed to be included in the Prosperity “benefits,” the primary
“benefit” is assistance with the required annual student loan recertifications (an
additional form of debt relief).

1 month which continues monthly after the debt relief fee is fully paid. The \$39.99
2 monthly charge continues for the life of the consumer’s loan repayment plan,
3 which typically can extend up to 20 or 25 years (resulting in a total membership
4 charge of \$9,597.60 or \$11,997.00).

5 3. Mailers

6 Mass mailers are the primary tool to generate sales activity. These mailers
7 are sent to “leads” generated by third-party vendors who identify consumers with
8 student loan debt. The mailers incorporate all the weapons of modern mass
9 marketing: they are official-looking with provocative headers “FINAL NOTICE”
10 or “IMPORTANT NOTICE” and identify the sender as “Student Loan Assistance
11 Department;”¹¹ each includes a unique identification number so that a calling
12 consumer’s debt information automatically populates the sales agent’s screen. *See*
13 sample mailers, **Exhibit 4**.

14 Internal reports indicate mailers were sent out in quantities of 30,00 to
15 70,000 each week in 2023 and 50,000 to 80,000 each week in 2024 and generally
16 triggered 1,000-3,500 inbound consumer calls weekly. *See* **Exhibit 5**.

17 4. Internal Sales Process

18 Scripts directed sales personnel to identify themselves as the “Student Loan
19 Center” followed by well-orchestrated steps to secure the consumer’s loan and
20 financial details. We found scripts for Inbound and Outbound, but most calls were
21 inbound in response to the mailers.¹²

22 Sales personnel are divided into “Openers” and “Closers” subgroups with
23 detailed scripts for each. *See* script samples **Exhibits 7 and 8**.

24 _____
25 ¹¹ The actual sender – presently Public Processing – is only identified in small print
at the bottom of the mailer.

26 ¹² Small outbound call campaigns were directed at consumers who had expressed
27 some curiosity in student loan debt relief. From time to time, Defendants also
28 employed “live transfers” from third party marketers, but this was episodic, and the
conversion rate did not appear to justify the cost. Call Room sales personnel are
provided with scripts for leaving voicemails during Outbound calls. *See* **Exhibit 6**.

1 Opener (approximately 14 currently) initiate and/or respond to the initial
2 call – the Opener script guides the consumer to download their FSA (Federal
3 Student Aid) information from the FSA website and email that data to the Opener.
4 The Opener receives the FSA information and stores the data to an account in
5 Forth CRM. The Opener then informs the consumer that the call will be
6 transferred to a “Senior Loan Advisor” (*i.e.*, the Closer, currently 40 on staff), who
7 ostensibly will inform the consumer which loan programs and other “benefits” he
8 or she “qualifies for.” At this point, no mention has been made of fees and the
9 business has only been identified as “Student Loan Center.”

10 After receiving the transfer from the Opener, the Closer is tasked to
11 complete enrollment, *i.e.*, make the sale, in the debt relief program and the
12 Prosperity Benefit monthly membership. The Closer then emails the agreement
13 (which includes the fee breakdown for debt relief and Prosperity Benefit) to the
14 consumer and asks the consumer to electronically sign via DocuSign while still on
15 the call. *See Exhibit 9.* The Closer also collects the consumer’s bank information
16 for payment. After the agreement is executed, the Closer transfers the consumer to
17 the “Compliance” department manned by Pacific Quest employees, where an agent
18 runs through a series of compliance questions. *See Compliance Questions script,*
19 **Exhibit 10.** While the Compliance scripts do include some appropriate
20 disclosures, they are not made until after the consumer has signed an agreement
21 and provided bank information for fee payment. If the consumer answers “no” or
22 is unable to answer any compliance questions, Compliance employee transfers the
23 consumer back to the Closer.

24 After the Compliance call is completed, Back-End personnel employed by
25 Pacific Quest use the consumer’s FSA data stored in Forth CRM to auto-generate a
26 Loan Consolidation Application for the consumer. Although Pacific Quest
27 occasionally contacts a consumer to obtain additional information for the
28 application or resolve a discrepancy, in most cases the application can be auto-

1 generated with no additional work involved. Within 7-10 days, Pacific Quest
2 mails a “packet” of documents to the consumer, including a Welcome Letter,
3 Service Fee Schedule, the Loan Consolidation Application, an envelope pre-
4 addressed to the consumer’s student loan servicer, and instructions to hand-sign
5 and send the application directly to the loan servicer. Typically, the company
6 draws the first installment payment and first monthly membership payment from
7 the consumer at the time of sending the document packet to the consumer or within
8 a few days thereafter.¹³

9 5. Sales Incentives

10 Our review confirms that Call Room sales personnel are highly incentivized
11 and commission driven.

- 12 • Sales personnel sign a Bonus Compensation Agreement with Quick
13 Start Services with commissions on debt relief services at 5-12% of
14 “all revenue generated [by the employee] in a given month” and
commissions on Benefit Services memberships at 5-12% of the
employee’s base pay. **Exhibit 11.**
- 15 • Individual employee sales performance is closely tracked along
16 multiple metrics including number of inbound and outbound sales
17 calls conducted, “Talk Time” (*i.e.*, cumulative time spent speaking
with consumers during sales calls), debt relief sales made (“Deals”),
18 Prosperity Benefit Services memberships sold (“PBS Deals”), number
and percent of Deals “lost,” and calls-to-Deal ratio. **Exhibit 12.**
- 19 • The enterprise runs monthly sales contests and incentive programs.
20 Openers and Closers are tracked separately and have separate bonus
21 structures. Monthly contests also provide extra incentives for
Prosperity Benefit Services memberships sales. Call Room sales
22 personnel are also assigned to sales “teams” that compete in monthly
team contests, providing further competitive incentive to sell.
Exhibit 13.

23 Overall, the combination of commission-based compensation, regular sales
24 contests and bonus programs, on both an individual and sales team level, create an
25 environment that aggressively incentivizes hard sales of student loan debt relief
26 services and membership packages.

27 ¹³ Although this appears to be the typical process, our review of consumer’s emails
28 to Receivership Entities did find emails in which consumers complained of being
charged before receiving their document packets.

1 6. Results

2 An internal spreadsheet in the Google Vault of Public Processing Services
3 (**Exhibit 5**) reflects the following sales data for the period June 15, 2020, until the
4 June 26, 2024 suspension of operations:

- 5 • 25, 639 enrollments for student loan debt relief services;¹⁴
- 6 • Of those enrollments, a remarkable 21,568 (84%) were also signed up
7 for the Prosperity Benefit Services monthly membership (the primary
8 benefit which was annual student loan recertification).

8 **B. Prohibited Misrepresentations**

9 TRO Section I.A prohibits four specific misrepresentations: that consumers
10 will receive loan forgiveness; that consumers will be enrolled in a repayment
11 program with reduced loan payments; that any person will assume responsibility
12 for servicing a consumer’s student loans; and that any person is affiliated with the
13 U.S. Department of Education or part of any federal government program.

14 Our review of hard copy and electronic materials (mailers, scripts, and
15 complaints) provides confirmation that false and misleading representations (overt
16 and covert) to consumers are ingrained in the sales process:

17 1. Mailers

18 From their first contact with this enterprise, consumers are deceived. The
19 mailers that launch the sales process have commanding banners “Final Notice” and
20 “Important Notice,” and identify the sender as “Student Loan Assistance
21 Department.” The format and graphics are cleverly designed to look and feel like
22 official government-type communications.

23 The mailers feed consumers with aspirational lures: their loans “may be
24 eligible for a consolidation” with the Department of Education or even “total loan
25 forgiveness;” you have a right to a “one-time adjustment to the calculation of your
26 student loan payments.”

27 ¹⁴ This figure is an amalgamation of the sales of the seven consumer front
28 companies which have been rotated through over four years. While the sales
 company names changed, the employees and sales managers were the same.

1 An attempt at fair disclosure is made on these mailers, but the attempt is
2 itself further confirmation that the goal is to deceive consumers. The “disclosure”
3 is buried at the bottom of the Mailer in micro-sized type and is made in the name
4 of one of the rotating consumer-facing entities with government sounding names.
5 In the samples included here the discloser is from “Federal Document Preparation
6 Services (“FDPS”),” one of Defendants’ earlier consumer-facing front companies.

7 See mailer samples, **Exhibit 4**.

8 2. Scripts

9 The primary sales scripts for internal sales agents (Opener Script, **Exhibit 7**)
10 refers to the business as “Student Loan Center,” and tells the consumer they are
11 pre-qualified for a federally backed direct consolidation loan through the U.S.
12 Department of Education. The true name of the company is not given, nor is there
13 any disclosure that the company is not affiliated with the Department of Education
14 or any loan servicer.

15 Sales personnel are given a “Common Objections” script which provides
16 scripted objections and rebuttals. Two examples:

17 **Who are you?** We are a Document Preparation Center. We help
18 to educate and facilitate people through the process of doing a
19 Student Loan Consolidation. *The Department of Education offers*
20 *a wide variety of benefits to people in all different situations and*
my job is to review your situation to determine whether any of the
payment plans can benefit you.

21 **Why is there a fee if we are going into a federal program? OR**
22 **What's that fee for?** The fee is going toward your enrollment and
23 the processing of your application. It's for all of your documents
24 and preparation to ensure you are being enrolled into the program
we are discussing. *Understand that every single one of your*
loans is going to be paid off in full by the Department of
Education. Does that make sense?

25 **Exhibit 14** (emphasis added). These two examples highlight the deception of a
26 connection with the Department of Education rather than a private for-profit entity.

27 Compliance scripts we saw onsite did reflect some effort at disclosures, but
28 the disclosures are incomplete and only given after the enrollment documents are

1 signed. Similarly, the disclosures are made only after the consumer has provided
2 loan, family, and income information, and completed the loan consolidation
3 application with the sales agent. This strategy appears calculated to get the
4 consumer “signed up” without fully understanding who they are dealing with and
5 what the product is or will cost.

6 3. Consumer Complaints

7 In our review of Receivership Entity email accounts, we found a steady stream
8 of consumer emails with complaints and cancellation requests. We assembled a
9 sample of these emails sent during the two-week from June 11, 2024 to June 25,
10 2024 (the last day before suspension). See **Exhibit 15**. These emails reflect actual
11 consumer confusion driven by the deceptive sales practices:

- 12 • I thought I was speaking with someone at the Department of
13 Ed. and I feel I was misled. Please make sure that my
information is not shared. [sic]
- 14 • I am pretty disappointed to find out that your services are
15 predatory and a scam. I looked into your org and was pretty
16 bummed out that y’all charge a premium for services folks can
do absolutely for free through FSA. I am sad that I trusted you
and gave you so much of my private information.
- 17 • I do not want to move forward with this. I was under the
18 impression I was talking to an employee of the government
with FAS.
- 19 • [A]fter being in touch with my loan provider I realized that you
20 are a third party vendor (Public Proc [sic] not connected to the
Department of Education. Due to the fact that this information
21 was not communicated to me by your representatives ... when I
first encountered her on the telephone.
- 22 • What did I consolidate my loans for if I’m still paying the 23k
23 back I thought I applied for loan forgiveness?
- 24 • I was under the impression that you are connected to the
Department of Education and I could arrange for the loan
25 Forgiveness program.
- 26 • The forms sent to me are simply for a forbearance and do not
27 qualify me for any student loan forgiveness. I sincerely feel the
information provided to me on 5/30/24 was false and did not
28 represent the services I was interested in receiving. I have been
misled and wish to engage in the cancellation policy. I have
also contacted my student loan servicer and advised of PUBLIC
PROCESSING SERVICES being a scam and fraudulent.

- 1 • After review of the documents received, I was surprised to
2 realize that some of your verbal representations were actually
3 not documented or even mentioned in the agreement; I need to
4 consult with my lawyer, my bank, the Dept. of Education and
5 Nelnet before agreeing to all of your terms.
- 6 • I was under the impression this was a government relief
7 program, not a third party. Please delete/shred all my personal
8 information I gave you yesterday.
- 9 • We rescind any expression of an agreement with the services
10 discussed today and do not authorize any payments or the use
11 of personal information. This is based on lack of material fact
12 as to the identity of your company and additional fees, we were
13 under impression [sic] that you worked for FAFSA.
- 14 • I just received documents about my consolidated student loan.
15 I was told that my loan were being forgiven. My primary
16 source of income is my ex-husband. He can't do it much
17 longer. I'm behind on my mortgage. I am so confused.
- 18 • I submitted all of the forms that your processing company
19 requested I sent Federal Aid and I'm getting letters from the
20 government reading that I still have to pay the loan back for
21 years at an interest rate of 7.375%. I was told I would have to
22 pay for 6 months by your processing company then the rest was
23 forgiven. Please advise.

24 This high volume of consumer complaints revealing a belief they were
25 dealing with the Department of Education confirms that the short and fast
26 Compliance disclosures do not overcome the false impressions and
27 misrepresentations from the Mailers and the sales scripts. After learning they were
28 not speaking with the Department of Education, consumers frequently expressed
concern about the disclosure of personal financial and family information to the
Receivership Entities. *See Exhibit 15.*

29 4. Sales Call Recordings

30 In situations where sales calls are recorded, we would also normally review
31 recordings for insight into sales practices. The Defendants had in place procedures
32 for the recording of sales calls through a third-party vendor, Freevoice. On the day
33 after service of the TRO, however, Defendant Christopher Hanson gave
34 instructions to that vendor to permanently delete all the sales recordings. *See*
35 Section II.E.2, *supra.*

1 **C. Advance Fees**

2 TRO Section I.B prohibits advance fees – *i.e.*, “Charging or receiving money
3 or other valuable consideration for any Debt Relief Service before such service is
4 fully performed.”

5 Advance fees were an integral part of the Receivership Entities’ business.
6 Consumer payments for debt relief services have been and continue to be collected
7 before debt negotiation work has been completed and the customer has made a first
8 payment on a new renegotiated plan. Defendants’ standard operating procedure
9 was to take the first consumer payment within a few days of the debt relief
10 documents being placed in the mail to the consumer. The CRM records we
11 reviewed confirm as much.¹⁵

12 For those consumers who enrolled in the Prosperity Benefit Services
13 monthly membership, their monthly fees were also advance fees for the to-be-
14 performed annual student loan debt recertification services included in that
15 membership.

16 Hence, all fees (whether the initial application fee or the membership fees
17 that included annual recertification) are unlawful and render the businesses
18 unlawful.

19 **D. Common Enterprise**

20 Despite convoluted efforts to portray the Receivership Entities and
21 Defendants’ independence from each other, the indicia of common enterprise are
22 compelling as described below.

23 1. Maze of Interrelated Companies

24 In concept, the business is not overly complex, but Defendants have
25 implemented it through an intricate maze. The eight Receivership Entities that
26 make up this maze, all named as a “Services” company, can best be described in

27 _____
28 ¹⁵CRM records confirm consumer payments were taken after enrollment, but well before any loan renegotiation.

1 the three categories below. A short description of each confirms the unnecessary
2 maze-like structure.

3 (a) Consumer-Facing Entities – Sales

4 Public Processing Services – the current sales vehicle, operating since June
5 2023; a Nevada LLC with Melchor Martinez (cousin of Defendant Ed Martinez)
6 identified as the principal. Its immediate predecessor was Signature Processing
7 Services LLC –a sales vehicle from July 2022 – February 2024; a Nevada LLC
8 with Brandon Lewis (a senior sales manager) identified as the principal.

9 Over time, Defendants have routinely created new consumer-facing
10 companies with generic government sounding names and rotated them into
11 operations. Prior to Public Processing and Signature Processing, these entities
12 were Federal Document Production (April 2022-July 2022), American Doc Prep
13 (August 2021-April 2022), Federal Document Assistance Center (June 2020-
14 September 2021), Accredited Enrollment (June – August 2020), and Northern
15 Continental Financial Group.

16 We have found no evidence of personnel changes or other operational
17 rationale for this constant rotation. Indeed, since 2020, Defendants have
18 maintained a single comprehensive spreadsheet file, including numerous distinct
19 tabs, tracking all enterprise sales and operational data, regardless of which entity
20 was in the rotation.¹⁶

21 (b) Membership Benefits Entities

22 Panda Benefit Services d/b/a Prosperity Benefit Services – the primary
23 upsell product with monthly “membership benefits” including annual student loan
24
25
26

27 ¹⁶ This spreadsheet is prohibitively large and complex to attach as an exhibit to this
28 report; however, portions of the spreadsheet have been attached and are referred to
herein.

1 recertification. It is a California LLC with Individual Defendant Emiliano Salinas
2 identified as principal.¹⁷

3 Select Student Services LLC – a monthly membership program no longer
4 soliciting consumers, but which continues to collect from and service legacy
5 members. It is a California LLC owned by Mimo Services, Inc. which, in turn, is
6 owned by Ed Martinez who is identified as its principal.

7 (c) Back-End and Customer Support Entities

8 Pacific Quest Services – current employer of 33 customer service personnel
9 on site at 4 Hutton Drive, #400; a California LLC with Individual Defendant
10 Melissa Salinas identified as principal.

11 Quick Start Services – “staffing” entity which appears to provide no services
12 except to carry the sales personnel on its payroll account. It is a California LLC
13 with Adrian Martinez (brother of Ed Martinez) identified as principal.

14 Clarity Support Services LLC – predecessor of Pacific Quest, defunct as of
15 2023. A California LLC with Individual Defendant Christopher Hanson identified
16 as principal.

17 2. Common Business

18 All Receivership Entities are in the same business – student loan debt relief
19 with up-sales of monthly Prosperity Benefit memberships. It appears that most of
20 the consumer payments are paid into a central merchant account and thereafter
21 disbursed to the various Receivership Entities. The basic components of the
22 business do not vary by Receivership Entity.

23 3. Common Office Locations and Common Employees

24 All Receivership Entities maintain virtual/mail drop addresses in either Las
25 Vegas or Orange County, California, but none have any operations there, and any
26 mail delivered to those sites is either forwarded on to 4 Hutton Drive, #400 or

27 _____
28 ¹⁷ A 2017 PBS tax filing we located reflects Mimo Services, Inc. – an entity owned
by Ed Martinez – as the 95% owner of PBS.

1 picked up and taken there. These separate address feed the illusion of separation
2 and independence.

3 The business has one operational site – 4 Hutton Drive, #400. The name on
4 the door is Prosperity Benefit Services (the d/b/a of Panda). The current
5 consumer-facing sales entity Public Processing operates from the Call Room with
6 some 58 carrels dedicated to selling student loan debt relief and Prosperity Benefit
7 memberships. All Back-End customer service is also handled here by Pacific
8 Quest. Select Student Services no longer has active sales, but its membership
9 program is serviced by the Back-End personnel here.

10 All management is located at 4 Hutton Drive, #400. Ed Martinez has the
11 only interior executive office and is onsite nearly every day. The bookkeeper,
12 Josie Lobo, also has an interior office. Brandon Lewis (Signature Processing),
13 Emiliano Salinas (Prosperity Benefit), Melissa Salinas (Pacific Quest), and other
14 sales floor managers have designated window offices just off the Call Room.

15 The identified principals of Public Processing and Quick Start (Melchor
16 Martinez and Adrian Martinez, cousin and brother of Ed Martinez, respectively) do
17 not have offices here. We have seen no evidence that Adrian (a full-time as a
18 project manager at a construction company in Orange County) provides any
19 services whatsoever, and no evidence that Melchor plays any management role.
20 For health reasons, Hanson, the principal of Clarity Support, now has a limited role
21 with Prosperity Benefit and has no office.

22 All employees are paid through one of four payroll accounts (Quick Start,
23 Pacific Quest, Panda Benefit, or Select Student), all of which are funded from
24 proceeds of the overall enterprise. Many managers also receive payments to their
25 personal LLCs.

26
27
28

1 4. Commingling of Funds

2 Consumer funds derived from the enterprise are primarily collected through
3 a merchant account¹⁸ maintained in the name of Pacific Quest Services and
4 disbursed out from the merchant account in designated amounts for service fees
5 and membership fees.

6 Receivership Entities regularly transfer funds to the Individual Defendants
7 or their LLCs. For example, Prosperity Benefit Services receives sales income,
8 then disburses funds to Pacific Quest, Clarity Support Services, and Signature
9 Processing Services, as well as disbursements to Design It Media, Clarity Tax
10 Relief, and Federal Document Preparation Services.

11 **E. Individual Defendants**

12 1. Ed Martinez

13 Despite his protestations of a limited role in the business, our review
14 indicates that Ed Martinez is the driving force and central player in this common
15 enterprise.

16 Martinez was not in the office when we entered 4 Hutton Drive, but very
17 quickly a sales employee (Emily Sandoval) called him. I asked to speak with him,
18 but instead she handed the phone to Joe Magana, the sales floor manager, the most
19 senior person we had identified at the time.¹⁹ They spoke for several minutes.
20 Afterwards, the employees stopped cooperating.²⁰

21 _____
22 ¹⁸ The current merchant account is maintained at Payment Automation Network.

23 ¹⁹ As noted elsewhere, Defendant Emiliano Salinas was present when we entered
24 but did not identify himself and quickly slipped out of the office.

25 ²⁰ It is telling that the sales employee and floor manager (Joe Magana) did not turn
26 to Emiliano Salinas (who was present) in a moment of crisis, but instead reached
27 out to Ed Martinez. We have since learned Joe Magana is a long-time acolyte of Ed
28 Martinez and has worked in a series of Martinez' debt relief related companies for
nearly a decade. In my brief conversations, Magana was neither honest nor
cooperative. He ultimately left the office refusing to answer basic questions or fill
out a questionnaire (as was the case with the vast majority of the employees he
supervises).

1 I later telephoned Martinez and, to his credit, he agreed to come in and was
2 cooperative and polite during our meeting of two hours or so. He initially claimed
3 all the companies run on their own, his role was passive, “I do not run or manage
4 anything,” and it was Joe Magana who ran the sales operation. He claimed he had
5 no involvement in the Call Room or Back-End operations, and hence he had no
6 corporate email at any of the entities.

7 Martinez claimed his only interest in the business was continued monthly
8 payments by consumers to Defendant Select Student Services and suggested he
9 had approval from the CFPB to be involved in Select Student Services and doing
10 so did not violate his permanent ban from the debt relief field. He explained Select
11 Student Services is on autopilot – Defendant Pacific Quest Services does the
12 customer service for 1,600 legacy accounts, charged \$29.99 monthly, for which he
13 receives approximately \$30,000 month. He believes completing the annual student
14 loan recertifications (which is the primary “benefit” the “members” get for their
15 monthly fee) is not debt relief because the completed forms are not sent to
16 Department of Education servicers by Student Select Services, but instead are sent
17 to customers for signature who then mail them to the servicers.²¹

18 While Martinez minimized his involvement, he conceded that all the
19 companies “took his ideas and systems”, and admitted the current structure was
20 established to protect him from the CFPB. He identified who “owned” each of the
21 Defendant companies: Quick Start (his brother Adrian Martinez), Panda Benefit
22 d/b/a as Prosperity Benefit (Emiliano Salinas); Clarity Support (Christopher
23 Hanson); Pacific Quest which replaced Clarity Support (Melissa Salinas
24 (Emiliano’s sister)); Public Processing (Ed’s cousin Melchor Martinez). Martinez
25 claimed each company is separate and runs independently.

26
27 _____
28 ²¹ Martinez suggested the CFPB had told him it is not debt relief if the forms are
mailed to the customers.

1 When we probed about the involvement of his brother and cousin, Martinez
2 came around to admit Adrian knew little about Quick Start²² and Melchor knew
3 little about Public Processing.²³ The evidence strongly suggests they are merely
4 “fronts,” but Martinez resisted admitting that was the case.

5 Martinez also revealed later in our conversation that his company Clarity
6 Tax Relief receives monthly payments from Prosperity Benefit for providing “tax
7 services” to customers as part of the “benefits” package provided by Prosperity
8 Benefit. It is a lucrative arrangement for Martinez. He receives \$7 per month for
9 each of the roughly 6,000 “members,” or \$42,000 every month. In return, Clarity
10 Tax Relief agrees to provide tax preparation to “members” but only if they qualify
11 for the 1040 EZ form. Martinez could not estimate how many requests for
12 assistance Clarity Tax Relief received from customers, but there were very few in
13 2024 (less than 10 perhaps).

14 Our subsequent review of electronic and hard copy documents reveals that
15 while Martinez was cooperative and polite, he was not honest. The materials
16 compellingly demonstrate that he controls every aspect of the entire common
17 enterprise:

- 18 • He receives a weekly spreadsheet from sales floor manager Joe
19 Magana reporting student loan debt relief sales results.²⁴

20 ²² A later telephone conversation with Adrian Martinez confirmed he has almost no
21 involvement and knows very little about the business (he has a full-time job as a
22 project manager for a construction company). Our review of emails and
23 documents confirms Adrian’s strawman role. He occasionally forwards tax
documents, bank communications, and government notices that Quick Start
Services receives to Ed Martinez and bookkeeper Josie Lobo. In return, Adrian
receives truck payments, insurance, and fuel reimbursement.

24 ²³ Efforts to reach Melchor Martinez have been unsuccessful. I left messages on
25 his telephones but did not get a response. We have since learned he was in the
26 office when we entered, but like Defendant Emiliano Salinas, he quickly slipped
out without identifying himself.

27 ²⁴ These Google based reports were on Martinez’ laptop the evening we reviewed
28 it before the computer was remotely wiped and they seem to have been removed.
When I asked about the weekly sales reports in a subsequent fall wit Martinez, he
acknowledged he received them but offered no further explanation.

- 1 • Through his entity Mimo Services, Martinez owns 95% of Prosperity Benefit and 95% of Clarity Support.
- 2 • His brother and cousin “own” Quick Start and Public Processing, but
- 3 play little to no role in management of these entities.
- 4 • He “promoted” billing manager Melissa Salinas to the role of CEO
- 5 and owner of Pacific Quest, but maintained operational control, even
- 6 determining employee raises and annual bonuses. **Exhibit 16.**
- 7 • Martinez has received at least \$2.6 million via Clarity Tax Relief over
- 8 the last three years from the operation.

9 Martinez certainly recognized the unlawfulness of the business and the risk
10 of regulatory action. He had real experience through a CFPB action which resulted
11 in a Consent Decree permanently barring him from the debt relief business. We
12 also found a file in his office containing copies of receiver preliminary reports in
13 three enforcement actions against student loan debt relief operations filed in the
14 Central District of California.

15 Two final notes concerning Martinez. First, he ran the businesses from his
16 personal Gmail email account. As a result, we do not have access to business
17 related emails which would provide further insight into the businesses and their
18 Assets. Second, although financial disclosures were due last Monday, July 1,
19 Martinez has failed to provide the disclosures. This further hampers our ability to
20 identify and protect Receivership Entities’ Assets.

21 2. Emiliano Salinas

22 Emiliano Salinas has spoken to us three times via telephone, but his
23 cooperation has been uneven at best. He is clearly aggrieved that he was named a
24 defendant in this case and maintains he did nothing wrong. He told us he was
25 “used” by Ed Martinez despite having spent nearly 17 years working by Martinez’
26 side.

27 In our initial interview, we sought to obtain administrative passwords which
28 he helpfully provided. But, in later conversations he avoided direct questions and

1 provided few directly responsive answers resulting in the process bogging down.
2 Ultimately, we were not able to fully interview Mr. Salinas.

3 Salinas has worked in a series of Martinez’ companies, mostly in debt-relief
4 since 2007 (including Docs Done Right until it was shut down in the CFPB case).
5 He opened a store front insurance franchise, funded by Martinez, during 2012-
6 2014; when that closed, he went to work for a family business in Riverside. In
7 2016, he was in dire financial straits and succumbed to Martinez’ numerous
8 requests to come back to work with him.²⁵ He was hired at Select Student
9 Services, with the title “Marketing Manager”²⁶, to perform website development
10 and marketing which later evolved to customer service manager for the
11 membership department with duties to ensure member satisfaction and evaluate
12 employee performance on customer service calls.

13 Salinas denied any involvement with sales at any Martinez company,
14 including the Call Room at 4 Hutton Drive, but our review suggests otherwise.
15 The Call Room sales floor is just outside his office door – and he relied on the
16 sales team to sell the Prosperity Benefit “membership product.” We also found
17 emails of his involvement, including: lease negotiations for “the sales company”
18 Quick Start in 2020 in 2020;²⁷ review of a draft mailer for the student debt relief
19 offer;²⁸ and when Public Processing (the latest sales entity established in 2023 in
20 the name of Melchor Martinez) had a state regulator inquiry, it was Salinas who
21 orchestrated the response.²⁹

22

23

24 ²⁵ Salinas did not explain why he was reluctant to go back to work with Martinez.

25 ²⁶ He claimed that while his title was Marketing Manager, he represented his role
via business cards as Vice President on his own initiative.

26 ²⁷ **Exhibit 17.**

27 ²⁸ **Exhibit 18.**

28 ²⁹ **Exhibit 19.**

1 Ultimately, our review suggests Salinas was Martinez’ chief lieutenant on
2 the customer relations/Prosperity Benefit side just as Joe Magana was the chief
3 lieutenant on the sales side. But we did not find Salinas credible in his effort to
4 entirely silo his activities to the membership benefit operation³⁰ and distance
5 himself from the student loan debt relief sales operation.

6 3. Christopher Hanson

7 We interviewed Mr. Hanson and found him to be cooperative. Beginning in
8 2014, he worked in the “payments department” at two prior Ed Martinez debt relief
9 entities. Hanson reported that Ed Martinez decided to shutter Docs Done Right
10 when he became aware that the CFPB had issued a “CID” focused on him and
11 Docs Done Right. Hanson agreed to form Clarity Support which took over Docs
12 Done Right staff and became the backend support entity for the Martinez debt
13 relief business.³¹

14 For health reasons, Hanson stepped back from the business in late 2021 –
15 Clarity functions and staff were then transitioned to Pacific Quest formed under the
16 name of Melissa Salinas. He is now paid by Prosperity Benefit and claims his only
17 role is to manage the Freevoice relationship. Hanson confirmed that Martinez
18 oversaw the front-facing sales entities and was in charge of the overall enterprise.

19 4. Melissa Salinas

20 We spoke with Ms. Salinas several times and found her cooperative and
21 credible. Like Hanson, she has a history with Martinez’ debt relief companies –
22 she began at 21 years of age doing Back-End work at Docs Done Right in 2017.

23 _____
24 ³⁰ Lashing himself to the “membership benefits” operation ultimately provides
25 Salinas no protection to the FTC claims. The primary benefit of these
26 “memberships” is the preparation of annual student loan recertification for
consumers, which is debt relief. And receiving monthly fees for a year in advance
of providing the annual recertification amounts to taking prohibited advance fees.

27 ³¹ While Hanson is listed as the principal on the corporate filings, an Excel
28 spreadsheet located on Ed Martinez’ computer reflects that his company Mimo
Services owns 95% of Clarity Support. We did not discover the spreadsheet until
after we spoke with Hanson so did not have an opportunity to ask him about this.

1 When Docs Done Right operations and staff were transitioned to Clarity Support
2 she went along. Although Defendant Hanson ostensibly owned Clarity Support,
3 Ms. Salinas told us Hanson appeared to report to and take instructions from
4 Martinez.³²

5 At the time Hanson announced he intended to withdraw from Clarity
6 Support for health reasons, Ms. Salinas was 26 years old and a billing manager at
7 the company. Martinez offered her a “promotion” to essentially take over
8 Hanson’s role. But to do so, it was necessary to form a successor company³³ and,
9 with the assistance of Martinez and her brother Emiliano Salinas, she filed the
10 necessary paperwork to establish Pacific Quest Services.

11 Although she was listed as owner and CEO of Pacific Quest, Ms. Salinas
12 told us she was really just an employee. She reported to Martinez. For example, it
13 was Martinez who set the rates Pacific Quest charged for its Back-End services to
14 the other Receivership Entities. And it was Martinez who set pay. Ms. Salinas
15 later forwarded us an email sent from Martinez’ personal Gmail account to her
16 personal Gmail account in which he dictated the annual bonus for each of the
17 Pacific Quest employees in December of 2022. *See Exhibit 16.*

18 Ms. Salinas described Martinez as the “mastermind” of the debt relief
19 enterprise. “Everyone reported to Ed.”³⁴

21 Dated: July 5, 2024

By: /s/ Thomas W. McNamara
Thomas W. McNamara
Temporary Receiver

25 ³² She gave an example, when she asked Hanson for a raise, he said he needed to
26 check with Martinez.

27 ³³ When asked, Ms. Salinas was not clear on why forming a new company was
28 necessary; Martinez told her to do so.

³⁴ This included, based on her observations, Joe Magana, the sales manager.