GREGORY A. ASHE (VA Bar No. 39131)
BENJAMIN R. CADY (NY Bar No. 5133582)
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, DC 20850
Telephone: 202-326-3719 (Ashe)
Telephone: 202-326-2939 (Cady)
Email: gashe@ftc.gov, bcady@ftc.gov

Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Federal Trade Commission, Plaintiff, V. **Credit Glory LLC**, *et al.*, Defendants.	Case No. 2:26-cv-05387-SPL **FTC'S SUPPLEMENTAL BRIEF IN SUPPORT OF ITS MOTION FOR ISSUANCE OF A PRELIMINARY INJUNCTION**

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I. INTRODUCTION

Plaintiff, the Federal Trade Commission ("FTC"), submits this supplemental brief in support of its motion for preliminary injunction.[1] The FTC brought this action to halt a massive credit repair scam that has stolen almost $200 million from consumers nationwide. The FTC has already shown in its memorandum in support of a TRO ("TRO Memo") (ECF No. 17) and accompanying exhibits (ECF Nos. 5 – 10-3) that it is likely to succeed in its claims that Defendants have violated the FTC Act, the Credit Repair Organizations Act ("CROA"), the FTC's Telemarketing Sales Rule ("TSR"), the Gramm-Leach-Bliley Act ("GLB Act"), the Restore Online Shoppers' Confidence Act ("ROSCA"), the Electronic Fund Transfer Act ("EFTA"), and Regulation E.

As an initial matter, the FTC notes that Brola, Emery, and Petkovic have not filed any opposition. (*See* ECF No. 30 at 2 (these three Defendants are not in the list of those submitting their opposition); ECF No. 34 (making express that these three "were not party to such filings").) Accordingly, pursuant to Section XXVII.E of the TRO (ECF No. 18 at 42), the Court can "deem such failure as consent to granting the motion." *See also* LRCiv 7.2(i). And the FTC respectfully requests that the Court do so.[2]

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[1] The Court considered the FTC's motion for temporary restraining order to be the FTC's motion for preliminary injunction and permitted the FTC to file this supporting brief. (ECF No. 18 at 41, Section XXVII.A.)

[2] The FTC understands that these Defendants intend to challenge personal jurisdiction. The Court need not rule definitively at this stage; entry of a preliminary injunction only requires that the Court find good cause to believe that it will have jurisdiction. In any event, where a federal statute authorizes nationwide or worldwide service of process, a court's exercise of jurisdiction over non-resident defendants depends on the existence of minimum contacts with the United States as a whole, and not the defendant's contacts with the specific forum. *Go-Video, Inc. v. Akai Elec. Co.*, 885 F.2d 1406, 1414-15 (9th Cir. 1989) ("[A] federal statute which permits the service of process beyond the boundaries of the forum state broadens the authorized scope of personal jurisdiction. Under such a statute, 'the question becomes whether the party has sufficient contacts with the United States, not any particular state.'"). Here, the FTC Act contains a nationwide service provision, 15 U.S.C. § 53(b) ("In any suit under this section, process may be served on any person, partnership, or corporation wherever it may be found"). And, as

With respect to the opposing Defendants, additional evidence obtained during the inspection of Defendants' business premises further bolsters the FTC's case. The Receiver's Preliminary Report corroborates the FTC's position that a preliminary injunction should issue and that the receivership and asset freeze should remain in place. (ECF No. 38-1 at 4 ("customers are primarily acquired by deceptively redirecting consumers' internet searches for debt collectors to Defendants' telemarketers, who are instructed and trained not to dispel consumers' impressions they have reached the debt collectors; sales reps aggressively pitch the benefits of enrollment in their credit repair plans to consumers as a better option than paying the debt; unlawful advance fees are collected before credit repair is completed, in violation of applicable law; and consumers are subjected to undisclosed fees, often recurring monthly" and thus "cannot operate legally and profitably").)

Defendants' Opposition uses misguided legal arguments and elevate form over substance in an attempt to obfuscate well-settled FTC law. The remainder is irrelevant or unconvincing factual assertions, and Defendants offer no defense to several of the FTC's claims. In short, the Court should issue the FTC's proposed preliminary injunction.

II. THE FTC HAS MET THE STANDARD FOR ENTRY OF A PRELIMINARY INJUNCTION

As discussed in the TRO Memo, and amply supported by the evidence already on the record and additional evidence obtained after the TRO, Defendants have engaged in unlawful practices related to the marketing and sale of their credit repair services, and preliminary injunctive relief is necessary to prevent ongoing consumer injury.

A. The FTC Has Established a Likelihood of Success on the Merits

The FTC has demonstrated that Defendants:

- falsely represent that they are debt collection entities and creditors to induce consumers to call them (ECF No. 17 at 28-35);

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detailed in the TRO Memo and below, these Defendants led a credit repair scheme directed exclusively to American citizens using American corporate entities and American infrastructure, including banks and merchant processors. Thus, they have more than sufficient contacts with the United States to establish personal jurisdiction.

- falsely promise that they will substantially improve consumers' credit scores by removing negative information (*id*. at 36-52);
- collect illegal advance fees (*id*. at 52-57);
- charge consumers' accounts without obtaining consumers' express informed consent (*id.* at 57-59);
- use contracts that violate CROA (*id.* at 59-61); and
- engage in unlawful negative option marketing, including by failing to disclose material terms before obtaining consumers' billing information and by failing to obtain consumers' express informed consent. (*Id.* at 61-63.)

The FTC has also demonstrated that Defendants engaged in these law violations acting as a common enterprise and, thus, are jointly and severally liable. (*Id*. at 22-23, 70-72.) And the Individual Defendants either participated in, controlled, or had the authority to control these practices and had the requisite degree of knowledge to hold them liable for injunctive and monetary relief. (*Id*. at 19-23, 72-74.) Evidence gathered pursuant to the TRO further corroborates the evidence already submitted by the FTC.

Defendants' argument that the evidence is insufficient to support preliminary relief is belied by the extensive evidence already on the record—including 16 consumer statements (PX05-07) whose experiences are corroborated by a former employee (PX01), telemarketing scripts (PX01 Att. A), a supervisor of a legitimate debt collection entity that Defendants' impersonated (PX02)[3], transcripts of calls with Defendants (PX07 Att. B and Att. C), and detailed documentary evidence relating to Defendants' operations (PX08-09). Add to that post-TRO evidence: training videos and consumer call recordings made by Defendants, statements from two former sales managers, FICO, and the head of ACA International (a major debt collection trade association), internal communications, additional consumer statements, evidence of over 1,800 complaints filed with the FTC

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[3] In their opposition, Defendants misquote the supervisor's declaration not only to imply that her company's experience was in the past (ECF No. 30 at 5 (Defendants quote her as saying "around 2021 or 2022")) but also to impugn her credibility. (*Id*. at 5 n.7 (complaining that Credit Joy could not have been the subject of any complaint because it did not exist until September 2023).) While Defendants quoted her as saying "around 2021 or 2022" her company began seeing evidence of Defendants' mispresentations, they omitted the word "Beginning." (PX02 at 1 ¶ 5 ("*Beginning* around 2021 or 2022, my agents and I *began* receiving communications…") (emphasis added).)

and over 1,600 1-star reviews on TrustPilot, complaints from 10 former employees, and other documentary evidence.

1. Additional Evidence of Defendants' Impersonation Tactics

Additional evidence confirms that Defendants impersonate debt collection entities and creditors. Defendants' own documents corroborate that consumers, after seeing Defendants' Google ads, think they are calling the debt collector or creditor—not Defendants.[4] For example, a recent video Defendants use to train their telemarketers entitled "Customer Mindset" (PX14 at 2 ¶ 7) begins:

> So let's talk about their [the customer's] mindset when they first call. So, this person has Googled the name of a company, obviously a company they're not that familiar with because they had to Google them, right? So, they've heard some way, somehow, they owe XYZ Collection Agency some money. . . . they think they're speaking to a company that wants to take their money or sue them or even garnish their wages.

(*Id*. Att. B at 33) The training narrator instructs the telemarketers to respond to the question "is this the ABC Collections?" with "we actually handle the collections that ABC Collections places on your credit report" and "I can definitely help you with that." (*Id*.; *see also* PX12 Att. A at 7 (rebuttal response).) The training instructor continues:

> Maybe they called and said they just want to check their balance. Absolutely, Mr. Customer, I'm definitely going to be able to help you verify those details. Maybe they called and said that they want to make a payment plan. Absolutely, Mr. Customer, I'm definitely going to be able help you go over your options."

(PX14 Att. B at 33).[5]

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[4] Research by ACA International, a major debt collection trade association, found that Defendants used Google search ads to impersonate over 392 debt collection companies which "lead[] the consumer to falsely believe they are contacting the specific creditor or debt collector they searched for." (PX13 at 2 ¶ 8.)

[5] *See also* ECF No. 38-1 at 179 ("Very important to stick to the call flow and not give away that we're not the CA"), 209 ("The caller many ask 'Who are you?' or assume you're the collection agency. Do not confirm or deny—stay neutral"); PX13 at 2 ¶ 9 (ACA International research found that Defendants "actively obscure their identity. They do not disclose the company name upfront. If directly asked if they are the company the

Moreover, Brola engineered Defendants' phones so that the telemarketers would know which debt collector the consumer thought they were calling. (PX10 at 2-3 ¶ 12.) Indeed, documents provided by Google show that each debt collector for which Defendants were placing ads had its own call number. (PX14 at 6 ¶ 26.) A former employee confirms that as recently as February 2026, a "typical call started with a consumer calling in about an outstanding debt thinking they were calling a debt collector or creditor." (PX12 at 1 ¶ 3.) The purpose of the Defendants' sales script "was to make the consumer believe they were talking to the debt collector or creditor" and that "management and the head coaches" instructed employees to "assume the role of the debt collectors and that we did not want them to know that we are a credit repair organization." (*Id*. ¶ 4.)[6]

In addition, Defendants' recordings further demonstrate how the telemarketers maintain the deception. For example, when one consumer says, "I'm trying to get ahold of Experian to see if they have credit card protection or fraud alerts," the telemarketer does not correct him but launches into "So, you're trying put a fraud alert on your account, sir? Did something happen?" (PX14 Att. C at 38 (page 2:3-8).) After the consumer continues with his story, the telemarketer responds "All right, so I can go ahead and put in a request for that, sir." (*Id*. (page 4:20-21).); *see also* ECF No. 30-5 at 34 ("This company is a scam and the man I dealt with was a liar. He said he was with the company I was calling. He just plain lied to me"); PX14 Att. A at 19 (according to

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consumer intended to call" the telemarketers claim they "work accounts for" the searched company or are "the department that handles things that appear on the credit report").)

[6] Whistle blower complaints filed by former employees agree. (PX14 Att. A at 8 (employee was "not allowed to disclose he works for Credit Sage, and instead, is supposed to imply that he is working for a collection agency"), 10 (Defendants' "primary method of lead generation and sales conversion relies on actively misleading consumers into believing they are speaking with or affiliated with a major legitimate credit bureau"), 15 ("they place their phone number in front of debt collection agencies on google. So when someone wants to call the debt collection company they then call Credit Sage instead"), 17 ("they pay for ads on Google, so when people try to look for the number for the collections agencies, or banks, the ad from credit joy pop up in the first line so customers call them thinking they are calling the collection agency or the bank").)

whistleblower complaint, Defendants required sales reps "to mislead callers into thinking they were contacting their collection agency when, in fact, they were being directed to Credit Sage. This deception was carried out through a highly misleading script put in place by the company's management . . ."), Att. P at 258 ("Called what I thought was LVNV Funding to pay a collection"), 293 ("They will manipulate you into thinking there [sic] your credit card company"), 297 ("I called thinking I was talking to LVNV to settle a debt"), 305 ("I call thinking I was speaking to Portfolio Recovery llc and this company LEAD ME TO BELIEVE that's whom I was speaking to . . . made me believe they were THE COMPANY I CALLED"), 313 ("Called a number that was supposed to be for a company that held a collection on my credit report. Found out 3 months later the number I called was for Credit Sage who had me believe they were the holders of the collection. They took my money and I still had to find and pay the actual holder of the collection"); PX15 at 2 ¶¶ 8, 10 (consumer thought she was talking with AT&T).)[7]

Defendants spill much ink about their compliance procedures. But few, if any, were applied in practice. Three former employees, including two former managers, all state that Defendants' mandates against deception were more honored in the breach. (PX12 at 3 ¶ 18 (former recruiter states "the goal of the interview" was to see if the hiree "was willing to indirectly lie to the customer and assume the position of the debt collector" and that management wanted to gauge recruits "for their morality and if they

[7] Previously, Defendants posted fake rent-to-own housing listings. When consumers would call in, the telemarketers would sell them credit repair services by leading them to believe they needed a higher credit score to qualify for the non-existent properties. (PX10 at 3 ¶ 13; PX14 Att. G at 118 ("So, it's my understanding that you are looking into rent-to-own housing options, correct?"), 119 (" OK so let's talk about your credit here for a second, as this is the first step in home ownership through RTO or a direct mortgage. The point of the Rent to Own program is we work on your credit WHILE you are renting . . . I just want to ensure that you are aware of any negative account reporting that might stand in the way of you getting a house. Also, did you know that NOT ONE penny of those balances has to be paid off in order to get that REMOVED from your credit history? (They love hearing this and it's a huge motivator)"), 120 ("so our main goal here is to put you in a better position in relation to your credit score which should enable you to qualify for better terms and lower interest rates on a RTO in the future").)

were willing to sacrifice it for money. Those that were not able or willing to do that were not hired”), 4 ¶¶ 20-21 (in her role as quality assurance whenever she tried to reprimand a telemarketer for not telling the truth, she “would almost always get pushback from the head coaches” who “would insist that these sales representatives not get reprimands because they had high sales numbers”); PX14 Att. M at 180 (need to review hiring process to avoid “these weirdos that we hire who are lazy, too ethical, or don’t like pivot pitch”); PX14 Att. A at 25 (whistleblower complained, “[Credit Sage and Credit Glory] are credit repair companies, but don’t follow any compliance rules”). Indeed, employees were disciplined for telling the truth. (PX10 at 3 ¶ 16 (manager was fired when she pushed back on Defendant’s deceptive practices); PX12 at 4 ¶¶ 22-23 (manager placed on leave then terminated because her actions to police telemarketers “were losing sales”); PX14 Att. A at 8 (employee terminated after discovered filing a complaint to the FTC about Defendants’ deceptive practices); ECF No. 38-1 at 30, 212 (employee reprimanded for answering “no” when asked if they were Experian).)

Defendants argue that there was nothing wrong with their deceptive impersonation of debt collectors. But even if consumers later discovered the truth—and many did not—the FTC Act “is violated if [the defendant] induces the first contact through deception, even if the buyer later becomes fully informed before entering the contract.” *FTC v. Resort Car Rental Sys.*, 518 F.2d 962, 964 (9th Cir. 1975); *FTC v. Seek Cap., LLC*, 2025 U.S. Dist. LEXIS 97602, at *8 (C.D. Cal. Feb. 20, 2025). The initial fraud taints the entirety of the remainder of the transaction.

2. Additional Evidence That Defendants Misrepresent Their Credit Repair Services

Evidence acquired after the TRO further corroborates that Defendants falsely promise consumers substantial credit score improvement. For example, additional scripts confirm that Defendants tell consumers that instead of paying off a collection, Defendants can delete the debt and corresponding negative information (PX12 Att. A at 9), and telemarketers explain that even if consumers pay off the debt, it won’t improve their credit score because the negative item will remain. (PX12 Att. A at 9; ECF No. 30-7

Att. A at 6; see also PX15 at 2 ¶ 9.) But according to FICO, collections reported as paid in full are disregarded under FICO Score 9 (which came out in 2014) and FICO Score 10 (which came out in 2020). (PX11 at 1-2 ¶ 4.) Defendants also claim that consumers can pay Defendants to resolve their debts, after which Defendants will remove the negative information. (PX14 Att. B at 33 (page 4:2-9) ("Maybe they called and said that they want to make a payment plan. Absolutely, Mr. Customer, I'm definitely going to be able help you go over your options"), Att. P at 211 ("I called in to make a payment towards my collection account and they told me I can pay 557 towards the account so it will fall off my credit report"), 212 ("I was misled to believe that I was paying off my debt as a settlement"), 261 ("I was misled by a repd with them, I asked them 3 times on the same call that the bill I owed would be paid they told me YES all 3 times. I was not looking for a company to dispute my credit I was calling to take care of the bill, he assured me that it would be"), 264 ("I called credit sage and was informed . . . that by me paying over $800 that my debt would be payed for and handled").) Thus, money that could have been used to pay off a consumer's debt instead padded Defendants' pockets.

Defendants further claim that with respect to hard inquiries, "every time a company checks your credit, it'll decrease your score by up to 11 points! Mr/Mrs [CLIENT NAME], you have [# of Inquiries], that means your score has been lowered by up to [add total] points because of these inquiries!" (PX12 Att. A at 16; ECF No. 30-7 at 12.) Again, this is not true. First, as discussed in the TRO Memo, hard inquiries more than a year old are disregarded in FICO's credit score calculations. (PX04 at 3 ¶ 9.) And with respect to hard inquiries less than a year old, there are numerous scenarios where a hard inquiry will result in no adverse impact on a credit score. (PX11 at 2 ¶ 6.)[8]

As another example, Defendants' rebuttal scripts, in response to a consumer's question "what if something comes back verified?" (referring to Defendants' manual

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[8] FICO notes that the statement that a hard inquiry will decrease a score by up to 11 points "is not consistent with how FICO's scoring algorithm operates" and that the "aggregate impact of multiple hard inquiries" on a credit score "cannot be accurately calculated by assigning a fixed numerical value to each hard inquiry" as claimed by Defendants' telemarketers. (*Id.*)

dispute letters), have their telemarketers respond, "Totally fair concern. Clients often think 'verified' means permanent, but it doesn't. Verified just means they pushed back this round. That's why persistence matters. With new angles and repeat pressure, we've had plenty of items that started as 'verified' but came off after multiple rounds" and "Every round uses slightly different legal angles—it's this variation and persistence that gets things deleted over time." (PX14 Att. O at 184.) According to Equifax, however, "letters that dispute information that has already been verified generally are insufficient to cause Equifax to delete or change the information, and Equifax will at times consider them to be frivolous and not process the dispute." (PX03 at 4-5 ¶ 18.)

Consumer reviews found in Defendants' records (and which are emailed directly to Defendants Brola and Petkovic) corroborate the statements of the consumers' experiences already submitted by the FTC. These reviews include the following:

- This company makes a lot of promises that they don't keep . . . My credit and FICO scores were better when I signed up with them than they were after 6 months and almost $3,000. (ECF No. 30-5 at 17.)
- Not at all what was promised . . . and not one creditor on my credit report has herd from these guys, as I talked to Progressive Insurance myself regarding this issue, which happened to be the only thing in collections at the time and still there 9 months later!! (*Id*. at 20.)
- was calling to just pay but they informed they can just remove if I paid the money upfront . . . It's been 6 months no results. (*Id*. at 33.)
- The initial charge is $578 plus an additional $99 a month. 5 months in and I see no results. (*Id*. at 51.)
- I got scammed out of 1500 dollars. I was with them for 7 months did not one thing get paid off . . . They kept telling me to wait 3 to 5 months then i will see something happen, but nothing happened (*Id*. at 61.)
- The representative was vague and explained their services differently from what was outlined in the contract. He made it seem as though there was no chance the dispute would be denied, which was misleading. (*Id*. at 63.)
- You're so nice on the phone. They talk to me into what they called a guarantee to get this $618 cable bill removed from my credit report as well as tighten up a few other issues. They charge me $400 to get it started, and told me it would take a couple of months at $99 a month to get the item fixed . . . Well, it's been three more months at $99 a month and nothing has changed on my credit report. Zero (*Id*. at 64.)
- After three months, not a single one of the five items that was supposed to be removed from my credit report had been removed (PX14 Att. P at 186.)

- I was misled and informed that I was settling an old version [sic] account. Sage charged me $799.00 and $99.00 for services that was not rendered. The old charge stilled [sic] shows up on my credit report. (*Id*. at 189.)
- After two and a half months they claimed to put in "the second round" of letters so I contacted the crediting agencies to find if anything had been submitted for dispute the answer was "no" (*Id*. at 192.)
- $500 Paid, 90 Days Later—No Results and No Response. I paid Credit Sage $500 after being clearly told that negative items would be remove from my credit report within 90 days. That deadline has passed, and there have been no visible results. (*Id*. at 200.)
- They assured me there would be no problem whatsoever to get anything negative off of my credit report and that it would raise my credit score by 50 points (*Id*. at 240.)
- I stuck with Credit Sage for 9 months, paid every single month, and saw absolutely nothing change. Not "slow progress"—literally nothing. (*Id*. at 241.)
- All they did is take my money for 6 months. Everything is still on my credit. I'm getting bill collector calls. (*Id*. at 301.)
- I was guaranteed my score after 3 months to be above 600 . . . After paying near 2000 dollars and 4 months my score never changed (*Id*. at 306.)

Indeed, there are over 1,600 1-star reviews on TrustPilot (PX14 at 4 ¶ 21, Att. P at 186-318) and, more significantly, the FTC has received over 1,800 complaints from consumers that echo the consumer statements already on the record.[9] (PX14 at 1 ¶ 5.)

Defendants argue that they have thousands of positive reviews, but they are solicited reviews of the initial telemarketing call. According to Defendants' scripts, at the end of the sales call, telemarketers say "[Client's Name] When you get a second, you should've received an email with a link to leave on online review. I would greatly appreciate it if you could mention my name and let my managers know If you think I did

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[9] Courts recognize that reported consumer complaints represent only the "tip of the iceberg." *United States v. Offices Known as 50 State Distrib. Co.*, 708 F.2d 1371, 1374-75 (9th Cir. 1983); *FTC v. J.K. Publ'ns, Inc.*, 2000 WL 35594143, at *15 (C.D. Cal. Aug. 9, 2000) ("[T]here are undoubtedly injured [consumers] who will never file a complaint"); *see also* Keith Anderson, *Consumer Fraud in the United States: An FTC Survey* 80 (Aug. 2004), *available at* https://www.ftc.gov/reports/consumer-fraud-united-states-ftc-survey (only 8.4% of consumer fraud victims complain to an "official source" such as the federal government or the BBB). Moreover, evidence that the FTC has "received a significant number of customer complaints related to [Defendants]" supports the Courts' finding of likelihood of success on the merits. *FTC v. Digital Altitude, LLC*, 2018 U.S. Dist. LEXIS 223879, at *26 (C.D. Cal. Mar. 9, 2018).

a good job." (PX01 Att. A at 111; ECF No. 30-7 at 13 ("Before I let you go, you should see one more email from us titled something like 'BBB Review Request.' Do you see that one on your end? Perfect—if you can submit that real quick, it really helps our team out and ony takes a moment").[10] Indeed, an examination of Defendants' positive reviews shows that they reflect the mostly positive experience with the initial sales call only. (See, e.g., ECF No. 30-5 at 50 ("The representative I spoke with was friendly and informative so it was a great discussion. *Now I'm eager to see if all the things we discussed actually happen over the course of the next month or two*") (emphasis added); *see also* PX14 Att. A at 15 (according to whistleblower, "the only good reviews are from people that just called in bc they have been prompted to leave a good review. There are no good reviews from people that have actually used their service").); PX12 at 3 ¶ 16.

Defendants point to a one-page self-serving and self-generated chart with purported success rates to substantiate their claims of credit score success. (ECF No. 30-5 at 11.) Defendants provide no data, such as before and after credit reports, to support how the chart was generated.[11] (ECF No. 38-1 at 35 (other than noting that a company team provided him with the information, Petkovic had no further information on the methodology used to prepare the chart).) Neither is there any indication that negative items supposedly removed remained off consumers' credit histories permanently. As detailed by Equifax, even if a negative item is removed temporarily while it verifies the information, the item returns once it has been verified, and "most come back as verified." (PX03 at 7 ¶ 26.) Indeed, a review of sample dispute letters recently sent by Defendants to the CRAs were nothing more than the CRAs own freely-available forms with generic statements such as "unverified account" or "incorrect dates" with no supporting

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[10] Employees received bonuses for obtaining such reviews. (PX12 at 3 ¶¶ 14-15 (many sales reps asked consumers to leave a review on Trustpilot while they were still on the phone because the "bonus structure encouraged sales representatives to push customers to leave positive Trustpilot reviews"); PX14 Att. N at 182 (employees get $10 bonus for positive BBB reviews); PX15 at 5-6 ¶¶ 26-28, Att. F at 38, Att. G at 40, Att. H at 42.)

[11] As discussed *infra* at 21, Defendant Brola, as kingpin of Defendants' operation, is not above getting his subordinates to lie for him.

documentation, despite Defendants describing them as "customized disputes targeting the specific negative items."[12] (PX14 Att. O at 184; PX15 Att. C at 31-32, Att. D at 34, Att. M at 59, Att. O at 68, Att. S at 91-92, Att. T at 94-95, Att. U at 97, Att. V at 99, Att. Z at 110, Att. AA at 112, Att. BB at 114-15, Att. CC at 117-18, Att. DD at 120-21, Att. E at 123-24.) In addition, a former manager stated that many things that were removed "were all items that just fell off naturally due to statutory time limts, not from dispute efforts by Credit Sage. But they claimed credit for those removals anyway." (PX12 at 2 ¶ 9.)

Further, additional evidence corroborates that Defendants routinely file false identity theft reports as the method in which they dispute hard inquiries. (PX14 at 5 ¶ 22 (video shows a demonstration by Defendants' dispute team leader filing a fake identity theft report on the FTC's identitytheft.gov website), Att. A at 27 (whistleblower stated that Defendants are filing false IDT reports); PX15 at 3 ¶ 16 (consumer was not a victim of identity theft and had "no idea" that Defendants had filed a report on her behalf).) Petkovic admits they assume, without verification from the consumer, that if a consumer simply does not recognize a hard inquiry then it *must* be identity theft. (ECF No. 33 at 3-4; *but see* PX14 at 5 ¶ 23 (noting that Petkovic was present at demonstration involving fake identity theft reports) *and* ECF No. 38-1 at 24 (Petkovic confirmed that sales reps never discussed identity theft with consumers).) But there are many reasons why consumers often do not recognize hard inquiries, including (1) lenders often pull consumers' reports through a third-party or other business name or abbreviation consumers do not recognize, (2) in the case of auto loans, dealers often send applications to multiple lenders, creating multiple inquiries, or (3) for store credit cards, the inquiry is often in the name of the financial institution associated with the card, not the store. Notably, Defendants use burner phone numbers (not consumers' numbers) to complete

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[12] Similarly, Defendants' purported identity theft reports (discussed below) are nothing more than freely-available sample letters. (PX15 Att. A at 17-22, Att. B at 24-29, Att. N at 61-66, Att. P at 70-75, Att. Q at 77-82, Att. R at 84-89.) It is no wonder, then, that Defendants' "dispute letter and the dispute team were very secretive, even to other employees." (PX12 at 2-3 ¶ 11.) Customer and sales representative requests to see a copy of a dispute letter were "always shut down by management." (PX05 at 10 ¶ 57.)

the ID theft application on the FTC's website, claim an identity thief used consumers' information "to open a fraudulent credit card account," and then manipulate the report to delete the phone number before sending to the CRAs so that the authentication text from identitytheft.gov goes directly to Defendants and not consumers. (PX14 at 5 ¶¶ 24-26; PX15 at 13-14 ¶¶ 72-75 (when FTC attorney attempted to contact consumers at numbers listed in their identity theft reports pulled directly from identitytheft.gov, she found none of the numbers working); *compare id.* Att. W at 101-02. Att. X at 104-05, Att. Y at 107-08 (reports from identitytheft.gov with phone numbers) *with* Att. N at 66, Att. P at 71, Att. Q at 78, Att. R at 89 (reports submitted to CRAs with phone number blank).)

Because the FCRA requires CRAs to block initially information resulting from purported identity theft (*see* PX03 at 6 ¶ 21), this will artificially and temporarily inflate any purported success rate. But filing false identity theft reports is illegal and does not result in sustained improvement in consumers' credit scores. 15 U.S.C. § 1681a(q)(4)(C).

3. Additional Evidence That Defendants Collect Illegal Advance Fees

Defendants do not dispute they collect advance fees—including hundreds of dollars in fees at the time of sign-up. (*See also* PX15 at 2 ¶ 11, 5 ¶ 24, 8-9 ¶¶ 45-46, 10 ¶ 58, Att. E at 36, Att. L at 54-57.) Faced with these clear violations of CROA and the TSR, Defendants instead argue that the TSR's advance fees provision cannot stand.[13]

None of Defendants' attacks on the TSR withstand scrutiny. First, the Telemarketing Act granted the FTC the authority to prescribe rules prohibiting certain conduct by telemarketers and sellers. 15 U.S.C. § 6102(a). Defendants quote one provision of the Act, which directs that the FTC include prompt disclosure requirements, in the TSR. 15 U.S.C. § 6102(a)(3)(C). They claim that this provision somehow means that the FTC can *only* do what is specifically listed in this provision.

[13] The Court need not even reach Defendants' TSR arguments to grant the requested preliminary injunction. Defendants' violations of the FTC Act, CROA, the TSR, ROSCA, the GLB Act, EFTA, and Regulation E (many of which they do not contest) are more than sufficient to support the requested relief.

Defendants completely ignore, however, 15 U.S.C. § 6102(a)(1), which appears *before* Section 6102(a)(3) and expressly authorizes the FTC to create rules "prohibiting deceptive telemarketing acts or practices and other abusive telemarketing acts and practices." Section 310.4(a)(2) of the TSR, at issue here, prohibits *as an abusive telemarketing act or practice* advance fees for credit repair. This provision of the TSR falls squarely within the plain grant of authority given to the FTC in Section 6102(a)(1). *CFPB v. Stratfs, LLC*, 2025 U.S. Dist. LEXIS 149159, at *41 n.22 (W.D.N.Y. Jun. 12, 2025) ("the plain language of Section 6102(a)(1)'s directive, to the FTC, to prescribe rules prohibiting 'deceptive telemarketing acts or practices *and other abusive telemarketing acts or practices'* appears to combine both deceptive and abusive acts into a large, general category of wrongful telemarketing conduct that the FTC has broad power to both identify and prohibit") (emphasis in original).

The latter subsections of Section 6102(a)—Sections 6102(a)(2) and 6102(a)(3)—on the other hand, list certain rules and requirements that the FTC either "may include" or "shall include" in its rules governing deceptive and abusive telemarketing practices. These lists, however, do not limit the FTC's general authority under Section 6102(a)(1) to restrict *other* abusive telemarketing conduct. To read Sections 6102(a)(2) and 6102(a)(3) as limiting the FTC's ability under Section 6102(a)(1) to promulgate rules against other abusive acts or practices in telemarketing would render Section 6102(a)(1) "mere surplusage." *See Stratfs*, 2025 U.S. Dist. LEXIS 149159, at *39. Indeed, courts have found that "the abusive practices which Congress specifically listed in Section 6102(a)(3) were to be treated by the FTC as a floor, and not a ceiling, in writing rules prohibiting 'other abusive telemarketing acts.'" *Stratfs*, 2025 U.S. Dist. LEXIS 149159, at *41. The non-limiting nature of Section 6102(a)(3), then, demonstrates that the TSR's ban on advance fees by credit repair organizations is an "other abusive telemarketing act[] or practice" that the FTC can prohibit pursuant to the mandate given to the FTC in Section 6102(a)(1). *Cf. Stratfs*, 2025 U.S. Dist. LEXIS 149159, at *41 (upholding the TSR's regulations relating to assisting and facilitating).

Nor is the TSR's advance fee ban preempted by or in conflict with CROA's advance fee ban. Courts have routinely held that CROA does not preempt the TSR's separate advance fee ban, particularly because credit repair organizations can comply with both. *See, e.g., Tenn. v. Lexington Law Firms,* 1997 U.S. Dist. LEXIS 7403, at *17 (M.D. Tenn. May 14, 1997) ("there is no language in that statute indicating that Defendant's telemarketing activities may not simultaneously be regulated by the Telemarketing Act"); *CFPB v. Daniel A. Rosen, Inc*., 2022 U.S. Dist. LEXIS 91254, at *9-10 (C.D. Cal. Apr. 5, 2022) ("the CROA does not conflict with, or supersede, the TSR"); *CFPB v. Commw. Eq. Grp., LLC,* 544 F. Supp. 3d 202, 207 (D. Mass. 2021) ("compliance with the TSR's payment requirements would not cause defendants to violate the CROA."); *CFPB v. Prime Mktg. Holdings, LLC*, 2016 U.S. Dist. LEXIS 194873, at *26-27 (C.D. Cal. Nov. 15, 2016) ("when a business is both a credit repair agency and a telemarketer, it is required to comply with both the CROA and the TSR. On the other hand, if a credit repair agency does not qualify as a telemarketer, then it need not comply with the TSR—only the CROA is applicable. . . . Thus, the two provisions may be complied with concurrently; they do not conflict.").

Finally, Defendants argue that the TSR's credit repair advance fee ban is arbitrary and capricious because the TSR's advance fee bans for other industries, such as debt relief and credit extension, do not include a waiting period. (ECF No. 30 at 27-32.) Not surprisingly, however, none of the cases cited byh Defendants support the unfounded assertion that *entirely different industries* cannot be subject to different regulations. Indeed, problematic credit repair practices were discussed in congressional hearings preceding enactment of the Telemarketing Act. *See* H.R. Rep. 102–421, at 16 (1991) (referring to credit-repair as "bogus"); *Innovative Telemarketing and Consumer Fraud in Oregon and the Northwest: Hearing before the Subcommittee on Regulation, Business Opportunities, and Energy of the House Committee on Small Business*, 102d Cong., 2d Sess., 239, 243 (1992) (appendix to statement of Jack E. Swagerty, Chief Inspector, Western Region, U.S. Postal Service) ("Recent years have seen a rise in ads offering—for a fee—credit repair services to consumers with bad debt histories. These deceptive ads are characterized by promises to obtain credit cards regardless of credit rating or erase a bad credit history."); *see also* Telemarketing Sales Rule; Proposed Rule, 60 Fed. Reg. 30406, 30415-16 (June 8, 1995) (noting the strong support from commenters regarding the restrictions on the telemarketing of credit-repair services).

As other courts have held, "there was plainly a 'rational basis' for the FTC to adopt the advance-fee ban for telemarketed credit-repair services and such a ban furthered the legislature's economic objectives of protecting consumers from paying fees in advance of—and without having seen—any results." *CFPB v. Commw. Eq. Grp., LLC*, 752 F. Supp. 3d 378, 394 (D. Mass. 2024); *Commw. Eq. Grp*., 554 F. Supp. 3d at 208 ("The delayed payment requirement is tied to particularly important consumer protection goals").[14]

Defendants also argue that, even if the TSR's advance fee ban is constitutional, it should not apply to Standard Scores because it offers discrete services. But as detailed in the TRO Memo, Standard Scores is a central part of Defendants' scheme.[15] It is the means by which Defendants obtain consumers' billing information (through the $1 charge consumers must pay to move forward) at the outset of the telemarketing call, and as a means to access consumers' credit reports[16] and to monetize that process. (ECF No.

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[14] Defendants' cite *Chamber of Commerce v. FTC*, 820 F. Supp. 3d 473 (E.D. Tex. 2026), to support their claim that the TSR's advance fee ban is arbitrary and capricious because "only a credit repair organization is required to provide documentation of a successful result." (ECF No. 30 at 28.) That case, however, did not involve or turn on such facts; instead, it turned on whether the FTC adequately conducted a cost-benefit analysis when promulgating a rule. *Chamber of Commerce*, 820 F. Supp. 3d at 491-92.

[15] Standard Scores is managed and controlled by Defendants Brola, Emery, and Curtis. Indeed, Brola (as CEO of Credit Sage) and Emery (as CMO of Standard Scores) entered into an affiliate agreement in February 2024. (PX14 Att. K at 159-171.)

[16] Credit repair is not a standalone permissible purpose under the Fair Credit Reporting Act, 15 U.S.C. § 1681b. As discussed in the TRO Memo, Defendants do not always disclose that they will be pulling consumers' credit scores. Additional evidence confirms this: "Now, we do have a system that goes ahead and verifies the details of your account, so we can pull that up and see exactly what's going on there, sir . . . and the service fee for that report is $1.00, which card would you like to use to pull that up?" (PX14 Att. C at 39 (page 8:4-11).) A former manager confirms "[w]e did not let them know that we were

38-1 at 10 (Brola formed Standard Scores "to source consumer credit reports rather than pay commissions to third parties to perform the same service").) Defendants inform consumers that Standard Scores is a necessary component of the credit repair service. (*See also* PX14 Att. C at 49 (page 48:4-5 ("And also keeping standard scores active is essential for the dispute process"); PX15 at 11 ¶ 63 (consumer told that Standard Scores was "required").) Because Defendants require consumers to provide their billing information for the $1 charge, Standard Scores' fees are effectively bundled with the other fees as one prohibited advance fee.

Even without the TSR advance fee violations, Defendants are still violating CROA's advance fee ban.[17] As detailed in the TRO Memo, Defendants charge consumers' cards before any services are rendered.[18] For example, the Credit Joy contracts facially violate CROA by requiring "A one-time initial consultation and setup fee equal to $178." (PX05 Att. B at 34.) And to the extent that Defendants argue that they send off dispute letters within 24 hours (in the attempt to justify collecting their advance fee), they are violating Section 406(a)(2) of CROA, 15 U.S.C. § 1679d(a)(2), which prohibits credit repair organizations from performing any services "before the end of the 3-business-day period beginning on the date the contract is signed."

Ultimately, however, Defendants appear to simply argue that their violations of CROA's and the TSR's advance fee bans are essentially no harm, no foul because they purportedly were successful in performing credit repair services.[19] Even if this were true

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actually pulling their credit report." (PX12 at 1-2 ¶ 6; Att. A at 11 ("we use a system called standard scores to verify eligibility . . . They do charge a one-time $1 processing fee for this – what card would you like to use for the $1"); ECF No. 30-7 at 7.)

[17] And if Defendants were as wildly successful in increasing consumers' credit scores as they purport, then they should have had no problem demonstrating that success in the form of credit reports issued more than six months after the results were achieved.

[18] Of course, determining whether services have been rendered is made more difficult because, as discussed below, Defendants' contracts fail to provide a detailed description of what services are actually to be provided as required by CROA.

[19] Defendants harm more than just consumers who are out hundreds of dollars. According to ACA International, Defendants' actions also cause institutional harm, including lost

(and, as discussed above, it is not), courts are clear that the ends do not justify the means. *See, e.g., SEC v. Rogas*, 2026 U.S. App. LEXIS 23718, at *41 (2d Cir. Aug. 6, 2026); *Chevron Corp. v Donziger*, 974 F. Supp. 2d 362, 385 (S.D.N.Y. 2014). Defendants' cavalier attitude about violations of the advance fee bans is striking: a clear violation of federal law is a basis for entry of a preliminary injunction. Putting this aside, as discussed above, Defendants are extremely deceptive about their purported success.

4. Defendants Fail to Refute That They Violated ROSCA, EFTA, and Reg E

Defendants offer no defense to their blatant violations of ROSCA, EFTA, or Regulation E. . They fail to refute that they collect consumers' billing information to charge the $1 fee for Standard Scores before disclosing all material terms of the transaction, thus conceding violations of Section 4(1) of ROSCA, 15 U.S.C. § 8403(1). Nor do they refute that they often fail to disclose clearly and conspicuously all material terms of their transactions, specifically the existence of one or both of the recurring fees. Other than labelling former employee Hobart Staton "disgruntled," they do not refute his testimony that "we were not supposed to tell consumers that the $99 fee was recurring" or that Defendants "did not want us to tell the customer about the recurring $24.99 per month fee [to Standard Scores]." (PX01 at 7-8 ¶¶ 27-28.) Indeed, additional evidence corroborates the employee's statements. For example, a former manager confirms "the $99 monthly fee is in the call flow pitch, but many sales representatives would not say that. The first time that many of the consumers would hear about the monthly $99 fee was in the contract." (PX12 at 2 ¶ 7.) The Receiver's investigation also confirms that as a result of confusing and inadequate disclosures, consumers consistently complained they did not know about the recurring charges. (ECF No. 38-1 at 37.)[20] Customer complaints

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revenue to legitimate debt collection entities and the creditors on whose behalf they operate, increased costs of credit when creditors cannot have outstanding debt repaid, and overall loss of trust in regulated financial entities when "deceptive entities masquerade as legitimate, compliant collection agencies." (PX13 at 2-3 ¶¶ 10-14.)

[20] In a recording of a customer call with Defendants, the customer states "I was under the impression that I would only be charged $99 if something else open up on my credit."

also evidence that Defendants do not adequately disclose the recurring fees. (ECF No. 30-5 at 22 ("they sign you up for stuff and don't even realize it till you're getting emails. I even asked if I was getting signed up for subscriptions and she said "no mam" they really suck!!!! Don't do it unless you're wanting to pay 2-3 subscriptions!!!!!"), 36 ("I gave them permission to run a $1 for credit check. They didn't mission [sic] a $24.99 fee"); PX14 Att. P at 205 ("the guy I spoke to hid the $99 monthly fee"), 207 ("I was not notified of the $99 a month when I spoke to the representative"), 223 ("They take your money without telling you that they are gong to automatically subscribe you to a subscription for another $100/per month"), 310 ("They never told me there was a monthly fee of $99.00 every month"), 311 ("They should be upfront and say 'hey its going to be $99 a month fee' but no they don't tell you any of that just rush you to sign the contract sign the contract!"); PX15 at 10-11 ¶¶ 59-60 (despite telling Defendants she did not want to be enrolled in Standard Scores, she was enrolled anyway).)

Courts have routinely held that "the failure to clearly and conspicuously disclose the material terms of a transaction" is evidence that "a defendant did not obtain express informed consent before charging a consumer's cards or accounts" as required by Section 4(2) of ROSCA, 15 U.S.C. § 8403(2), *see, e.g., FTC v. Doxo, Inc.*, 2026 U.S. Dist. LEXIS 113176, at *44 (W.D. Wash. May 21, 2026), and Section 907(a) of EFTA, 15 U.S.C. § 1693e(a), and Section 1005.10(b) of Regulation E, 12 C.F.R. § 1005.10(b). *See, e.g., FTC v. Grant Connect, LLC*, 827 F. Supp. 2d 1199, 1231-32 (2011).

Moreover, even accepting Defendants' claims that they disclosed both recurring fees (the $99 monthly fee for credit repair and the $24.95 monthly fee for Standard Scores), consumers only sign contracts for credit repair. Defendants offer no evidence of any contract ever signed with Standard Scores. Both EFTA and Regulation E require that

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(PX14 Att. C at 52 (page 2:16-18).) When Defendants' agent tries to explain that the $99 is a monthly fee, the customer responds, "That don't make no sense to me when I was told that I would only be charged $99 if something else opens up on my credit." (*Id.* (page 4:1-3).) When the customer service agent presses on the monthly fees, the customer states in frustration, "This shit—if I had known all of this, I swear to God, I wouldn't have gotten no account you all." (*Id.* at 53 (page 6:12-14).)

any preauthorized electronic fund transfers, *i.e.*, recurring monthly debits, can only be authorized by the consumer in writing. Thus, at a minimum, every monthly debit made by Defendants for Standard Scores violates EFTA and Regulation E.

5. Defendants Fail to Refute That Their Contracts Violate CROA

Section 406(b)(2) of CROA requires credit repair contracts to include "a full and detailed description of the services to be performed," including an estimate of when those services will be performed, and Section 406(b)(1) requires the terms and conditions of payment, including the total amount of all payments. 15 U.S.C. § 1679d(b). Defendants do not dispute that their contracts fail to include this information—at best they argue that reasonable minds may differ as to how vague their contracts are and that the FTC should have reached out to them pre-complaint. (ECF No. 30 at 14.) They also blithely note that because their contracts are monthly, "it is difficult to see the concern." (*Id.* n.25.) First, it is not obvious that their contracts are monthly from a facial review of their language (*see, e.g.*, PX05 Att. A at 23, Att. B at 34, Att. D at 59, Att. F at 70; PX06 Att. B at 13); more importantly, courts have held that contracts providing for monthly payments violate CROA because "facially, it is unclear whether there is a 'total amount of all payments to be made' included in the Agreement, when on of the required payments could continue perpetually," *Parrott v. Gemini Direct, LLC*, 2024 U.S. Dist. LEXIS 26539, at *9 (W.D. Ky. Feb. 15, 2024), and contracts that only provide "a vague and general description of the monthly services provided, instead of a full and detailed description" also violate CROA. *Raines v. Enrich Fin.*, 2021 U.S. Dist. LEXIS 204165, at *23-24 (C.D. Cal. Sep. 17, 2021). Further, Defendants' cancellation period is too short—CROA requires 3 *business* days while Defendants' contracts only allow cancellation within 3 days (which can make a significant difference to consumers enrolling on a Wednesday, Thursday, or Friday). 15 U.S.C. § 1679d(b)(4), 1679e.

6. Additional Evidence That Defendants Operate as a Common Enterprise

The FTC has already demonstrated that the various corporate Defendants operated as a common enterprise, thus each is liable for the activities of the whole. Additional evidence confirms these facts. For example, internal communications discuss

Defendants' use of multiple corporate entities to try to evade law enforcement detection. As Brola explained to a former manager, the purpose behind having so many corporate entities is "risk mitigation . . . if the CFPB or the FTC went after one company, he could still operate the other company or companies." (PX10 at 2 ¶ 8.) In a signal chat with the former manager, Brola states:

> We're going to start decentralizing the companies, basically the CFPB is always looming, they have a list, and its easier to stay off the top ofthat list if we have 1 complain per 10 companies as opposed to 10 complaints per 1 company.

(Id. ¶ 9, Att. A at 5.) Brola explains how the entities used employees as straw officers:

> Problem is we need americans to create the llcs, create the bank account, create the merchant account, and if I'm on everything it'll all get taken down, so we need to break that up.

(Id. ¶ 10, Att. A at 5.) And Brola is not above getting his subordinates to lie to achieve his goals, as he instructs his former manager:

> It would also require if we get a CID that you lie about me/adam/any other owners, say you dont [sic] know us, you were hired as a finance manager to open the company accounts and thats [sic] all you know. . . alternatively we can probably hire random people that literally dont [sic] know us and dont [sic] know whats going on.

(Id. ¶ 10, Att. A at 5.) And in another message, Brola continues his instruction to lie:

> at the very worst you'd be deposed and asked questions about how you were hired, who hired you, what your role at the companies was. all you have to say is "I dont [sic] remember. they required i use signal for all communications", "[make something up]" . . . generally just lawyer up and then act dumb. any lawyer costs you incur i'll cover just dm me here, if you need money for anything if the situation interfers [sic] with day to day just let me know, ill cover you and your family for 10 years if need be . . . beyond these 2 we'll just hire random people but it'll give us a good guide on giving them instructions

(Id. ¶ 11, Att. B. at 7.)

7. Additional Evidence of the Individual Defendants' Involvement

Although Defendants try to portray Emery, Naylor, Curtis, and (surprisingly) Brola as bit players, additional evidence confirms the Individual Defendants' involvement in and liability for Defendants' unlawful activity. Indeed, the Receiver notes that Brola is "the majority owner, mastermind, and boss" of Defendants operations. (ECF

No. 38-1 at 5.)[21]

Defendants have admitted in discovery responses in third-party ligitation that:

- "Alex Brola has conducted business on behalf of Credit Glory while physically present in the state of Nevada" and "Alex Brola and Marko Petkovic have conducted business on behalf of Credit Glory while physically present in the state of Nevada." (PX14 Att. F at 91)
- "Alex Brola . . . Oversees all company operations," "Liam Emery . . . Owner. Oversees all company marketing," and "Marko Petkovic, CEO from July 25th, 2024 to present. Oversees all company operations." (*Id*. at 95)
- Brola is the "Majority Owner, Founder" and Emery is "Minority Owner, Chief Marketing Officer" of Credit Glory. (*Id*. at 98)
- Brola is the 85% owner and CEO of Credit Glory and Emery is the 15% owner who "manages all marketing, specifically the Google Ads" for Credit Glory (*Id*. at 99-100)
- Google ads data "is co-owned, and co-developed, by Alex Brola" (*Id*. at 103)
- Sales script was "co-developed and co-owned by Alex Brola" (*Id*. at 103-04)
- Brola and Emery own Defendants' Google ads accounts (*Id*. at 105-06)
- Brola is "Chief Executive Officer" and Emery is "Chief Marketing Officer" of Credit Sage (*Id*. at 109-110)

Meanwhile, emails and other communications include the following:

- Emery is Credit Sage's chief marketing officer (*Id*. Att. H at 136-37)
- Slack messages identify Petkovic as the CEO of Credit Sage. (*Id*. Att. L at 178)
- Emails, including from 2026, from TrustPilot containing customer reviews are directed to Brola and Petkovic (to line says Marko Petkovic but email is alex@creditsage.com) (*Id*. Att. P at 186-318; ECF No. 30-5)
- Email from Naylor to a company specializing in reducing chargebacks refers to himself as operations manager for Credit Sage, and Curtis as owner of Standard Score referred me over to you" (*Id*. Att. H at 135)
- In email chain between Emery, Brola, and a payment processer, when processor tells Emery they don't do business in New Zealand, Emery replies "I'm also not the owner [of Credit Sage], that's Alexander Brola. He is American." (*Id*. Att. H at 131-33)
- Email summarizing a meeting between Credit Sage and Mastodon Marketing notes Petkovic in attendance and participating regarding strategies to improve sales processes and customer retention, at one point it is mentioned that although invited "Liam [Emery] might not be joining" (*Id.* Att. L at 173-77)

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[21] *See* ECF No. 38-1 at 71 ("As opposed to an operation building value in an ongoing growing business it more closely appears to be a collection and distribution entity focusing on accumulating cash and distributing it immediately, primarily to [Brola]").)

Further, additional evidence demonstrate that:

- Naylor registered and pays for virtual mail boxes for Clerk Credit Systems and Clerk Credit Software (signing as owner) (*Id*. Att. D at 69-74, Att. E at 82-87)
- Naylor signs as Credit Sage sales manager for a broker agreement to sell tradelines (*Id*. Att. J at 148-57)
- Petkovic admits he is the CEO of Credit Sage and Credit Glory and serves "in an unofficial leadership capacity" with Credit Clerk Systems. (ECF Nos. 30-5, 30-6, and 33)
- Brola opened virtual mailboxes for Credit Sage (signing as president) (PX14 Att. D at 56-62) and Credit Cop (signing as president) (*id*. at 63-68; *see also id*. at 75-80)
- An Affiliate Agreement between Standard Scores and Credit Sage was signed by Emery as chief marketing officer for the former and Brola as chief executive officer of the latter (*Id*. Att. K at 159-71)
- Brola signed a merchant processing application as owner of Credit Sage, but his email is listed as liam@creditsage.com (*Id*. Att I at 139-46)
- Curtis incorporates Find Rent To Own Software LLC in Delaware as part of Defendants' rent-to-own scheme to induce consumer calls; Curtis lists his email as josh@creditjoy.com (*Id*. Att. G at 113-117)
- Curtis is CEO of Sphinx Investments that has ties to Brola and Emery and has been named a Receivership Entity by the Receiver. (ECF No. 38-1 at 6.) Brola set it up as a new debt collection business to integrate with the credit repair business, with Naylor as the point person. (*Id*. at 11.)
- In interview with Receiver, Curtis stated he was involved in maintaining and forming merchant banking arrangements and in opening of accounts. He also stated that he reported to Brola. (*Id*. at 63.)
- July 2026 bank statements show Defendants' debit of consumer's account marked as "Credit Glory LLC Alexbrola@gmail.com" (PX15 at 12 ¶ 69, Att. L at 57.)

B. Defendants Fail to Refute the Other Preliminary Injunction Factors

With respect to the other three requirements, Defendants offer no evidence or argument to refute that (1) irreparable harm will occur absent preliminary relief (ECF No. 17 at 68-69), (2) the equities weigh in favor of the requested injunction (*id*. at 69-70), or (3) a preliminary injunction is in the public interest. (*Id*. at 70.) Accordingly, preliminary injunctive relief is warranted.

III. THE COURT SHOULD ENTER THE FTC'S PROPOSED PRELIMINARY INJUNCTION

The scope of the proposed Preliminary Injunction is appropriate in light of Defendants' past conduct and the likelihood of recurrence absent such relief. Indeed, Defendants . object only to the continuation of the asset freeze and receivership.

As detailed above, in the TRO Memo, and by the Receiver, Defendants' credit repair operation is riddled with law violations and permeated by a culture of fraud[22]—including a hiring process described by former managers as finding employees willing to sacrifice morality for money.. (PX12 at 3 ¶ 18.) Continuing the receivership, then, is necessary not only to preserve assets in anticipation of a future monetary judgment but more importantly to take control of Defendants' operations, prevent further destruction of business records, and prevent future harm. Indeed, it is appropriate to continue a receivership "to prevent the same sort of ongoing harm that the ultimate object of the § 13(b) litigation—the issuance of a permanent injunction—is intended to achieve." *FTC v. Noland*, 2021 U.S. Dist. LEXIS 182346, at *14-15 (D. Ariz. Sep. 23, 2021).

Continuing the asset freeze is also appropriate once the Court determines that the FTC is likely to prevail on the merits of a Section 19 claim and the refund of money would be an appropriate final remedy. *See FTC v. World Travel Vacation Brokers*, 861 F.2d 1020, 1031 (7th Cir. 1989) (When a district court determines that the FTC is likely to prevail in a final determination on the merits, it has "a duty to ensure that . . . assets . . . [are] available to make restitution to the injured customers"). And the Ninth Circuit has observed (in upholding an asset freeze) that an individual who has "impermissibly awarded himself" funds that are not rightfully his "is presumably more than capable of placing assets in his personal possession beyond the reach of judgment." *Johnson v. Couturier*, 572 F.3d 1067, 1085 (9th Cir. 2009). Indeed, records show over $61 million has already flowed from corporate to individual accounts and significant amounts to offshore accounts potentially beyond the reach of the Court. (PX08 at 67-68 ¶¶ 247-50.)

Section 19(b) of the FTC Act allows monetary relief for violations of CROA, the TSR, ROSCA, and the GLB Act. Although Defendants take issue with the FTC's precise calculations, the preliminary injunction stage is not the time to calculate final monetary

[22] Defendants take issue with FTC Investigator Michael Goldstein's characterization of their operation as fraudulent. Mr. Goldstein, a certified fraud examiner, has over 16 years experience in investigating fraud.

relief. As the *Noland* Court recognized, "[a]lthough the Individual Defendants have identified various grounds for challenging [the FTC's] damages methodology, the bottom line is that the FTC has advanced a non-frivolous reason why a substantial damages aware may be in the offing in the near future" which was sufficient to support "the continuation of an asset freeze." *Noland*, 2021 U.S. Dist. LEXIS 182346, at *18.

Furthermore, none of the Corporate Defendants or Brola, Emery, and Petkovic have yet to comply complied with this Court's order to produce financial statements, so it is unclear how much money they control and where it is located. It would be premature to lift the asset freeze (or modify it to allow for payment of living expenses or attorneys fees) before the Court, the Receiver, and the FTC have a complete accounting of the funds that could be available for consumer relief.[23]

IV. CONCLUSION

Defendants are part of a common enterprise that operated a pernicious credit repair scheme defrauding hundreds of millions of dollars from consumers nationwide. There is no legitimate justification for Defendants' practices. Accordingly, for the reasons set forth herein and in the FTC's TRO Memo, the Court should enter the attached proposed preliminary injunction.

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23 *See, e.g.*, *World Travel Vacation Brokers*, 861 F.2d at 1031 ("[B]ecause neither the individual nor corporate defendants have complied with the court's order to disclose relevant financial information, it is extremely difficult to discern if a less drastic remedy would have been appropriate"); *United States v. Holy Land Found.*, 493 F.3d 469 (5th Cir. 2007) ("the defendant's interest in having access to funds needed to pay ordinary and necessary living expenses . . . must be balanced against the government's interest in preventing the depletion of potentially forfeitable assets"); *FTC v. IAB Mktg. Assocs.*, 972 F. Supp. 2d 1307, 1315 (S.D. Fla. 2013) ("it is axiomatic that an asset freeze, set forth in the interest of preserving illegal proceeds from dissipating before there has been a final disposition on the merits, may have unpleasant consequences for the defendant, including foreclosures on real estate, injury to legitimate business enterprises and other personal hardship. Equity favors the injured consumers over the Defendants who did the injuring and are now suffering the consequences of their conduct"); *FTC v. IAB Mktg. Assocs.*, 2013 U.S. Dist. LEXIS 78307, at *7-8 (S.D. Fla. June 4, 2013) ("It is extremely unlikely that the frozen assets will be adequate to redress consumer injuries. If the Court allows the [] Defendants to pay their attorney fees using these assets, the already inadequate assets will be further diminished").

Dated: August 27, 2026

Respectfully submitted,

/s/Gregory A. Ashe

GREGORY A. ASHE (VA Bar No. 39131)
BENJAMIN R. CADY (NY Bar No. 5133582)
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, DC 20850
Telephone: 202-326-3719 (Ashe)
Telephone: 202-326-2939 (Cady)
Email: gashe@ftc.gov, bcady@ftc.gov

Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on August 27, 2026, the foregoing **FTC'S SUPPLEMENTAL BRIEF IN SUPPORT OF ITS MOTION FOR ISSUANCE OF A PRELIMINARY INJUNCTION** was filed electronically via CM/ECF system, which will automatically serve such filing to all parties of record registered with the court's electronic filing system.

/s/Gregory A. Ashe
Attorney for Plaintiff Federal Trade Commission