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Federal Trade Commission v. Accelerated Debt Settlement Inc., et al.
U.S. District Court (D. Ariz.)
Case No. 2:25-cv-02443-SMB

PRELIMINARY REPORT OF TEMPORARY RECEIVER

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I.

INTRODUCTION

I, Thomas W. McNamara, was appointed temporary receiver of the Receivership Entities by the Temporary Restraining Order (“TRO”) entered July 14, 2025. Section XX of the TRO directs that I report to the Court on five specific topics¹ prior to the Preliminary Injunction hearing. Those topics are detailed below.

Our review confirms a treacherous business plan implemented by Defendants in close coordination/partnership with three telemarketing call operations based in Pakistan (the “Rooms”). The Rooms’ role is critical – their outbound telemarketing is designed to scare consumers with fictitious reports that their credit card or bank accounts have been “hijacked” or “red-flagged” for fraudulent activity. After lengthy calls – sometimes lasting hours – panicked consumers are transferred to Defendant Accelerated Debt Settlement (“ADS”)² for a solution – enrollment in their debt relief program.

The Rooms have a secret weapon that heightens the credibility of their scare calls – advance access to the credit reports of the targeted consumers, which have been fraudulently secured for the Rooms by ADS CEO Defendant Jeff Lakes.

After the transfer to ADS, consumers are subjected to further misrepresentations about the efficacy of the debt relief services. Despite representations to consumers that fees are paid to “an escrow account,” ADS collects fees upfront long before any debt settlement, thus violating the advance fee prohibition of the Telemarketing Sales Rule (“TSR”). *See* 16 C.F.R. Part 310.4(a)(5). These fees are also split almost immediately 50/50 with the Rooms. There is no TSR-compliant escrow for fees.

¹ The topics are: (1) steps taken to implement the TRO; (2)-(3) the value of Receivership Entities’ assets and the sum of their liabilities; (4) future steps to prevent any diminution of assets, pursue assets from third parties, and adjust liabilities; and (5) whether the business can be operated lawfully and profitably.

² Defendants have rotated through four recent consumer-facing entities – Corporate Defendants Accelerated Debt Settlement, ADS Resolve, Financial Solutions Group, and most recently Unified Capital Services. Other Corporate Defendants, MediaWerks, Resolutions Specialists, and Futura Capital, are not customer facing and are used for internal purposes, such as purchasing and payroll. In this report, all the Corporate Defendants are referred to collectively as “ADS.”

1 Our review has confirmed that once customers are enrolled, ADS does have a debt
2 negotiations team. However, we are not yet able to evaluate the macro success or
3 effectiveness of those services.

4 Conduct prohibited by the TRO is ingrained in this operation.³ Any effort to
5 replace the deception and misrepresentations at the core of the sales effort would be
6 daunting and no doubt reduce sales. The acceptance of advance fees – and the absence of
7 any TSR-compliant escrow that might provide a safe harbor – renders the business
8 unlawful, regardless of any overhaul of the sales process.

9 It is my judgment that these operations cannot be operated legally and profitably
10 without paradigm shifts in operations and capital. As authorized by Section XII.U of the
11 TRO, I have therefore suspended operations.

12 II.

13 STEPS TAKEN TO IMPLEMENT TRO

14 A. Immediate Access to Control and Protect Assets and Documents

15 To implement the TRO’s directives to secure assets and documents, we faced a
16 threshold challenge – secure the premises, assets, and documents of a business operating
17 virtually with no physical business premises or locations.

18 While the Receivership Entities operate a substantial business (net sales in 2024
19 for ADS and FSG combined were \$44 million⁴) and employ or contract with more than
20 60 people in multiple departments,⁵ there is no actual commercial office. Employees
21 communicate via laptops and cloud-based data platforms. The primary residences of the
22 three named Individual Defendants are in the Phoenix area, although the CEO also owns
23 homes in Idaho. Other employees reside across the country. CFO Elizabeth Reaney told

24 ³ Despite ADS’s efforts to distance the Rooms by strenuously claiming “non-affiliation”
25 in customer interactions, the reality is the business operates as a joint venture between
ADS and the Rooms. *See* Section IV.B *infra*.

26 ⁴ There were total sales of \$49.648 million, but refunds and credit card chargebacks of
27 more than 10% reduced the gross figure by \$5.289 million.

28 ⁵ Departments include: HR/Quality Assurance; CFO; CIO; Sales; Marketing; Debt
Negotiators; Compliance; Legal; Verification; and Retention.

1 us that the company’s experience with the virtual office forced by the Covid pandemic
2 was so positive that the company never returned to in-office operations.

3 TRO § XXI.G anticipated this challenge by authorizing immediate access to
4 locations “other than Receivership Entities,” including personal residences of any
5 Defendant, where assets and documents of Receivership Entities were located. We
6 invoked this power to secure documents from the personal residences of the three
7 Individual Defendants, all located in the Phoenix area. First, we notified Defendants’
8 counsel of our intention to do so, and counsel thereafter cooperated with us and
9 coordinated our access with Defendants themselves.

10 1. Defendant Elizabeth Reaney Residence

11 Elizabeth Reaney, ADS’s CFO, provided access to her residence in Scottsdale,
12 Arizona at approximately noon on July 16. My team and I were joined by a member of
13 the FTC’s digital forensics team. When Reaney opened the door, we observed that she
14 was on the phone with Defendants Jeff Lakes and Robert Knechtel, describing our
15 actions and allowing them to hear our conversations. Reaney’s husband was also present
16 – we observed that he again called Jeff Lakes shortly after our arrival; Lakes apparently
17 counseled cooperation.

18 Reaney conducted her ADS business from a modest home office apparatus set up
19 in her living room, equipped with a single laptop computer. She explained that the
20 company’s overall head count was approximately 65 with all personnel operating
21 virtually from their homes across the country with the biggest concentration in Baltimore
22 where many Debt Negotiators lived.

23 Reaney told us she had no current paper records on site⁶ and that she accessed
24 relevant electronic services (e-mail, QuickBooks, Zoho CRM, and Payday HCM) through
25 her laptop. She provided all her password and access information to those data platforms.
26 She then provided her company laptop and cell phone for imaging. After imaging, the
27 phone was returned.

28 ⁶ She did note one exception - a box of “old payroll records” somewhere in the garage.

1 Reaney also joined a follow-up Teams videoconference on July 21 with her
2 counsel present. During the discussion, she provided further background and financial
3 data about the business, which are reported elsewhere in this report.⁷

4 2. Defendant Robert Knechtel Residence

5 Robert Knechtel, ADS’s Chief Legal Officer (“CLO”), provided access to his
6 residence in Carefree, Arizona at approximately noon on July 16. My counsel was joined
7 by a legal analyst and our third-party digital forensics consultant.

8 Knechtel conducted his ADS business from a dedicated office in his residence,
9 equipped with a desktop and laptop computer. He confirmed that he maintained no paper
10 records and did not even have a printer. He conducted all business by cell phone and
11 email with access to the various data platforms maintained by the company. He provided
12 two computers and a cell phone, along with necessary passwords, to our forensics
13 consultant, who then delivered them to FTC forensics for imaging. After imaging,
14 Knechtel’s personal computer and phone were returned.

15 Knechtel was very cooperative, noting that the company was “an open book” and
16 that he would provide all requested information. With the telephonic approval of Jeff
17 Lakes from his vacation home in Idaho, Knechtel agreed to later provide access to Mr.
18 Lakes residence in Scottsdale for which he had the entry keys. Knechtel also followed up
19 by joining a videoconference on July 21 with his counsel present.⁸

20 Knechtel joined the company around May of 2024 after a career in patent law and
21 had no prior experience in debt settlement. As the CLO, he confirmed that he oversaw
22 consumer complaints and related regulatory matters, like investigations by various states’
23 Attorneys General. A compliance director, who primarily handled consumer complaints
24 and refund requests, reported directly to him, and a team of resolution advisors handled
25 creditors threatening to sue consumers.

26 ⁷ We found Reaney cooperative and credible in our initial meeting and follow-up
27 interview.

28 ⁸ We found Knechtel helpful, cooperative, and generally credible in our initial meeting
and follow-up interview.

1 He reported that he had been working to bring ADS into compliance with the TSR
2 on two fronts – getting a handle on misleading sales calls and initiating a TSR-compliant
3 escrow procedure. But he conceded the business was not presently – and had never been
4 – compliant with the TSR.

5 Knechtel confirmed that he was the nominal owner, at least on paper, of Corporate
6 Defendant Unified Capital Services LLC, one of the newest consumer-facing companies
7 Defendants rolled out. But Knechtel also conceded Lakes was the ultimate
8 decisionmaker for that entity and all Corporate Defendants. Knechtel indicated he was
9 asked to be listed as the owner of Unified Capital because Lakes wanted to distance
10 himself from the new company.⁹

11 3. Defendant Jeffrey Lakes Residence

12 As authorized by Lakes, ADS’s CEO, Knechtel provided us access to the Lakes
13 residence at 1:30 p.m. on July 16. My team and I were joined by our digital forensics
14 consultant and a member of FTC’s digital forensics team.

15 Lakes maintains a well-appointed home office just off the entry door of the home,
16 equipped with a computer and over-sized monitors. Our team collected for copying
17 limited paper records related to the business from the office and a file cabinet in the
18 garage. After confirming necessary password and access information, FTC forensics
19 removed the computer for imaging.

20 On July 19, another member of the FTC digital forensics team traveled to Lakes’s
21 vacation home in Idaho and took delivery of a second laptop and a cell phone. After
22 imaging, the cell phone was returned to Lakes that afternoon.

23 On July 23, 2025, my counsel and I spoke with CEO Jeff Lakes with his counsel present.
24 Lakes admitted being involved in every aspect of ADS’s business and confirmed that he was the
25 only owner of all entities related to ADS, including Unified Capital, which had been nominally

26 _____
27 ⁹ On April 14, 2025, ADS, FSG, and Lakes personally entered a consent order with the
28 State of Connecticut and agreed to refund consumers from the state \$779,910. The order
barred Lakes from acting as an owner, officer, manager, director or control person of a
company engaged in debt relief in that state.

1 placed in CLO Knechtel's name. He confirmed that he had received all of the owner
2 distributions for ADS. Lakes agreed that the business was not legally compliant at the time of
3 immediate access and answered "No" when asked whether the business had ever been legally
4 compliant with the TSR.

5 But Lakes was not credible in many of his statements. That was particularly the case
6 with respect to his answers about the subject of accessing credit reports, his knowledge of the
7 Rooms' conduct, and several other topics, including his general knowledge of the TSR. As
8 detailed elsewhere in this report, contemporaneous evidence confirmed his direct knowledge and
9 involvement in every respect of ADS's business.¹⁰ Despite admitting he was in charge, Lakes
10 placed the blame on others, particularly his former Chief Legal Officer, for ADS's lack of
11 compliance and pointed to others in the company for substantive explanations.¹¹

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

13 The Receivership Entities deployed a suite of electronic services common to
14 telemarketing operations: Outlook for email, OneDrive for document storage, and Teams
15 chat messaging; Zoho for the customer relationship management ("CRM") database;
16 Dialpad for telephone systems and call data management; QuickBooks for accounting; as
17 many as seven different merchant processing companies to process credit card charges;
18 and Payday HCM for payroll.

19
20 ¹⁰ In contrast to Reaney and Knechtel, we found Lakes not credible. He claimed not to
21 understand the legal landscape in which he operated his companies for the last five plus
22 years. This included a claim that he did not know the TSR restrictions and prohibition
23 against advance fees until sometime in 2024 (and he blamed his previous company
24 lawyer). He also claimed a lack of memory in response to many questions. The answers
25 he did provide were often in sharp contrast to the company documents we reviewed.

26 ¹¹ For example, when asked whether ADS had escrow accounts, he initially attempted to
27 rely on Knechtel's efforts to obtain escrow accounts from Global in 2025, but he
28 ultimately admitted that ADS never established escrow accounts with Global and
ultimately agreed that there was never an escrow account at ADS. He said that ADS had
a "savings account" that they "called our escrow account," but agreed that it was not an
"escrow account." When asked why the ADS consumer contract contained an escrow
claim, he said that he did not know why that was the case and did not have a "complete
understanding" of that, and he did not "want to assume or speculate as to what the answer
might be." Despite agreeing that he was the ultimate decisionmaker for ADS and its
100% owner, he directed us to his customer sales team for that answer. He nevertheless
agreed with the statement that he was involved in every aspect of the business.

1 While at Jeff Lakes's home, Knechtel coordinated a call with Jason Lakes, the
2 ADS Chief Information Officer. Jason Lakes provided us and an FTC digital forensics
3 team member with administrator credentials for all of ADS's data platforms and provided
4 instructions for securing the sites by disabling employee access. While there was no
5 physical office to secure and inspect, these electronic services constituted a full-service
6 office, which has given us visibility into operations.

7 As noted above, we also secured laptops and cell phones from the Individual
8 Defendants and, in coordination with our digital forensics vendor, FTC's digital forensics
9 team obtained forensic images of them.

10 **C. Notice to Consumers**

11 We updated the ADS telephone voicemail message to alert consumers about the
12 FTC action and entry of the TRO. The message also notes that consumers can get more
13 information at the Receiver's website: <https://regulatoryresolutions.com/>.

14 We contacted GoDaddy, the domain host, to gain control of the ADS websites, but
15 the company has not yet responded. We also requested Defendants provide the website
16 credentials so that we may place a consumer notice on the websites to alert consumers to
17 the existence of the FTC action and the TRO. Once we have the credentials, we will
18 modify the websites and provide a link to further information about the FTC action:
19 [https://regulatoryresolutions.com/case/federal-trade-commission-v-accelerated-debt-](https://regulatoryresolutions.com/case/federal-trade-commission-v-accelerated-debt-settlement-inc-et-al-accelerated-debt-settlement-receivership/)
20 [settlement-inc-et-al-accelerated-debt-settlement-receivership/](https://regulatoryresolutions.com/case/federal-trade-commission-v-accelerated-debt-settlement-inc-et-al-accelerated-debt-settlement-receivership/).

21 **D. Additional Receivership Entities**

22 TRO Definition K defines Receivership Entities as "the Corporate Defendants as
23 well as any other entity that has conducted any business related to Defendants' marketing
24 of Debt Relief Services, including receipt of Assets derived from any activity that is the
25 subject of the Complaint in this matter, and that the Receiver determines is controlled or
26 owned by any Defendant." TRO § Section XII.V provides that the Receiver notify a
27 nonparty entity identified as a Receivership Entity and inform the entity that it can
28 challenge the Receiver's determination by filing a motion with the Court.

1 At this point, we have identified Clear Bridge Company, LLC and Bright Day
2 Services, LLC as recently established companies “owned” by an ADS employee, but
3 controlled by Lakes, as additional Receivership Entities.

4 III.

5 ASSETS AND LIABILITIES OF RECEIVERSHIP ENTITIES

6 A. Financial Accounts of Receivership Entities

7 Beginning July 16, 2025, my team served the TRO on banks and other financial
8 institutions where Receivership Entities and/or Individual Defendants were known to
9 have accounts. The following Receivership Entities’ accounts with positive balances
10 have been frozen:

11 Account Name	12 Financial Institution	13 Account No.	14 Balance Frozen
15 Accelerated Debt Settlement Inc. d/b/a solve8552877481	Axiom Bank / Maverick Bankcard	1158	\$495,589.17
16 Accelerated Debt Settlement Inc.	Wells Fargo	4226	\$44,017.22
17 ADS Resolve LLC	Avidia Bank / Pycosmos		\$150,000.00
18 ADS Resolve LLC dba ADS Resolve	FFB Bank / Maverick Bankcard	9574	\$267,810.67
19 Financial Solutions Group LLC d/b/a Consult8552874310	Axiom Bank / Maverick Bankcard	2105	\$327,595.50
20 Financial Solutions Group LLC	BMO	3871	\$105,348.92
21 MediaWerks	Chase	7375	\$132,145.75
22 Resolution Specialists LLC	Chase	2677	\$12,418.56
23 Unified Capital Services LLC	Avidia Bank / Maverick Bankcard	6324	\$154,832.98
24 Unified Capital Services LLC	BMO	7204	\$2,313.13
25 TOTAL			\$1,692,071.90

26 B. Other Assets

27 We observed outstanding third-party loans and automobiles listed on company
28 financial statements. In his interview, Lakes’s memory was hazy when asked details
about assets potentially owned by Receivership Entities, including whether loans were
outstanding, whether he owned vehicles through corporate entities, and whether he had

1 made charitable contributions from Receivership Entities. He also stated that he typically
 2 had made charitable contributions on a personal basis and could not remember the details
 3 when asked about several hundred thousands of dollars in charitable contributions
 4 (apparently to a charity he controls) from Receivership Entities. We intend to follow-up
 5 on these and other matters relating to Receivership Entities' assets.

6 C. Liabilities

7 Our financial review is ongoing, but our Accountant's Report, **Exhibit 1**, indicates
 8 current and long-term liabilities of \$8.2 million.

9 D. Accounting

10 Our forensic accountant, Lisa Jones, has conducted a preliminary review of
 11 available financial records of Receivership Entities, primarily QuickBooks Online. Her
 12 Accountant's Report is **Exhibit 1**. This report is based on a review of Defendants' own
 13 internal records – we have not conducted any sort of technical audit – hence our review
 14 and this report are preliminary, but they provide an indication of financial activity. We
 15 provide an overview here.

16 For the period February 2022 through July 2025, Defendants' records reveal a
 17 debt relief services enterprise with \$108 million in net sales, but consolidated net income
 18 of only \$5.1 million.

19 1. Sales of Debt Relief Services

20 For the period February 2022 through July 14, 2025, aggregate "sales" of debt
 21 relief services by the four consumer-facing Receivership Entities (ADS, ADS Resolve,
 22 FSG, and UCS) were \$121 million gross and \$108 million net of refunds and
 23 chargebacks.

Entity	Sales	Chargebacks and Refunds	Net Sales
Accelerated Debt Settlement	21,122,872.29	(1,862,729.58)	19,260,142.71
ADS Resolve	4,940,982.07	(541,161.71)	4,399,820.36
Financial Solutions Group	91,667,676.80	(10,809,235.10)	80,858,441.70
Unified Capital	3,447,442.92	(193,393.99)	3,254,048.93
	<u>121,178,974.08</u>	<u>(13,406,520.38)</u>	<u>107,772,453.70</u>

1 before such service is fully performed.” This reflects the TSR’s prohibition of upfront
2 fees at 16 C.F.R. Part 310.4(a)(5)(i).¹²

3 Our review indicates that advance fees have been an essential part of this business
4 for the life of its operation. This has been confirmed by multiple sources, including
5 interviews with ADS employees, management, the Individual Defendants, and extensive
6 reviews of the company’s data sources: Outlook, Teams chats, Zoho CRM, and Dialpad.

7 The ADS business is expressly based on advance non-refundable fees from
8 consumers, which are almost immediately split with the Rooms. Consumer payments for
9 debt relief services are collected long before completion of any debt settlement and
10 months before debt negotiators even began settlement efforts.

11 The entire amount of the fees is taken upfront and is often charged on multiple
12 credits cards. After agreements are electronically signed, consumers are transferred to
13 “Order Verification Agents” (“OV Agents”), who then process the card charges while the
14 consumer remains on the line. We also observed extraordinary efforts to salvage any
15 declined charges. If OV Agents are unable to clear declined transactions, they are
16 instructed to send consumers back to the sales agents for three more attempts to clear the
17 decline and to schedule call backs if a “consumer is tired” or “needs to get another
18 payment card.”

19 The Fees section in the standard ADS contract labels the fee “NON-
20 REFUNDABLE,” but it also includes the contradictory misrepresentation that fees “will
21 be placed in escrow until such time as the Charge is earned by the Company.”¹³

22 **Exhibit 2.** In recorded calls we reviewed, ADS customer service agents rigorously

23 _____
24 ¹² For a discussion of the TSR and its escrow exception to the prohibition on advance
25 fees, *see generally* “Debt Relief Services & the Telemarketing Sales Rule: A Guide for
Business | Federal Trade Commission,” *available at* [https://www.ftc.gov/business-
guidance/resources/debt-relief-services-telemarketing-sales-rule-guide-business](https://www.ftc.gov/business-guidance/resources/debt-relief-services-telemarketing-sales-rule-guide-business).

26 ¹³ The Contract also includes this language: “WARNING: DO NOT SIGN THIS
27 AGREEMENT UNLESS YOU WANT THE SERVICES OF THE COMPANY. YOU
28 ARE NOT ENTITLED TO A REFUND ONCE PAYMENT HAS BEEN MADE. All
fees collected will be distributed to the company once all accounts have been presented to
the client in the form of s settlement offer.” *Id.*

1 enforced the non-refundable policy to unhappy customers when they sought refunds, as
2 discussed more fully below. *See generally, infra*, Section IV.F.1.

3 The references to escrow accounts appear aimed at the TSR's safe harbor escrow
4 for unlawful advance fees, but to qualify the escrow account must be dedicated to an
5 individual customer with tight limitations that the consumer controls the funds.¹⁴

6 There is no such TSR-compliant escrow in this business. We have also seen a line
7 item in each customer record in the Zoho CRM referencing an escrow account, but there
8 is no such thing.

9 CFO Elizabeth Reaney confirmed to us she was unaware at any time of any
10 escrow account at ADS or a related entity.

11 CLO Robert Knechtel also acknowledged to us that ADS consumers paid advance
12 fees, which were not paid into individual TSR-compliant escrows. He indicated that he
13 had been attempting to get such an escrow procedure in place through Global Holdings
14 LLC, but this was still a project in transition.

15
16 _____
17 ¹⁴ Under the TSR, the conditions for a debt settlement company like ADS to satisfy the
18 escrow exception are quite burdensome. A consumer's funds must be paid into a
dedicated account meeting the following requirements:

- 19 • the account must be held at an insured financial institution;
- 20 • each customer must own and control the funds (including accrued interest) and can
withdraw the funds at any time;
- 21 • the company administering the account must be entirely independent from, have
22 no affiliation with, and cannot split fees with the debt settlement company; and
- 23 • the customer must be permitted to stop working with the debt settlement company
24 at any time without penalty, and if the customer ends the relationship, the money
in the dedicated account must be returned to the customer within 7 business days
after taking any earned fees.

25 *See* 16 C.F.R. Part 310.4(a)(5)(ii).

26 The rule requires that the debt settlement company cannot touch any customer's funds
27 until it has renegotiated, settled, reduced, or otherwise changed the terms of at least one
28 of the customer's debts in compliance with all of the TSR's requirements. (The company
administering the dedicated customer account may charge a reasonable administrative
fee).

1 CEO Lakes also admitted that ADS paid advance fees, and there was never an
2 escrow account in place during ADS's entire existence. He said that ADS had a savings
3 account that it called "an escrow account" but agreed that there was never in fact an
4 actual legally-compliant escrow account.

5 In short, there has *never* been a TSR-compliant escrow in place. Every consumer
6 sale by ADS has violated the TSR.

7 **B. The Call Rooms in Pakistan**

8 Based on our review and interviews with Verification Department employees, we
9 have confirmed the basic contours of the initial sales process. The "scare" portion of the
10 ADS sales process is administered by the Rooms – three Pakistan-based telemarketing
11 operations (One Ten, Credos, and Conexion).

12 1. Use of Unlawful Credit Reports

13 The Rooms' scare tactics were made possible by access to the credit reports of
14 consumers to be targeted. These reports were, in effect, the initial sales leads.

15 The rampant use of spoofing and impersonating banks, credit reporting agencies,
16 and federal agencies by the Rooms was made credible to consumers because the
17 telemarketers were armed with sensitive consumer data contained in those credit reports –
18 full SSNs and credit card numbers, along with precise account balances.

19 Not only were credit reports the crucial component of the fraudulent sales activity,
20 their acquisition was also fraudulent and unlawful. Debt relief services are not permitted
21 to obtain consumer credit reports without consumer consent.¹⁵ Lakes appears to have
22 circumvented this prohibition by falsely claiming ADS was providing mortgage lending
23 services to clients.¹⁶ He coordinated with a Victor Van Vickery to purchase credit

24 ¹⁵ The acquisition of consumer credit reports is limited to permitted purposes under the
25 Fair Credit Reporting Act ("FCRA"). Offering debt settlement services, which is the
26 only business of ADS, is not a permitted purpose under the FCRA. *See* 15 U.S.C.
§ 1681b(f).

27 ¹⁶ Permissible purposes under the FRCA include obtaining a consumer report without a
28 consumer's consent for purposes of making "a firm offer of credit." 15 U.S.C.
§ 1681a(1). Lakes went so far as to enter into a "Lender Relationship Contract" in late
2022 with a mortgage broker which claimed: "[ADS] has clients in need of a mortgage or
refinancing of an existing mortgage...[ADS] needs to obtain credit reports to determine if

1 reports, which were invoiced to ADS by two LLCs associated with Vickery – Grandslam
2 Network Group and Alliance Advisors.¹⁷

3 The Alliance/Grandslam invoices for consumer credit reports – generally ordered
4 tens of thousands at a time – were sent to both Lakes and DJ Jawed, the co-founder and
5 COO of the largest Pakistani Room (One Ten). Our review of bank records shows \$2.9
6 million paid by ADS to Alliance/Grandslam in the two years between March 2023 and
7 March 2025. See Sample of Alliance/Grandslam invoices, attached as **Exhibit 4**. As
8 confirmed by CFO Reaney, the invoices were paid by ADS, but the entire costs were then
9 passed through to the Rooms.

10 In his July 23 interview with us, Lakes provided confusing and evasive answers
11 regarding his knowledge of and involvement in providing credit reports to One Ten. He
12 denied that he ever purchased credit reports that were provided to One Ten, but offered
13 no credible explanation for his continued payment of large invoices for purchasing
14 “credit data” from Vickery. His answers were contradicted by evidence we reviewed,
15 which confirms his direct role in purchasing and accessing credit reports. See **Exhibit 5**.
16 Lakes grudgingly admitted knowing that the Rooms have access to credit reports for U.S.
17 consumers prior to making their pitches to consumers, but he offered little clarification
18 beyond that.

19 The Rooms had the freedom to directly order and access consumer credit reports,
20 without any ADS involvement, using ADS’s account.¹⁸

21 _____
22 [ADS’s] Clients have the ability to obtain a mortgage or a refinancing of an existing
23 mortgage.” See **Exhibit 3**. We confirmed with the mortgage broker that ADS never sent
24 a single lead to the mortgage broker in two and one-half years. Lakes conceded the same.

25 ¹⁷ During the time Lakes was doing business with Vickery, Vickery was facing federal
26 health care fraud charges. In March 2024, Vickery pleaded guilty to conspiracy to
27 commit health care fraud and began in April 2025 serving an 87-month sentence. See
28 *United States v. Vickery*, Case No. 9:23-cr-80140-RLR, Dkt. No. 59 (S.D. Fla Mar. 4,
2024). Vickery’s incarceration did not stop the flow of credit reports.

¹⁸ Based on chats between Lakes and the Rooms in Teams, it is clear that the Rooms had
carte blanche to make mass orders of credit reports using the ADS account without ADS
involvement. See **Exhibit 6**. It also appears that Lakes and Jawed were mindful that One
Ten’s direct access to credit reports posed issues because One Ten was based in Pakistan.
In June of 2025, Lakes specifically discussed with Jawed the fact that Experian knew

1 2. Misrepresentations Aimed at Scaring Consumers

2 The outbound Room telemarketers, using spoofed telephone numbers of banks and
3 pseudonyms like Trevor or Stephen, deviously scare targeted consumers, who were often
4 senior citizens, to believe something was amiss with their accounts. After doing so, they
5 then offered ADS as a debt relief solution. They impersonated the consumer's credit card
6 company or bank, falsely asserted that their accounts had been flagged for fraudulent
7 activity, then impersonated the government or their credit reporting agency to cement the
8 scare and direct them to ADS.

9 While we do not have the actual recordings of the Rooms' outbound calls to
10 consumers, we have confirmed the basic contents of the Rooms' scare tactics through a
11 myriad of company sources.¹⁹ As discussed throughout this report, there is substantial
12 evidence confirming large scale misrepresentations and deception, which led to a deluge
13 of consumer complaints, a consistently high rate of credit card chargebacks, and refunds
14 that were largely provided in the limited circumstances where ADS management viewed
15 the person to be a threat to contact enforcement agencies.

16 3. Jeff Lakes's Role

17 The ADS business had many component parts, but Defendant Jeff Lakes was the
18 master overseer. He designed and oversaw every aspect of the business; his knowledge
19 and oversight even extended to the deception and illegal conduct from the Rooms. He
20 received countless complaints from consumers and warnings from employees of the
21 Rooms' fraud over the years. At any time, Lakes could have stopped the fraud by turning
22 off the credit report spigot or terminating the Rooms, but he took no action. Even worse,
23

24 One Ten was based in Pakistan and warned him "dont kid yourself here... I propose we
25 be very careful with credit pull." See **Exhibit 5** at 15.

26 ¹⁹ Those sources include: employee interviews; contemporaneous emails and chats of
27 sales personnel, the Legal Department and CEO Jeff Lakes; daily text conversations (on a
28 Teams chat) and legal memorandum within the Legal Department addressing refund
requests and complaints; call recordings of ADS sales personnel who received leads from
the Rooms and were told by consumers of deceptive conduct by the initial telemarketers;
and information contained in the Zoho CRM database.

1 when his employees attempted to reign in Rooms' fraud in late 2023, Lakes appeared to
2 authorize the Rooms to ramp the fraud back up because it was suppressing revenue.²⁰

3 Later, when three states filed actions against ADS and imposed multi-million-
4 dollar fines, Lakes did not take corrective action, or terminate the Rooms, or terminate
5 operations; instead, he orchestrated the roll out of a fresh new consumer-facing entities,
6 including Unified Capital Services, with CLO Robert Knechtel designated the "owner" to
7 manufacture some distance between Lakes and the business, and Clear Bridge, "owned"
8 by another ADS employee (which launched this month). As recently as June of 2025,
9 Lakes was pressuring One Ten for more leads. Facing mounting legal issues, he texted
10 his 50/50 partner Jawed, urging that more leads were needed to pay increasing legal fees:
11 "When we cant pay the legal fees in the future, the feds will come for all involved. I
12 hope you can pick up the volume or we will both have serious issues to deal with."

13 **Exhibit 5** at 6.

14 4. The Rooms Make the Sales

15 The Rooms' role was to deliver essentially final sales to ADS, 10-30 per day.²¹
16 Before the Rooms were allowed to transfer customers, they were required to send a chat
17 in the Teams group on ADS's platform providing all the particulars of the consumer and
18 the deal terms. The Verification Department would use this information to scrub the
19 consumer internally and through a third-party website and confirm the deal met

20 _____
21 ²⁰ In the Summer and Fall of 2023, there was a flood of fraud reports discussed in ADS
22 Teams chats (which included Lakes) and in emails to Lakes. For example, in September
23 of 2023, the sales manager at the time catalogued a three-week period in September in
24 which he reported roughly 70 bad leads from the Rooms involving the customers being
25 "misled" (he did not use the term "fraud" as Lakes had warned managers not to use that
word). See **Exhibit 7**. While there seems to have been some employee effort to tamp
down the fraud about that time, Lakes was soon concerned these efforts were hurting
revenue, and a short time later, the Rooms were given the "green light to pitch fraud"
according to the sales manager in a Teams Chat which included Lakes. See **Exhibit 10**.
Sales managers also referenced the approval in later Teams Chats.

26 ²¹ Although ADS refers to them as "leads," by the time the Rooms passed off a consumer
27 all the deal terms, including the amount of customer fees, were essentially final with one
28 caveat. If a forwarded deal was too small or if the amount of fees fell below a 30% of the
total debt, then ADS management had to agree to the fees before the customer call could
be taken.

1 established ADS parameters. Only after Verification had done its diligence about the
2 consumer and the deal would the Rooms be allowed to transfer the call. Verification
3 would then spend 3-5 minutes with the customer following a script and complying with
4 ADS SOPs. *See Exhibit 11.*

5 5. ADS Sales Process

6 When Verification transfers the customer to sales, one of the first things that the
7 sales agent does is read a script disclaiming any affiliation with the Room that had
8 transferred the customer in by emphasizing “that we have no affiliations with the
9 previous agents. They are part of a third-party marketing agency that provides
10 information about clients facing significant debt and high interest rates...” **Exhibit 12.**
11 Our review of calls in Dialpad for July 2025 confirms that sales agents were delivering
12 this non-affiliation disclaimer.

13 Despite efforts to portray the Rooms as mere third-party vendors, the Rooms are
14 an extension of the ADS team. All three were integrated into the IT backbone of ADS
15 and each had “rooms” in the ADS Teams platform which allowed them to chat directly
16 with ADS employees. They also had the ability to transfer data and documents via a link
17 into ADS’s CRM.

18 As CFO, Reaney understood the flow of funds to the Rooms. She confirmed that
19 50% of the fees generated by consumer sales were sent to the Rooms within a week,
20 reduced by setoffs for chargebacks, credit reports acquisition costs, refunds, and fines.
21 She recently booked a liability for an anticipated \$4 million settlement with Ohio, half of
22 which would be charged to the Rooms.

23 At the end of the sales process, the customer electronically signs a debt relief
24 agreement with the sales agent on the phone. The customer is transferred back to
25 Verification, which confirms the terms of the sale and instructs the Processing
26 Department to process the consumer’s credit card(s), which the Rooms had uploaded into
27 Zoho.

28

1 6. Customer Complaints

2 Our review revealed a continuous stream of customer complaints and cancellation
3 requests. *See* Sample of Customer Complaints, attached at **Exhibit 8**. ADS employees
4 and managers also constantly reported instances of fraud by the Rooms, which were
5 sometimes forwarded to the Rooms in ADS chats. *See* Sample of Employee and
6 Manager Reports, attached at **Exhibit 9**. The fraud reports were so incessant that Lakes
7 forbade managers from using the term “fraud” in any context, even suggesting they use
8 “lied, misled or were not truthful” in notes and communications, but not “fraud.” *See*
9 **Exhibit 13**.

10 In 2024, at the same time the company was entering a Consent Agreement with
11 the State of Minnesota, CLO Knechtel conducted a review of consumer complaints and
12 authored a Memorandum in October 2024 to management titled “Consumer Complaints –
13 Root Causes Analysis.” *See* **Exhibit 14**. Knechtel identified third-party lead generators
14 as the source of most consumer complaints and was recommending that ADS comply
15 with the law and find new lead sources. Key excerpts of that Memorandum include:

- 16 • “The misleading sales call tactics include spoofing (fake caller ID),
17 representation that the caller is from a bank or credit card company, false
18 information regarding loans and loan eligibility, veteran’s programs, and, most
19 egregious, false representation that the caller is from a government agency
20 (FTC)”;
- 21 • “Each of these tactics not only violates our Company policies but also the
22 Telephone [sic] Sales Rule (TSR)”;
- 23 • “These tactics have resulted in the Company having to issue excessive refunds
24 and, importantly, restitution and disgorgement of profits to state Attorneys
25 General. To date (in 2024), the Company is liable for over \$1.6 million in
26 restitution and disgorgement costs with 12 actions ongoing”; and
- 27 • “To better serve our customers and burnish the Company’s reputation and
28 profitability, it is imperative that we get a handle on the misleading initial sales
call activities in terms of compliance and costs.”

See id.; *see also* Examples of Customer Cancellation Reviews, attached at **Exhibit 15**.

1 **C. The ADS Enrollment**

2 Beyond the Rooms’ fraud, the ADS sales and enrollment process included
3 additional deceptions about the debt relief services and their impact on the consumers.

4 Three primary deceptions are in the standard sales script. *See Exhibit 12:*

5 1. Negative impact on credit is temporary.²²

6 To assuage consumers with good credit scores skeptical of a program that
7 recommended nonpayment of current debts, the pitch was simple – your scores will
8 quickly recover once all debts are settled. But our review of ADS Customer Satisfaction
9 Surveys revealed that was not the case:

- 10 • “I had a very good credit score before coming in contact with your company. I
11 am highly disappointed that my personal information was used to lure me into
12 your company. Now I go into a situation where my score has dropped below
600 after being at 800 plus. I feel this deception has set me back so far.”;
- 13 • “My experience with your company has been nothing but a bad dream.
14 Starting with the woman who contacted me, who lied to us, telling us it would
be 5,6 months before we would start making payments, to reduce our debt, and
15 it took almost a year to start to make payments, my credit score went from
800+ to just over 600. My credit score has only increased by a few points
16 since we were told it would take a year to improve. So, you ask me about my
experience with your company. Need I say more?”;
- 17 • “My credit score has dropped by 300 points since joining your program. What
18 a mistake I think joining this program is. I will NEVER refer this debt solution
company to anyone I know, friend or foe.”; and
- 19 • “Credit score dipped to low 500s, not just 50 points like someone had told me.
I hope I can recover from this.”

20 *See Exhibit 16.*

21
22
23
24
25

26 ²² The script assures consumers that “enrolling in the program [which includes cessation
27 of all payments on current debt] may have a temporary negative impact on your credit
28 score. However, upon completion of the program, you will witness an improvement in
your credit score as the reduced debt amount will positively contribute to your overall
creditworthiness.” **Exhibit 12.**

1 2. Fees will be added to enrolled debt and placed in an escrow.²³

2 This pitch was aimed at countering sticker shock at the high fees with some
3 suggestion that the consumer would never have to actually pay the fees. During the calls,
4 ADS sales agents glossed over the thousands of dollars of non-refundable fees and
5 focused on the supposed massive savings to be realized by enrolling their debts, including
6 the new debts ADS had just added, in the program.²⁴

7 3. Debts will be reduced to a fraction.

8 ADS claims that it will “work with your creditors to negotiate the debt down to a
9 fraction of what you owe.” **Exhibit 12.** This pitch was hollow from the outset as
10 confirmed by the Zoho database and consumer complaints indicating material reductions
11 were not predictable or regular.

12 **D. Inbound Telemarketing**

13 The Rooms were the primary, indeed almost the sole, generators of sales driven to
14 ADS for debt settlement services. Information from the Zoho CRM and review of emails
15 suggest that a small percentage of leads were derived from inbound telemarketing
16 including direct mail, radio ads, and social media/internet. A review of Lakes’ emails
17 suggests that he was attempting to diversify this source of the leads.

18 ADS’s need for the Rooms’ sales was overwhelming.²⁵ In a CFO Executive
19 Summary from September 2024, the only leads identified resulting in sales were derived
20 from the Rooms. One Ten accounted for 57% of total revenue for the month; the Room
21 generated 541 leads in September 2024, generating \$2.289 million in sales (called
22 “capped dollars”); in October 2024, One Ten generated \$2.948 million. **Exhibit 17.** We

23 ²³ ADS claims, “Our service fee will be added to the balance of the enrolled debt ... All
24 fees collected are put into an escrow account and are released when a settlement is
presented to you.” **Exhibit 12.**

25 ²⁴ As discussed earlier, the fees were immediately disbursed out to ADS and then split
26 with the rooms, not placed in any escrow. The escrow misrepresentation has been
debunked as fabrication.

27 ²⁵ Despite with widespread Room fraud, ADS sales managers and Lakes constantly
28 badgered the Rooms in the Teams chat to deliver more leads. The new COO, Brian
Canaday, has been particularly aggressive with the rooms.

1 have seen no evidence that a lead source other than the Rooms was even a modest
2 generator of ADS's revenues.

3 **E. Debt Negotiation Services**

4 Based on our review and an interview with Jamie Crowley, the Manager of
5 Negotiations, we have confirmed that Receivership Entities did perform some level of
6 Debt Relief services. However, we have not yet been able to analyze the data to
7 determine the value, if any, to consumers of this department.

8 Crowley manages a team of nine, all based in the Baltimore area. Prior to layoffs
9 in the Spring of 2025, that team was 30 (customer service, negotiators, and managers).
10 She indicated that her department had minimal interaction with sales. Once the sale was
11 completed, the customer was assigned a Debt Negotiator who remained assigned for the
12 life cycle of the process (but took no action for 120 days minimum). Negotiators carried
13 roughly 300 customers. She estimated that the current universe of customers is 5,000
14 customers, each with 2 to 3 debts.

15 The department's goal is to have all debts in settlement within 12 to 14 months,
16 but that does not include the payment period, which could extend to 36 months. The debt
17 negotiation contract permits ADS to settle a debt without the customer's approval.

18 Negotiators are incentivized to settle. They are paid straight commission at a
19 sliding scale of \$38 per settlement (1-15 settlements), \$48 (16-30 settlements), and \$62
20 (more than 30). Crowley indicated that she reviews all settlements before final
21 submission and audits negotiator calls with customers. Calls are also monitored by
22 Quality Assurance. When settlements are reached, settlement documents are uploaded to
23 Zoho and forwarded to the customers.

24 Crowley relayed her understanding that customer fees went to an escrow and were
25 not paid until settlement and noted that Zoho even had a line item for escrow. She
26 claimed surprise, even "shock," to learn there was no escrow.

27
28

1 **F. Refunds and Chargebacks**

2 1. ADS's No Refunds Policy

3 ADS had a "Retention Department" – once a consumer refund request reached it,
4 the goal was to retain the deal and enforce a general no refund policy. ADS personnel
5 regularly attempted to convince consumers not to cancel. *See* Sample of Employee
6 Report, attached as **Exhibit 18**. We reviewed numerous calls with frustrated and often
7 angry consumers where ADS employees held firm on the "non-refundable" policy – even
8 if consumers were reporting fraud by the Rooms in the initial sales process. ADS
9 employees regularly distanced themselves from the supposed "non-affiliate" Rooms and
10 routinely expressed empathy for the consumers victimized by their fraud and catalogued
11 the fictitious names of the Room telemarketers, assuring the consumers it would be
12 reported up the chain. *See, e.g., Exhibit 13* at 3-4. Nevertheless, the ADS agents
13 remained firm in refusing refunds, routinely highlighting the customer's agreement in the
14 contract that the fees were "non-refundable."²⁶ *See also Exhibit 18*. Defendants'
15 QuickBooks records do indicate that some level of refunds were granted. Those records
16 show refunds recorded for the four sales entities totaled \$3.5 million. *See Exhibit 1*,
17 Accountant's Report.

18 2. Regulatory Risk Refunds

19 The refund policy in place in 2024 directed that "automatic refunds" would be
20 "considered" in five categories of regulatory risk with response timelines tied to the
21 severity of the threat: Threatened Legal Action; Involvement of State Attorney General or
22 other Government Agency; BBB Complaints; Police/Law Enforcement Involvement;
23 Failure to Identify Cross Collateralization/Secured Debt/Prior POA. *See Exhibit 19*.

24 We identified multiple examples of regulatory risk refunds, including:
25

26 ²⁶ As examples, we heard on one call an ADS employee tell a consumer that ADS was
27 considered "a non-cooling off period company." In another call, after the client had
28 reported signing the contract "under duress" after being the victim of fraudulent spoofing,
the ADS employee refused to provide a refund despite repeated requests by the consumer
and her husband to do so.

- 1 • Refund to a consumer threatening FTC action was approved with the note “if we act quickly, [we can] eliminate a viable threat to the company.” **Exhibit 20**.
- 2 • The Sales Manager sent “Client Refund Assessments” to senior management. One report recommended refund because the consumer who spoken with the FTC and was threatening to contact the NY AG “was not able to be saved.” *Id.*
- 3 • Refund was deemed “warranted to avoid having her [consumer] make good on her threats to file complaints with AG and FTC.” *Id.*

4
5
6 Regulatory risk was not always enough to compel refund, however – in November
7 2023, CEO Jeff Lakes denied such a refund because of “we are bleeding money on CB’s,
8 auto refunds and refunds of this nature.” **Exhibit 21**.

9 We also found evidence that Sales Agents were instructed in May 2025 to avoid
10 enrolling consumers employed in law enforcement or government oversight roles as a
11 way to “proactively avoid disputes, chargebacks or regulatory scrutiny.” The vehicle for
12 this avoidance was to require consumers to identify their line of work.

13 3. Chargeback Activity

14 Credit card chargebacks by consumers were a major concern and were closely
15 monitored by senior management, including Lakes. All chargebacks were tracked on a
16 monthly basis and tied to both the ADS sales agents and the Room associated with the
17 underlying sale.

18 Chargeback rates were regularly high. The September 2024 Executive Summary
19 prepared by CFO Reaney reported chargebacks for September 2024 at 18% totaling more
20 than \$269,000. One Ten was specifically identified as the room with the “majority of
21 chargebacks,” which Reaney noted was “to be expected, as they are the primary driver of
22 lead volume...” **Exhibit 17**. Defendants’ QuickBooks reports for the four sales entities
23 show chargebacks totaling \$9.9 million. *See Exhibit 1*, Accountant’s Report.

24 In February of 2025, CEO Lakes forwarded a recent “Chargeback Reduction Plan”
25 imposed on ADS by one of the payment processors with an e-mail regarding “Our
26 [C]hargeback Problem” to senior leadership (CFO Rainey, CLO Knechtel, President
27 Felix Jimenez, COO Brian Canaday, and CTO Jason Lakes), stating:

28 It is time to ask you to pull back the curtain on chargebacks. Everyone on
this email can help in some way if need it. If you look at the mid specific

1 view most of these chargebacks are under 40 days from cap date. What is
2 the reason these are happening? Don't trust the CAs to give you answers it
3 is always the Rooms fault. I am not totally disagreeing with the comment
4 but there are things we can control that need attention, I am sure. We were
5 asked to for the 3rd time this month to provide a Chargeback Remediation
6 Plan today. We must understand all the reasons and address each one to
7 lower the CB% by 50%. The below plan is to appease the merchant
8 processor banks. If this continues, we will lose merchant accounts, so this
9 is an all-hands-on deck scenario. Lets have an C Suite review on March
10 4th, I look forward to seeing your findings.

11 *See Exhibit 22.*

12 At Lakes's direction, ADS resorted to another fraud to artificially reduce high
13 chargeback rates and combat their "chargeback problem." CFO Reaney confirmed that
14 ADS engaged in a practice of running fictitious credit card transactions, which they
15 referred to as "Friendlies." Reaney would periodically instruct a confederate at Trinity
16 Processing to run these fictitious charges. ADS would purchase Visa and Master gift
17 cards through Trinity and then Trinity would run charges against ADS's merchant
18 accounts using the gift cards. This resulted in a huge number of credit card transactions
19 processing through ADS's merchant accounts and had the effect of reducing the
20 percentage of chargebacks in the accounts.²⁷ In the course of two years, ADS ran
21 100,000 of these Friendly transactions through their accounts. Of course, this fraudulent
22 practice violates the processing agreements ADS had with its merchant processors. *See*
23 *also* Accountant's Report, **Exhibit 1**.

24 **G. Can ADS Be Operated Legally and Profitably?**

25 From any perspective, ADS is not a lawful business that could be brought into
26 compliance with the TRO without the infusion of substantial new capital, a termination of
27 the partnership with the Rooms, and a new business plan projecting uncertain profits.
28 Based on his commitment to unlawful practices we have found in our review, we have
grave doubts as to Lakes's ability to lawfully operate a lawful debt relief business.

Taking advance fees renders the business unlawful even if the other TRO
violations could be cured. The advance fee violation is, in theory, curable by

²⁷ A high chargeback ratio will result in remediation plans, reduction in processing ability, or termination.

1 implementation of a proper TSR-compliant escrow or contingency arrangement where
2 fees are only collected after successful settlement. But these procedures would materially
3 alter the cash flow dynamics of the business by removing immediate collection of fees,
4 actually delaying collection by months and years. Such a procedure would also
5 materially disrupt the arrangements with the Rooms, which are paid 50% of fees
6 collected within one week.


7 Sales leads are dependent on the unlawful procurement of consumer credit reports.
8 Without these leads – and the consumer information to fuel the scare misrepresentations
9 – the universe of potential customers would be materially compromised. Implementation
10 of an alternative, and lawful, lead generation program would be a major challenge with
11 unpredictable results.

12 Consumers are driven to ADS by devious misrepresentations of fraudulent activity
13 in their accounts, made credible by unlawful access to credit reports, and the
14 impersonation of banks, card companies, government agencies, and credit reporting
15 agencies. These consumers are then enrolled in a debt relief program premised on more
16 misrepresentations about big debt reduction, short-term impact on their credit, and fees
17 being rolled into settled debt and kept in an escrow account. The introduction of a
18 compliant and lawful sales process – as well as the dismantling of the current unlawful
19 process – is not tenable.

20 I must conclude that this business cannot be operated legally and profitably in the
21 context of this receivership. I have therefore suspended operations.

22

23 Dated: July 24, 2025

By: 
Thomas W. McNamara
Temporary Receiver

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