Federal Trade Commission v. Credit Glory LLC, et al.
U.S. District Court (D. Ariz.)
Case No. 2:26-cv-05387-SPL

PRELIMINARY REPORT OF TEMPORARY RECEIVER

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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 (ECF No. 18, "TRO") entered August 4, 2026. TRO Section XX directs that I report to the Court on five specific topics[1] prior to the Preliminary Injunction hearing.

Our review to date has confirmed the basic components of the Receivership Entities' credit repair operation: 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.

As detailed below at Section IV, it is my judgment that this business cannot operate legally and profitably. As authorized by Section XII.U of the TRO, I have therefore suspended operations.

II.

STEPS TAKEN TO IMPLEMENT TRO

A. Immediate Access to Control and Preserve Assets and Documents

The TRO[2] authorizes immediate access to "Receivership Premises" and to other locations, including personal residences, where Receivership assets and documents are located. For this business which operates with remote employees, cloud-based data platforms, and no physical headquarters, immediate access was minimally productive.

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[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] TRO Section XXI.

1. Receivership Premises

The business of the Receivership Entities is complex and substantial (net sales of $199 million), and it employs approximately 500 people who perform myriad functions, but it has no actual commercial office. Employees operate from their homes across the country (or world) and communicate via laptops and cloud-based data platforms. Individual Defendant Alexander Brola, the majority owner, mastermind, and boss, appears to operate from a revolving series of rental homes in California and Arizona. The other four Individual Defendants operate from homes in Oklahoma and Virginia, and locations in Serbia and New Zealand.

While we did not locate any physical headquarters, we did identify and access three virtual offices/mail drops in the Richmond, Virginia area.

Standard Scores LLC

The only active commercial Receivership Premises we located is a one-room office at a Regus office location in a Richmond suburb (3900 Westerre Parkway, Richmond, VA). This was leased in November 2024 by Individual Defendant Joshua Curtis in the name of Standard Scores LLC. While this was a physical office, it functioned solely as a mail drop for Standard Scores.

After clearance from Regus's counsel, the Receiver's team[3] gained access to this space on the afternoon of August 6, 2026. We found an empty room with three empty desks, empty file cabinets, no computers or electronics, and stacks of mail. Regus staff advised that Mr. Curtis was the only person with whom they had interacted, but he never came to the office or opened the mail. When the mailbox overflowed, Regus staff moved the mail to the office.

On August 7, 2026, we collected all the mail and confirmed arrangements with Regus to deny further access to Curtis. The mail was primarily chargeback notices from

[3] The Receiver's team in Richmond consisted of counsel, a legal analyst, and a digital forensics vendor.

merchant processors which provided credit card processing services to Standard Scores, customer disputes and complaints, and inquiries from state regulators.

Sphinx Investments LLC

On April 7, 2026, the Receiver's team also visited a second Regus office in downtown Richmond (919 East Main Street, Suite 1000) – this address had been used by "Sphinx Investments, LLC," which lists Curtis as its CEO and has ties to Individual Defendants Brola and Emery. We confirmed that Sphinx was previously a tenant, but Mr. Curtis terminated the contract in October 2025.

Sphinx Investments is not named a Receivership Entity in the TRO. However, after investigation, other Sphinx-related entities were named Additional Receivership Entities as provided in TRO (discussed below). The parties have not challenged these designations.

UPS Store Used by Defendant Curtis for Business

On August 7, 2026, the Receiver's team also secured access to a mailbox at a UPS Store in Richmond, Virginia which we understood Curtis had used for various businesses.[4] The store owner provided us with the mail, and we confirmed arrangements to deny further access to Curtis pursuant to the requirements of the TRO. There was limited mail, suggesting that Curtis had recently accessed the mailbox. The mail we did find was addressed to Curtis for Sphinx Investments and other LLCs associated with Curtis.

2. Personal Residences

Beginning at 8 a.m. (PDT) on August 6, 2026, the Receiver's team coordinated simultaneous immediate access efforts at the residences of the Individual Defendants believed to reside in the U.S. – Alexander Brola in Arizona, David Naylor in Oklahoma, and Joshua Curtis in Virginia – and one key employee – Mark Squires (former Chief

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[4] We first visited this site in the afternoon of August 6, but the store owner requested a subpoena to expedite the process, which we provided on August 7.

Technology Officer) in North Carolina. In general, these efforts were frustrating and not immediately productive.

Alexander Brola Residence

Brola was believed to reside and conduct business at a house on Desert Lane in Phoenix, Arizona. The Receiver's team[5] appeared there at 8 a.m. (PT).

When there was no response to the Ring doorbell, the Receiver's representative called three phone numbers associated with Brola[6] and sent an email to Brola with a copy of the TRO. We received no response to the calls or the email.

Before the team departed this site, we learned fortuitously that the house appeared to be owned by Brola's brother, Brian Rodricks, and that Rodricks had been inside the house all along. Rodricks eventually emerged from the home, only to tell us that he would not talk to us and that Brola did not live there.

David Naylor Residence

The Receiver's team[7] appeared at 10:10 a.m. (CDT) at a residence on 163rd Street in Edmond, Oklahoma where David Naylor was believed to reside and conduct business. No one responded to the doorbell and no cars were in the garage.

After a short wait, the Receiver reached Naylor on his cell phone – Naylor said he had just departed for a family trip to Arkansas but was only 15 minutes out and would return to the house. By 2 p.m., he had not returned, and the Receiver's team departed.

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[5] The Receiver's team in Phoenix consisted of counsel, a digital forensics vendor, and a forensic accountant. Also present were FTC counsel and a process server retained by the FTC.

[6] The numbers were (1) a 480 area code number with automated call screening where a voicemail was left advising of the FTC action, the TRO, and the duty to cooperate; (2) a 844 area code number which led to a Credit Glory saleswoman who was likewise advised of the FTC action, the TRO, and Brola's duty to cooperate, but who did not appear to recognize Brola's name and said her supervisor would have to check with management; and (3) a 602 area code number which appeared to have been answered by Brola, who said he was taking down the information, but the connection was poor and the response could possibly have been a recording and/or some sort of AI response.

[7] The Receiver's team in Edmond included the Receiver, the deputy receiver, and a digital forensics vendor. Also present were FTC counsel, a FTC digital forensics expert, and a process server retained by the FTC.

Before departing, the Receiver emailed the TRO to Naylor and counsel believed to have represented the Receivership Entities in the past. The Receiver also made three additional calls to Naylor's cell phone (all went to voicemail) and left messages detailing Naylor's duty to cooperate under the TRO, the potential for an OSC re Contempt Motion to be filed against him, and the critical importance of his provision of administrative passwords to the multiple data platforms utilized by Receivership Entities. He never returned those calls or provided passwords.

Joshua Curtis Residence

At 11 a.m. (EDT), the Receiver's team arrived at a residential address in Virginia (Welwyn Road, Henrico, VA) which Individual Defendant Joshua Curtis had used as a business address. We learned from the current occupant that Curtis sold the house in May 2026 and no longer lived there. The team then travelled to the home of Curtis's mother-in-law located (Commodore Point, Midlothian, VA) which we also understood Curtis had used to conduct business. Over several hours, no one answered the doorbell there.

Our team continued its efforts to reach Curtis throughout the day through various means: emailed him at six separate associated email addresses; made multiple calls and texts to his cell phone (but the voicemail was full so we were unable to leave a message); sent texts to his cell phone; and called multiple phone numbers associated with Receivership Entity Standard Scores.[8] Curtis did not respond to any of this outreach.

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[8] An 833-area code number was an automated line, which did not lead to a real person. However, an 888-area code number was also automated, but ultimately led to a conversation with a representative ("Stephen") who said he would check with his supervisor ("Milo"); when the supervisor called back, he provided no substantive information and instead instructed us to send an email to customerservice@standardscores.com, noting in the process that he was working remotely from Europe.

Mark Squires Residence

Beginning at approximately 11 a.m. (EDT), the Receiver's team[9] travelled to two residential locations in Charlotte, North Carolina where Mark Squires, identified as the present or former Chief Technology Officer ("CTO") of Standard Scores, was believed to reside and conduct business. At the first home on Alijon Court, there was no response. At the second home on Bainbridge Road, the occupant advised that he was renting from Squires and provided Squires' phone number; we later learned that he also advised Squires that someone was looking for him.

At approximately noon, our team called Squires and left a voicemail advising him of the FTC action and the TRO, followed by an email enclosing copies of the Complaint and TRO. Squires promptly called back – he agreed to be interviewed and invited the team back to the Alijon Court home where we met for approximately two hours. He responded to our questions and permitted the FTC digital forensics professional to begin forensic imaging a desktop computer he used for Credit Glory, Standard Scores, Europa Eats, and most recently Sphinx Consulting LLC.

About two hours in, Squires excused himself to speak with an attorney secured by his wife. He told us he emailed a copy of the TRO to the attorney. At the attorney's instruction, he then terminated the interview, revoked his consent to the computer imaging, and threatened to call 911 if we did not leave. He also requested our interview notes and the return of any imaged data. We declined to provide our notes but agreed not to review any imaged data on a temporary basis until he had the opportunity to discuss with counsel.[10]

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[9] The Receiver's team consisted of counsel and a legal analyst. Also present was an FTC digital forensics expert.

[10] After consultations with his counsel, Squires later continued his cooperation, and agreed to permit access to some information. Squires' counsel arranged to forensically image the desktop computer, two external hard drives, and two mobile phones. Squires' counsel has provided some Receivership Entity documents and stated more are forthcoming.

Despite the abrupt end to our interview, Squires provided background information about Individual Defendant Brola and the Receivership Entities' business. He first interacted with Brola in 2008 when both were internet gamer enthusiasts.[11] In February 2023 Brola hired him to be the CTO of Credit Glory, build Standard Scores, manage the IT team, and build a custom customer relationship management ("CRM") database.[12]

As to the credit repair business, Squires confirmed that the sales reps all worked remotely and were managed via Discord, a text, voice call, and video platform.[13] He stated that the phone numbers that Receivership Entities included in Google ads, which consumers could click on and be connected with a Receivership Entity, were run through a third-party platform, Twilio. The homegrown CRM was hosted by DigitalOcean and replicated for each of the four consumer-facing credit repair companies, and was accessible through the websites of each company.

As to Standard Scores, Squires learned that Brola formed it to source consumer credit reports rather than pay commissions to third parties to perform the same service.[14] Standard Scores charged consumers just $1 to access their credit reports, even though it cost Standard Scores $8-$11. This "discount" is recovered by multiple other fees charged for credit repair. As detailed below, this $1 fee was also a teaser to get consumers to share their credit card information.

Squires left Standard Scores in January 2025 for a job in the financial sector. He stated he had grown "uncomfortable" with the business. He did not like the basic format

[11] Squires was looking to improve in the Starcraft internet game when he found a Brola website (HotKeyit) that trained people in Starcraft.

[12] Squires said he accepted the job only after Brola met his demand for a big advance; he made that demand because he had never met Brola in person, did not totally trust him, and found it "unusual" that Brola communicated via Signal with messages set to disappear after four weeks.

[13] Squires told us that Discord even had a "bathroom" channel enabling managers to track which employees were on restroom breaks.

[14] The prior provider was a third-party vendor, Identity IQ, which offered consumers a seven-day trial for $1 allowing them to access credit reports from the three credit agencies, with the access (and charges) continuing for an annual, biannual, or monthly basis.

– purchase ads in the name of or similar to debt collectors and when consumers tried to contact the debt collector, redirecting them to a Brola business. Squires was also influenced by a recorded customer call he heard where he felt the consumer was being scammed.[15] When he expressed some concerns to Brola, Brola replied, "it's all legal," "we're selling the idea to customers that they can get away with something" and asked Squires, "Why do you care if you lie to strangers?"

When Squires' new financial job did not work out, Squires returned in October 2025 as CTO for a new Brola project – Europa Eats, a Door Dash type food delivery business in Croatia, which Squires believed was funded from the credit repair business. By May 2026, however, Brola terminated the Europa Eats project and moved Squires to another project: Sphinx Consultants LLC ("Sphinx"), a new debt collection business that Brola planned to integrate with the credit repair business. Individual Defendant David Naylor was the point person on Sphinx but was still learning the business and seeking the necessary certifications. Squires built the CRM.[16] According to Squires, Sphinx had just recently purchased its first batch of consumer debt and in July 2026 had sent out its first round of letters to consumers. Brola terminated Squires from Sphinx in July 2026, with August as his last month of employment.

B. Documents/Information/Electronic Data

Despite limited results from the immediate access, we ultimately identified and, with considerable difficulty, accessed and secured the Receivership Entities electronic services and data platforms, including: QuickBooks for accounting; Google Workspace for email and cloud document storage; Close CRM (used minimally by Standard Scores) and the homegrown CRMs on DigitalOcean; Twilio for telephone systems and call data

[15] According to Squires, the consumer was a desperate woman in an abusive relationship trying to clear a $300 debt so she could rent an apartment for herself and her child. After being diverted to one of Brola's companies, the sales rep took payment of $400 representing that this would clear the debt, when in fact no payment would be made to the debt collector.

[16] Even after he joined Sphinx, Squires was paid his salary from a Europa Eats bank account. Squires also told us Brola still owes him for his last month's salary at Sphinx.

management (Twilio has secured but not yet provided the data); four Slack workspaces and one Discord server for real-time voice, video, and text communications; Justworks for payroll; and more than 15 different merchant processing companies to process credit card charges.[17]

This process was complicated by the unavailability and early lack of cooperation from the Individual Defendants (*see* below), but we did ultimately secure administrator credentials for almost all platforms. In coordination with our forensics vendor, FTC's digital forensics team obtained forensic images of the data platforms.

While there was no physical office to secure and inspect, these electronic services and platforms together constituted a full-service office, which has provided us with some level of visibility into operations.

C. Suspension of Business and Notice to Consumers

On August 6, 2026, we contacted Twilio, the telephone and voicemail vendor, about the FTC action, entry of the TRO, and the suspension of business, but Twilio did not immediately respond. On August 12, Twilio suspended the accounts for Credit Clerk, Credit Glory, Credit Joy, Credit Sage, and Standard Scores, and the telephone numbers are no longer functioning. Twilio also identified approximately 55 TB of call recordings. We remain in contact with the Twilio legal department. We have also posted a notice to consumers at the Receiver's website: https://regulatoryresolutions.com/case/federal-trade-commission-v-credit-glory-llc-et-al-credit-glory-receivership/.

We contacted Namecheap, the domain host, to gain control of the various websites. Defendants provided the website credentials so we could place a consumer notice on each website to alert consumers to the FTC action, the TRO, and the suspension of business. However, Namecheap locked the account and has not yet allowed us to access it. Once we can access the account, we will modify the websites and provide the link for further information about the FTC action.

[17] Since Brola used Signal to communicate with Squires, we requested all Signal communications regarding the Receivership Entities. However, Defendants did not provide any Signal communications.

D. Cooperation

While defense counsel has been exceptionally cooperative and responsive, the Individual Defendants' cooperation has been piecemeal at best and has complicated and slowed our efforts to gain control and review the various data sources and online platforms. In many instances, we secured the necessary administrative credentials for the data only after multiple requests.

For example, all four credit repair entities and Standard Scores used Google Workspace for email and file sharing. The Defendants were obligated by the TRO to turn over control of the data immediately via administrative password. Instead, Defendants initially provided just standard user credentials, and it was only after multiple email exchanges that we secured super-administrator credentials on August 8.[18] In another instance, Defendants denied on two separate occasions that Discord was used in the business. The Receiver's counsel had been told about Discord by the former CTO and also discovered emails referencing the Discord platform; after persistent requests, Defendants ultimately admitted Discord was used in the operation and provided credentials to access a Discord server, named "Aurora," which had only two text channels – announcements and lunar-antics. There were audio-only huddle rooms and offices.

We also secured QuickBooks and Slack files for the four credit repair entities and Standard Scores.

All four of the credit repair entities used the custom CRM databases and software, which were hosted at DigitalOcean. After several days and multiple emails with both defense counsel and counsel for DigitalOcean, we secured administrative access to these DigitalOcean accounts. The CRM software developer, an employee of Defendants, was made available and explained the various items located on the DigitalOcean accounts.

[18] Credit Clerk had approximately 223 Google Workplace accounts totaling approximately 820 GB. Credit Glory had approximately 236 accounts totaling approximately 1 TB. Credit Joy had approximately 83 accounts totaling 1.1 TB. Credit Sage had approximately 243 accounts totaling approximately 1 TB. Standard Scores had approximately 37 accounts totaling 17 GB.

Across the four DigitalOcean accounts,[19] each had a virtual server hosting the CRM's user interface accessible via the internet (*i.e.*, https://crm.creditclerk.com; https://crm.creditglory.com, etc.), CRM database, and customer files stored in cloud storage. Credit Clerk, Credit Glory, and Credit Sage also had resources to "handwrite" the dispute letters. On August 7, Defendants continued to access the CRM databases and created a backup of them in violation of the TRO. We did not learn about that until August 17 when Defendants' software developer identified for us that the CRM databases had been backed up by Defendants on August 7. We ultimately were able to download the CRM databases on August 18 and provided a copy to Defendants on August 19. The CRM databases were approximately 40 GB. The CRM customer files were approximately 9 TB, which we downloaded and made available to Defendants.

On August 14, we requested interviews of the Individual Defendants and an outside bookkeeper. Individual Defendants Brola, Emery, and Naylor have not agreed to be interviewed and, to date, the Receiver team has interviewed two Individual Defendants and two employees, including: the software developer who provided an overview of the various DigitalOcean resources and how each was used (August 17); an outside bookkeeper and Individual Defendant Joshua Curtis, who were interviewed by the Receiver's forensic accountant (August 19); Individual Defendant and CEO Marko Petkovic, who was interviewed by the Receiver and his team for approximately two and a half hours in connection with Petkovic's two declarations (August 23).

Additionally, on August 19, the Receiver requested Defendants comply with the TRO (which requires repatriation within 5 days) and repatriate all Documents and Assets, including, among other things, approximately $4.65 million transferred to Brola's Swiss bank account from Credit Sage's Brex account, as well as four wires sent to Brola on

[19] The credit repair companies' DigitalOcean databases are complex. The Credit Clerk DigitalOcean account has one database cluster, eight virtual servers, and two storage buckets. Credit Glory has four database clusters, twelve virtual servers, and four storage buckets. Credit Joy has one application, four virtual servers, and one storage bucket. Credit Sage has four database clusters, nineteen virtual servers, a load balancer and ten storage buckets.

March 2, 2026 from Credit Glory and Credit Sage's Brex account totaling $1.15 million. On August 26, defense counsel claimed that the repatriation provision has not been triggered because Brola, Emery, and Petkovic are contesting personal jurisdiction and service of the TRO, among other things. Along the same lines, we have not received the devices of Brola, Emery, and Petkovic, all of which are required to be provided for imaging under the TRO.

E. Additional Receivership Entities

The TRO empowers the Receiver to identify additional Receivership Entities, and sets out a procedure to notify such non-parties and inform them they can challenge the Receiver's designation.[20] We have identified Sphinx Consulting LLC, Sphinx Advisory Group LLC, and Europa Eats LLC as additional Receivership Entities and sent them the requisite notices. *See* **Exhibit 1**. We have received no challenge to these determinations.

III.

ASSETS AND LIABILITIES OF RECEIVERSHIP ENTITIES

A. Financial Accounts for Receivership Entities

Beginning August 6, 2026, my team served the TRO on banks and other financial institutions where Receivership Entities and/or Individual Defendants were known to have accounts. The following Receivership Entities' accounts with positive balances have been frozen:

Defendants / Account Name	Bank / Merchant Vendor Name	Account No. Ending	Balance Frozen
Clerk Credit Software LLC	Ecrypt/Esquire Bank	9306	$40,495.25

[20] TRO Definition L defines Receivership Entities as "the Corporate Defendants as well as any other entity that has conducted any business related to Defendants' marketing of credit repair services, including receipt of Assets derived from any activity that is the subject of the Complaint in this matter, and that the Receiver determines is controlled or owned by any Defendant." TRO Section XII.V provides that the Receiver may notify a non-party entity identified as a Receivership Entity and inform the entity that it can challenge the Receiver's determination by filing a motion with the Court.

Defendants / Account Name	Bank / Merchant Vendor Name	Account No. Ending	Balance Frozen
Clerk Credit Software LLC	Mercury Technologies/ Choice Bank	0734 & 1738	$2,797.04
Clerk Credit Systems LLC	Avidia Bank	9669	$34,617.64
Clerk Credit Systems LLC	Luqra/Evolve Bank	6826	$133,219.40
Clerk Credit Systems LLC	Mercury Technologies/ Choice Bank	1731 & 7341	$45,908.72
Clerk Credit Systems LLC	Wise	4016	$5.92
Credit Glory Inc.	Ecrypt/Esquire Bank	1865	$157,309.90
Credit Glory Inc.	JPMorgan Chase	5906	$2,225.00
Credit Glory LLC	Brex	6451	$0.05
Credit Glory LLC	Brex	4193	$0.10
Credit Glory LLC	Brex/Column NA	7214	$165,423.09
Credit Glory LLC	Maverick/Avidia Bank	3250	$24,236.00
Credit Glory LLC	PayArc/Evolve Bank	5236	$90,164.49
Credit Glory LLC	PayArc/Evolve Bank	8552	$96,975.61
Credit Sage LLC	Brex/Column NA	1162	$0.16
Credit Sage LLC	Brex	1710	$49,413.87
Credit Sage LLC	Brex/Column NA	7188	$253,044.76
Credit Sage LLC	Coastal Acquiring Secure Holdings	5880	$37,614.12
Credit Sage LLC	Coastal Acquiring Secure Holdings	9881	$225,191.26
Credit Sage LLC	Coastal Acquiring Secure Holdings	0880	$295,853.83
Credit Sage LLC	Maverick/Avidia Bank	9680	$24,487.00
Credit Sage LLC	PayArc/Evolve Bank	8578	$111,274.38

Defendants / Account Name	**Bank / Merchant Vendor Name**	**Account No. Ending**	**Balance Frozen**
Credit Sage LLC	Wise	3562	$15.82
Europa Eats LLC	Mercury Technologies	0391 & 1850	$1,705.46
Joy Credit Software LLC	Ecrypt	6880	$84,898.33
Joy Credit Software LLC	Mercury Technologies/ Choice Bank	9596 & 3874	$14,987.76
Joy Credit Software LLC dba Credit Joy	Netevia/Evolve Bank	1474	$43,120.32
Sphinx Advisory Group	Mercury Technologies/ Choice Bank	6016 & 5736	$1.67
Sphinx Consultants	Mercury Technologies/ Choice Bank	1642 & 1962	$4,701.12
Standard Scores LLC	Ecrypt/Esquire Bank	0732	$24,639.79
Standard Scores LLC	JPMorgan Chase	0704	$446.33
Standard Scores LLC	Mercury Technologies/ Avidia Bank	2284 & 0187	$1,811.47
Standard Scores LLC	PayArc/Evolve Bank	5942	$238,893.84
Standard Scores LLC	Stripe	GGvx	$317,497.09
Standard Scores LLC	Wise	8161	$199.27
Total			$2,523,175.86

B. Liabilities

Our financial review is ongoing, but our Accountant's Report, **Exhibit 2**, indicates current and long-term liabilities of $31,683.

C. Accounting

Forensic accountant, Thad Meyer, has conducted a preliminary review of available financial records of Receivership Entities, primarily QuickBooks Online. His interview of the bookkeeper and Individual Defendant Josh Curtis (who claims to have been providing CFO services) were not enlightening. Mr. Meyer's Accountant's Report is **Exhibit 2**. This report is based on a review of Defendants' own internal records – we have not conducted any sort of technical audit – hence our review and this report are preliminary, but they provide an indication of financial activity. We provide an overview here.

1. Sales of Credit Repair Services

From inception through July 2026, aggregate "sales" of credit repair services by the consumer-facing Receivership Entities (Credit Clerk, Credit Glory, Credit Joy, Credit Sage, and Standard Scores) were $205,490,354 per the Receivership Entity QuickBooks records. There are no chargeback or refund accounts in the Credit Glory and Credit Sage records. Refunds, chargebacks, and processing fees appear to have been netted against recorded sales; therefore, gross consumer collections were higher than the amounts recorded.

The other Receivership Entities were not consumer-facing.

2. Profit/Loss

Of the 17 Receivership Entities, QuickBooks records were kept for only five of the entities. The consolidated income of the five consumer-facing Receivership Entities totals $210,657,204.

3. Balance Sheet Assets and Liabilities

The five consumer-facing Receivership Entities consolidated assets as of July 2026 total $984,907 and liabilities total $31,683.

4. Distributions to Principals

From 2022 through early August 2026, there were distributions to the Individual Defendants from the five Receivership Entities totaling $58,149,554. The distributions were recorded in QuickBooks as "Owner's Pay."

The Individual Defendants who received the largest distributions were Alexander Brola, Liam Emery, and Marko Petkovic. Per the QuickBooks records, distributions to Alexander Brola total $54,798,745, Liam Emery received a total of $4,665,324, and Marko Petkovic received $893,364. The QuickBooks records indicate that approximately $43 million of the total distribution was paid by Credit Glory and Credit Sage.

We found evidence of many wire transfers (including international wire transfers) from the Credit Glory entities to Brola. These wires were made in large round numbers, totaled in the millions of dollars, and appear to have been made regularly at the start of each month.

IV.

CAN THE BUSINESS BE OPERATED LEGALLY AND PROFITABLY?

TRO Section XII.U authorizes the Receiver to suspend business operations if in his judgment such operations cannot be continued legally and profitably.

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The TRO prohibits Defendants from three primary categories of unlawful conduct: unlawful advance fees;[21] misrepresentations and false promises;[22] and unlawful enrollment practices.[23] *See generally* Section TRO § I.[24]

Our review of Defendants' multiple CRMs, email traffic, and employee communications on the Slack platform, even though preliminary, has provided us with a solid understanding of how this business operates. Based on our review to date, we have confirmed, at a minimum, the following unlawful components of the business: unlawful advance fees; misrepresentations and deception in the acquisition of customers, who are unknowingly redirected from their internet searches for their debt collector; sales reps who capitalize on consumer confusion during sales calls; and unlawful enrollment practices by failing to provide required consumer protection disclosures regarding contract terms and the collection of fees. As Receiver, I can see no path by which the business could be operated legally and profitably in the context of this receivership.

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[21] This includes charging or receiving payment for credit repair services before the service is fully performed. *See* TRO § I(B).

[22] This specifically includes misrepresentations that: they are affiliated with a debt collector or creditor; they can remove negative information from a credit report or improve a credit score; any person is a victim of identity theft; or any other material fact regarding their credit repair services. *See id.* § I(A).

[23] This specifically includes: false statements to secure a consumer's banking information; failure to include required terms and conditions in a Credit Repair Service contract; charging consumers without their informed consent; electronic fund transfers on a recurring basis without written authorization; and as to any negative option feature, failure to disclose that consumers will be charged unless they take affirmative action, the dates charges will be submitted and steps to avoid the charges. TRO§§ I(D-H).

[24] Receivership Entities developed customized home-grown CRMs for each of the four credit repair entities and another for Standard Scores. These CRMs contain all the information and data necessary for complete visibility into operations, including sales rep scripts, policy statements, financial activity, specific customer activity, training materials and videos, some recorded phone calls with consumers, sales reports (including a "Hall of Fame" listing the top salespeople), and a wealth of other relevant information regarding consumers, including their credit reports, and contracts.

A. Advance Fees

1. <u>Fees Collected</u>

The business collects multiple fees – some are collected early in the enrollment process; others are collected monthly over time. Our sample review of customer accounts from the CRMs of Credit Glory, Credit Sage, Credit Clerk and Credit Joy clarify the timeline of fee collections.

a. <u>$1 Standard Scores Fee</u>

After a consumer is redirected, via Google ad, away from their actual internet search target (a collection company), the consumer is connected to a sales rep who downplays the value of paying the debt and sells disputing the debt as a real fix for the consumer's situation. The first task in the sales process is to secure the consumer's credit report from Standard Scores (a supposedly separate company). The sales rep quickly seeks authorization to charge $1 (charged in the name of Standard Scores) to access credit reports from each of the three credit bureaus. *See* **Exhibit 3 at 2-3** ("Phase 3: Standard Scores"). This maneuver achieves the collection of $1 and – more importantly – the consumer's credit card information for other fees. The $1 is less than the $8-$11 Standard Scores pays to pull the credit report, but that discount is recaptured through the $24.99 monthly maintenance fees charged consumers via Standard Scores.

b. <u>One-time Set Up Fee</u>

After the credit reports are pulled, the initial call moves to the consumer's enrollment in the credit repair plan, which requires a one-time set-up fee. The consumer is reminded that paying the debt will not remove the debt from the consumer's credit report (where the rep claims it will remain for seven years) and the only way to remove the debt from the report is to dispute the debt.

In a section titled "Hook & Close," the sales script prompts sales reps to describe this fee as follows: "To get everything started there's a one-time set-up fee of $X78 which covers prepping and sending your first round of dispute letters within *24 hours after authorized payment*. From there, we keep working on your file month-to-month, which is just $99 per month as we continue applying pressure until the job is done. Most customers see results within 90 days and that is exactly why we give you the 90-day guarantee." *See* **Exhibit 3 at 4** ("Phase 5: Hook & Close") (emphasis added).[25]

Our review suggests that the set-up fee amount varies dramatically from $178 to $978 and is highly negotiable. Sales reps are instructed to ask for higher amounts but are authorized to offer discounts and/or modest payment plans based on ability to pay.[26] In some instances, the amount is set at a small discount off the amount of debt at issue as part of the deception that the debt will be resolved. Our review indicates no clear policy guidelines for discounts on the set-up fee, except that sales reps were trained to make the deal.

The sales rep initially puts a "Hold" on the customer's credit card for the agreed upon amount of the set-up fee.[27] Consumers are then sent instructions to upload their photo ID and proof of address, after which dispute letters are generated (within 24 hours) and sent electronically to a direct mail vendor for mailing. At the same time the electronic letters are sent to the vendor, the credit card is charged the full amount of the set-up fee. We understand the third-party vendor prints and mails the dispute letters to the credit reporting agencies.[28]

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[25] We have located ample customer complaints and cancellations based on claims that the fees being charged were not explained. Indeed, some consumers complete the call believing they have been speaking to the debt collector they attempted to contact in the first instance. This does not appear to be result of rogue rep actions but was part of the sales process the reps were trained to accomplish. *See* **Exhibit 3** (Credit Glory Training Materials entitled, "Collections Call Flow"). *See also* discussion on complaints and training videos below.

[26] CEO Petkovic explained that experienced and successful sales reps, without compliance issues, were granted the discretion to ask for whatever setup fee they could get the consumer to pay.

[27] Our review of consumer calls indicates that it often takes numerous attempts to obtain a hold. The CRM specifically notes that roughly 40-50% of holds fail, often due to "Issuer Declined" (fraud protection) or "Insufficient Funds."

[28] The printing and mailing does not necessarily occur instantaneously with the vendor's electronic receipt of the letters.

The process of first putting a hold on the card before later charging it appears to be an unsuccessful effort to avoid advance fee prohibitions against charges made before the work is "fully performed."

c. Monthly Maintenance Fees

A $99 monthly maintenance fee is first charged one month after the date the set-up fee is charged and then billed each month thereafter until cancellation. Despite some script language suggesting that it is only charged for 90 days, we have seen evidence that it recurs well beyond 90 days based on review of history of billing practices for numerous consumers in the CRMs.

d. Monthly Credit Monitoring Fees

A $24.99 fee to Standard Scores is also collected monthly, ostensibly to monitor consumers' credit reports. The first such fee is collected seven days after enrollment and thereafter monthly. Script language also limits this fee to 90 days, but in practice the charges recur much longer, as also evidenced by the billing records for numerous consumers contained in the CRMs.

e. Inquiry Disputes: Hard Inquiries

The business also engaged in limited efforts to remove "Hard Inquiries" from consumer credit reports. These were inquiries from lenders evaluating some sort of credit application and were generally treated by credit bureaus as a "hit" against the consumer's credit. In our interview with Individual Defendant Petkovic, he confirmed the process for selling Inquiry Removal.[29]

Towards the end of a sales call, and after the initial sale, sales reps could offer a separate service to challenge "hard inquiries." Based on the sales script, the process was: by text message, the consumer was asked to review all hard inquiries; the sales rep offered to dispute them, explaining they were separate from debt accounts, but "can impact your score by up to 11 points each" and their removal was the "fastest way to

[29] Petkovic also described the process in his Third Declaration (ECF No. 33, ¶¶ 13-14), which was filed after we had inquired about this issue in our interview.

boost your score;" sales rep asked consumer to select "the ones they don't recognize or that are not tied to an open account;" for the unrecognized inquiries, sales rep sought to enroll them for "Inquiry Removal." **Exhibit 3 at 8**. The script nowhere mentions identity theft or how these hard inquiries would be challenged.

Hard inquiry disputes were offered at $79 per dispute, but agents could offer a "special promo" of $79 for two disputes. For ten or more inquiries, agents offer $799 and free removal of extra inquiries above ten. We understand that dispute letters were sent for "Identity Theft," and Credit Glory entities lodged identify theft reports in the consumers' names on the FTC's IdentityTheft.gov website.

In our interview, Petkovic reported that the Credit Glory entities' standard procedure was to categorize hard inquiries not recognized by the consumer as "Identity Theft" which was part of their process. He also confirmed that sales reps never discussed "Identity Theft" with consumers.

In one call we listened to, where the hard inquiry pitch was successful, the sales rep proactively assisted the consumer to identify items that did not have an open account. At no time were the words "Identity Theft" mentioned or was the consumer asked if they were comfortable making an identity theft claim. This is also consistent with the notes we reviewed for customers with "Inquiry Disputes" there was no indication consumers understood they were claiming Identity Theft. For example, one Credit Glory customer said her "motivator" was just to build better credit with no mention of identity theft.

2. <u>Are These Fees Unlawful?</u>

A critical issue for this receivership is whether these fees violate the Credit Repair Organizations Act ("CROA") Section 404(b) and the Telemarketing Sales Rule ("TSR"), Section 310.4(a)(4)(2), both of which prohibit advance fees until the contracted work is completed. A second related analysis is if the fee taken violates these laws and regulations, what would be required to bring such fee collections into compliance. Those issues are addressed, *infra*, at § H.2.

3. The Individual Defendants Understood the Risk of Unlawful Fees

Individual Defendant Brola understood that the business was based on unlawful advance fees. For example, based on his emails, he tracked a CFPB case against credit repair competitor Lex Law, in which the CFPB alleged that Lex Law collected unlawful advance fees.

In May 2022, Brola wrote a prospective business partner that Lex Law had "been in trouble for a decade" with the CFPB and highlighted his admiration for Lex Law's obfuscation efforts – as Brola put it, it was "[s]uper smart" of Lex Law to "split their companies up in a way that it's apparently hard to prove who's who. Progrexion is the parent company, some marketing company agency that owns Lexington Law, credit repair.com, credit.com, credit.com, etc. The R2O sites could be theirs, could be an affiliate, I'm sure there's no way to find out. Super smart. get rich or die tryin!" *See* **Exhibit 4 at 3**.

The CFPB prevailed in the Lex Law case and obtained a stipulated judgment ($3.8 billion) entered in 2023 after the federal district court determined at summary judgment that Lex Law collected unlawful advance fees in violation of the TSR.[30]

Lex Law was required to stop its telemarketing sales in August 2023. Brola knew well what brought them down given his monitoring of the case. And the case was front and center in the credit repair space more generally: for example, we found in Brola's email box a November 2023 "Compliance Update" from the American Association of Consumer Credit Professionals about the Lex Law case stating unequivocally: "Credit repair organizations that market or sell their services over the phone, irrespective of whether they promise a specific result to consumers, must follow the TSR, including the advance fee provision." *See* **Exhibit 5**.

We have seen no evidence that Brola, the other Individual Defendants or Receivership Entities, took any meaningful steps toward TSR compliance. Instead, Brola

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[30] *See generally* https://www.consumerfinance.gov/archive/newsroom/cfpb-reaches-multibillion-dollar-settlement-with-credit-repair-conglomerate

took advantage of Lex Law/Progrexion's demise – he told one vendor in August of 2023 (the month of the Lex Law judgment) that: "We're a bit overwhelmed right now with Progrexion going under - a lot of their large affiliates are coming to us." **Exhibit 6**.

The Lex Law case was raised to the leaders of Credit Glory in May 2024 by the Raymond James investment firm. During due diligence for a transaction, investment banker Jonathan Knauss emailed "the CG Team"[31] with "one follow-up question, which is about the CFPB and TSR." He attached the judgment against Lex Law, referenced "the attached settlement between Progrexion and the CFPB," and highlighted the language prohibiting advance fees.[32] *See* **Exhibit 7**. Knauss then wrote: "As we understood it, CG bills for services after sending notes to credit agencies within 48 hours of the customer signing up. This seems as though it violates the language in the Progrexion settlement. What are we missing here? Thanks." Knauss was not missing anything. Individual Defendant Liam Emery responded to Knauss with an unpersuasive argument that the TSR did not apply to the Credit Glory business.[33] *See* **Exhibit 8**. It appears that Raymond James passed on whatever potential investment opportunity Credit Glory was pitching/seeking.

We found evidence that sales team members were concerned about the advance fee issue. In June 2023, a consultant (named Anubis) hired by Credit Glory to train the

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[31] The CG team included Individual Defendants Josh Curtis, Marko Petkovic, and Liam Emery.

[32] Knauss summarized the TSR's advance fee ban as follows: "A credit repair organization may not request or receive payment until (1) the time frame in which they have reprinted all of the goods or services will be provided to that person has expired and (2) they have provided the person with documentation in the form if a consumer report from a consumer reporting agency demonstrating that the promised results have been achieved, such report having been issued more than six months after the results were achieved." *Id.* (errors in original).

[33] Emery responded via email: "The Progrexion case was decided in a Utah District Court, so it's not binding law in the majority of U.S. jurisdictions. Regardless, Progrexion made significant timeframe representations and promised specific and unrealistic results. We do the opposite by promising nothing and reaffirming this with required compliance statements. Because of this, we think we have a strong legal argument that the specific provision that PGX was violating doesn't apply to us at all." Notably, other than making the vague claim that the "specific provision" didn't apply to them, Emery did not address the advance fee issue.

sales team reported back to David Naylor that he received negative feedback from employees on this issue: “They know *some* of the TSR and CFPB regulations to some degree and are wondering ‘how are we ***NOT*** going to be sued?’” **Exhibit 9** (emphasis in original).

B. Sales Process

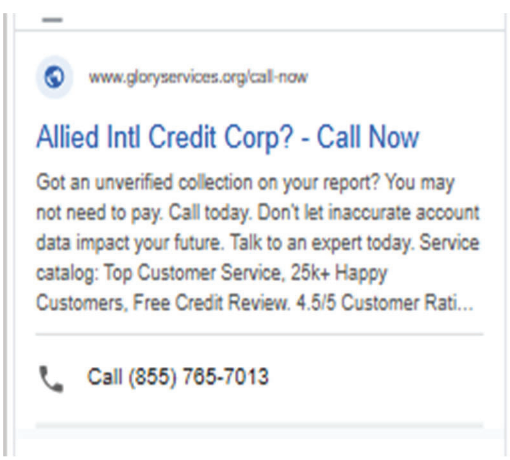
Our review confirms a two-step sales process: customers are acquired through deception and internet trickery and those customers are then subjected to sophisticated sales tactics by sales reps incentivized to sell.

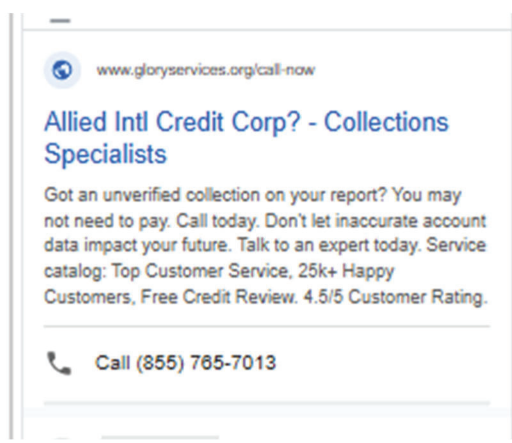
1. <u>Customer Acquisition – Google Ad Deception</u>

The business targets consumers with credit problems who are searching the internet for the debt collector or creditor who is the source of negative information in their credit report with the goal to pay the debt and resolve the issue.

Defendants deploy Google ads to divert/hijack the consumer’s real search from legitimate results and instead drive them to Defendants’ sales reps operating remotely across the country. When consumers view their Google search results, ads bought by a Credit Glory entity pop up with links to a phone number and a website.

If they click the phone number link, the call will be directed to a sales rep of a Credit Glory entity:



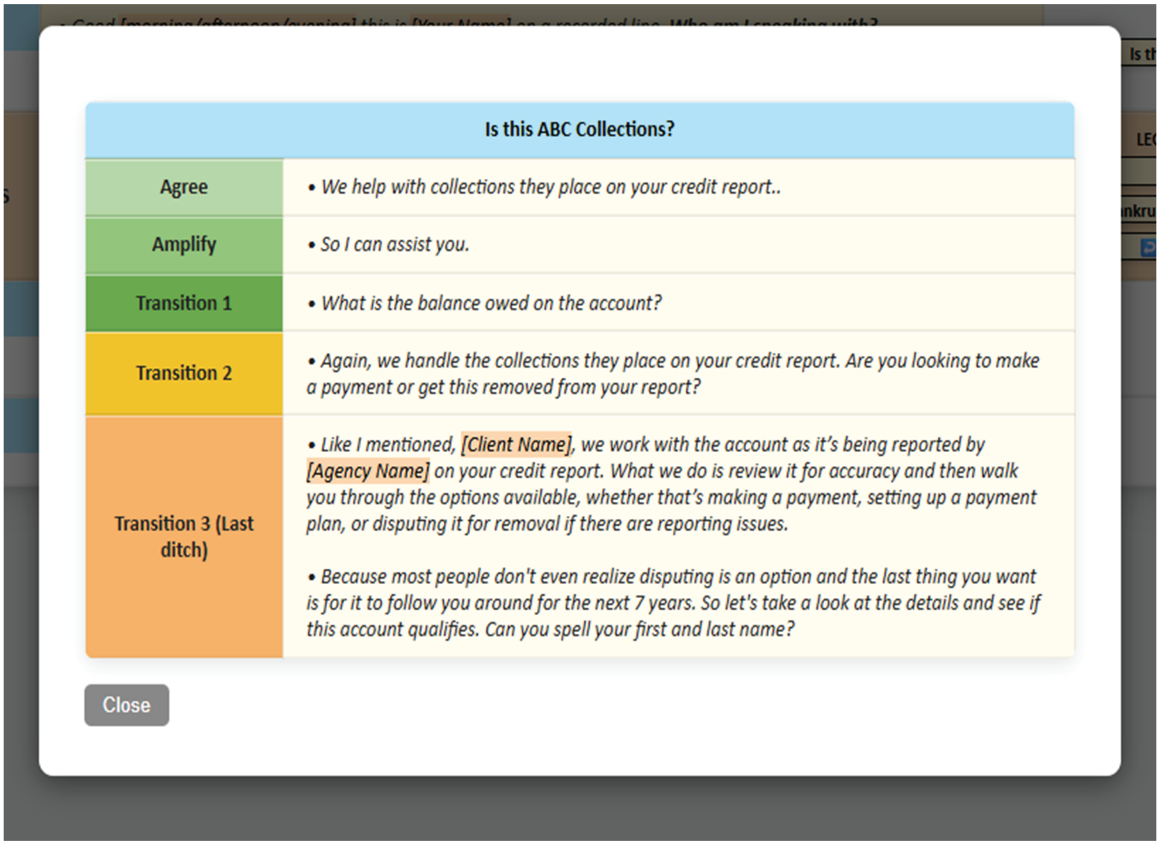


If they click the website link, they are sent to a webpage and a one-page ad in the name of the original search, but a phone number to the Credit Glory sales reps.

As a result of this Google ad internet trickery, consumers believe they are talking to the debt collection agency or creditor they searched for on Google. And the Credit Glory sales reps are specifically trained to maintain that deception. The sales script in Credit Glory's CRM guides sales reps on implementation of this deception:

- Sales reps are instructed to avoid correcting consumers' misunderstandings that they are speaking with a debt collector or collection agency. They are instructed: "Very important to stick to the call flow and not give away that we're not the CA." **Exhibit 10 at 3**.

- The CRM contains specific guidance on how to respond when asked whether Credit Glory is in fact another company. When asked "Is this ABC Collections?," they are instructed to "Agree" and "Amplify" with the vague response: "We help with collections they place on your credit report…So I can assist you" followed by suggested "Transitions" to move the consumer toward enrolling in a plan. **Exhibit 11**.



Is this ABC Collections?	
Agree	• We help with collections they place on your credit report..
Amplify	• So I can assist you.
Transition 1	• What is the balance owed on the account?
Transition 2	• Again, we handle the collections they place on your credit report. Are you looking to make a payment or get this removed from your report?
Transition 3 (Last ditch)	• Like I mentioned, [Client Name], we work with the account as it's being reported by [Agency Name] on your credit report. What we do is review it for accuracy and then walk you through the options available, whether that's making a payment, setting up a payment plan, or disputing it for removal if there are reporting issues. • Because most people don't even realize disputing is an option and the last thing you want is for it to follow you around for the next 7 years. So let's take a look at the details and see if this account qualifies. Can you spell your first and last name?

Close

- The sales reps are also told to give consumers the false impression that they can settle the consumers' debts and to then quickly redirect them to Credit Glory's repair services as a superior path. There were extensive discussions internally among the sales teams about mastering "the pivot." **Exhibit 12**.

We also located a Credit Joy script on its CRM that contained a slightly different but equally troubling introduction. That script's Phase I Section: Intro & Discovery provided specific instructions to sales reps to hide Credit Joy's identity: "Create a safe, neutral space without disclosing who we are," with the goal being to "build comfort" without "exposing details prematurely." **Exhibit 13**. The script then warned of the "Danger" that "[t]he caller may ask, Who are you? or assume you're the collection agency," instructing the sales rep thusly: "Do not confirm or deny—stay neutral." *Id.*

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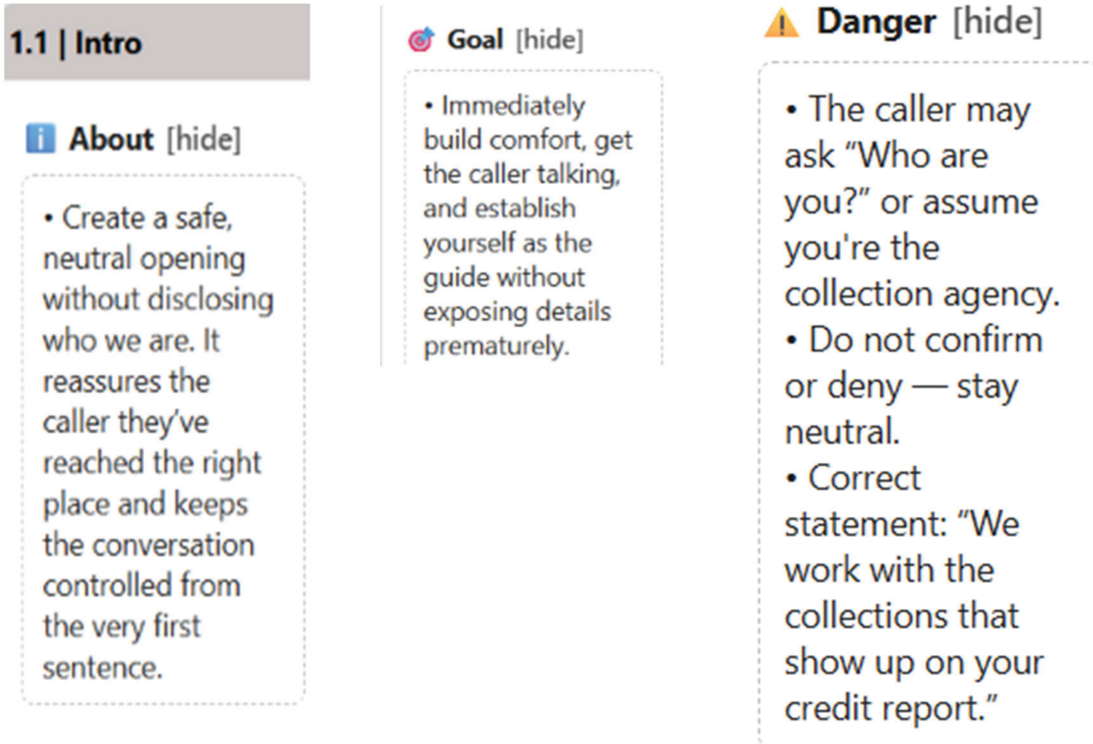

We found an instance where a Credit Clerk sales rep was reprimanded by his manager for answering "No" when a consumer asked if he had reached Experian. The manager's email explained that instead of saying "No," the sales rep should pivot to offering help: "that pivot is everything. Instead of separating us from the solution, it should sound like: 'Oh man, getting an email about fraudulent activity can be scary: worried: Let me pull up your credit file and see if I can find anything suspicious or fraudulent in nature.' That keeps control and builds value. We cannot let those calls walk away." **Exhibit 14**.

A Slack discussion between two Credit Glory sales reps was also revelatory. When asked by a fellow sales rep how to respond to a consumer who thought they were calling a debt collector, a sales rep's recommendation was not to correct the misunderstanding, but to scare the consumer, "make [the consumer] feel like shit" and "don't be their friend UNTIL you pitch the dispute… until then you are mr collection agent." **Exhibit 15 at 10**.[34]

[34] We found several candid assessments of the Credit Glory Receivership Entities by current remote employees in their Slack chats with one another. These were reflective of a digital high-pressure boiler-room where sales reps deceived consumers and sought to sell to the "$978" leads (the highest among the companies' arbitrary price plans). For

We reviewed training materials in the CRM confirming the sales reps are trained in the science of consumer manipulation. A training video titled "Customer Mindset" tells sales reps to "understand [the consumer's] mindset, know their walls, overcome their objections, make the sale." The employee giving the training presentation explained that the consumers are apprehensive and think they are calling a debt collector: "Now, not only do they not know that they've called the wrong place; they think they're talking to a company that wants to take their money or sue them or even garnish their wages, so how do you disarm somebody that's feeling this way?" In response, the sales reps are told to "disarm" the callers with extreme confidence and promises to help them. If the consumer asks, "Is this ABC Collections," the reps are told to deflect and confidently tell them, "Great Question, we do collections for them." *See* **Exhibit 35** (Credit Glory Customer Mindset Training Video available at https://shorturl.at/qrjh7. This link will also be provided to the parties and a motion for leave to file an exhibit non-electronically will be filed shortly.)

The net effect of the Google ad trickery and sales reps' deceptive responses is that consumers are confused – they think they are calling the debt collector or the creditor; and they do not really understand they have entered the Credit Glory sales apparatus where the goal is to get them to "pivot" away from paying off their debts and to paying Credit Glory to dispute negative credit report items. Such confusion was a consistent theme of consumers seeking refunds or cancellation.

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example, in Slack discussion on August 10, 2026, two sales reps exchanged the following messages discussing the FTC lawsuit:

> "Are you shocked"
>
> > "Eh not really I knew this was coming"
>
> "lol yes it was always coming"
>
> > "Might not be a bad idea to pull your profile pic and delete last name just in case the ftc gets a hold of our slack. Might be extra careful but idk"

Exhibit 16.

Given the crucial nature of the Google ads in redirecting customers to the credit repair companies, it is not surprising that the Google ad spend was the largest category of vendor expenditures for Receivership Entities, with a total spend exceeding $25 million from 2022 through 2025.

2. <u>Customer Acquisition – Organic Leads</u>

While customer acquisition was primarily focused on Google ads connected to debt collectors and creditor searches, the business also deployed Google ads for credit repair services which included phone icons linking to the sales reps as well as direct links to websites maintained in the names of the four credit repair entities. These websites promoted success stories and positive reviews of credit score improvements and included phone icons linking to sales reps.

We discovered that in spring of 2026, Credit Glory made a limited effort to acquire customers through radio ads. We located a Slack message from Jessica Shuey, Sales Director (who filed a declaration in support of the Opposition), to the sales team, in which she touted that the radio ads lead to "organic leads" (customers who call in after hearing the ads). She explained to the sales reps: "These types of calls need a different approach – it's all about transparency, they know who we are!" She also explained that the script instructing sales reps to deceive consumers about who they were talking to was "obviously" not needed. **Exhibit 17**.

3. <u>Consumer Enrollment</u>

Once the consumer has been unknowingly redirected to the Credit Glory sales apparatus, sales reps muscle consumers toward a "plan" with immediate credit card charges. The sales reps are trained and programmed to "make the deal" as their compensation is tied to "plans sold" and "lead conversion" rates.

Our primary source for insight into the sales process was the CRM,[35] which provides a centralized platform for the sales effort. It reflects a workplace structure where customer interactions are heavily scripted with standardized responses. As to each

[35] All four credit repair entities have almost identical CRMs.

customer, it provides a complete timeline of their interactions and all of their related documents.

The Collections Call Flow (**Exhibit 3**) walks the sales rep through the six phases of the Credit Glory "Call Flow Funnel"[36] with scripted language and specific rebuttals to consumer questions and objections. It is supported by the "Call Flow Mastery" (**Exhibit 10**) and the "Objection Handling Master" (**Exhibit 18**) which anticipates all manner of questions and objections. In aggregate, these documents reflect the core component of the sales pitch: <u>disputing the debt with Credit Glory is a better option than paying it off:</u>

The Call Flow Mastery Phase 2 (Education and Transition) highlights the need for sales reps to "educate" consumers that paying off the debt is not their best option:

- "The idea is to educate clients on the long-term impact paying off a collection may have on their credit score." **Exhibit 10 at 3**.
- "We want to explain that paying the collection is the most common option consumers choose and that's why they're trying to reach the Collection Agency most of the time." **Exhibit 10 at 3**.
- "We want to explain that paying the collection might make sense, but it's not a good choice …the balance will go down to $0, but the collection can stay on their credit report for up to 7 years." **Exhibit 10 at 3**.
- "We want to encourage the clients that disputing the collection is a better option. Successfully disputing the collection takes it off the credit report completely…" **Exhibit 10 at 3**.

The Collections Call Flow script feeds sales reps specific language on this this message:

- Phase 2 (Education and Transition) "But keep in mind when you pay the collection, the balance will go to $0, but the collection itself will stay on your credit report for 7 years." "The second option is a legal dispute for removal of the collection on your credit report. Quite often these collections have errors and, as per federal law, if these aren't corrected by the bureaus, the account must be removed." **Exhibit 3 at 2**.
- Phase 5 (Hook & Close) highlights that the goal is to get items deleted: "When the disputes are successful and the items get deleted, they disappear

[36] The six phases are: Intro & Discovery; Education and Transition; Standard Scores; Credit Consultation; Hook & Close; Wrap Up & Compliance. Each phase includes links to rebuttals to any consumer resistance.

> from your report like they were never there and that's when your score jumps back up where it should be." **Exhibit 3 at 4**.

The Master Objections provide canned objection responses inflating the chances of actual success on the dispute:

- "I have a 95 % satisfaction rating on my disputes. I'm not willing to risk that rating if I'm not confident, I'll be able to help you here today." Master Objections Phase 4/5 Transition. **Exhibit 18 at 3**.
- "Not only would we not be in business if we weren't getting proven results but on top of that we have a 95% satisfaction rating and 4.9/5 stars on Trustpilot." Master Objections 4/5 Extra Statement. **Exhibit 18 at 3**.

C. Credit Repair Services

The primary service provided to enrolled customers is the sending of dispute request forms to the credit reporting agencies. We understand that these letters were computer-generated. The font used on the filled-out forms is designed to mimic a consumer's handwriting. *See* **Exhibit 19, 20, 21**.

Our review suggests that these automated dispute forms were generated and then emailed almost immediately after consumers uploaded their two pieces of required information: identification (copy of driver's license); and proof of address. The Credit Glory entities immediately billed the consumers' credit cards, on which Holds had been placed earlier in the sales process, at the same minute they "processed" the letters by transmitting the dispute letters to their third-party mail vendor (who then printed, stamped, and mailed the letters to the credit reporting agencies). Our understanding is that generation of the dispute letters is accomplished using an automated process that is accomplished with little effort. While we do not have transparency into the actual preparation of the letters, we believe that it requires but a few keystrokes, given how quickly the letters are generated. Customer profiles on the CRMs reflect that these letters are typically processed within hours, and sometimes minutes, of the consumers uploading their information to the Credit Glory entities.[37]

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[37] As discussed elsewhere, it is doubtful whether the meager "services" of preparing auto-generated dispute letters constitutes "fully perform[ing]" the contracted-for services to justify collection of the set-up fees (whether it is $179 or $978); and second, the timing of

In our sampling of 50 customer accounts across the CRM systems of all four Credit Glory entities, we identified several trends: the most common dispute reason listed on these letters was "Unverified Account", followed by "Address Dispute," "Name Dispute," or "Identity Theft"; dispute letters were sent to the three credit reporting agencies roughly once per month; we saw no specific methodology for which dispute reason is listed; and multiple letters are sent for each customer, often using different dispute reasons across those letters.

Our review of the CRM confirms that hundreds of thousands of letters were sent out in the names of consumers – first in initial rounds of disputes followed by monthly letters. At this point in our review, we cannot evaluate how many disputes were successful. Many consumer complaints indicated dissatisfaction with the results, noting that their credit scores did not improve, but most of that evidence is anecdotal.

Individual Defendant Petkovic has filed three declarations in support of Defendants' Opposition (while at the same time refusing to accept service). In our interview with Petkovic, we asked him to explain the methodology and provide us with access to the data for the metrics set out in his first declaration and exhibits. ECF No. 30-5 at 2-3 & 11 (¶¶ 9-10 & Exs. A and F). Petkovic explained that a company team had provided him with the information and he had few details beyond that. We requested that he provide instructions on how we could access the data in the DigitalOcean platform to verify accuracy of the claims. He indicated he was agreeable to doing so. Since the time of our interview, Petkovic filed a third declaration, and just before we filed this report, we received a follow-up letter from his counsel, which included information they believe will allow us to access this data. Given that we just received this information, as we were in the midst of completing this report, we have not been able to test the instructions. As such, we do not know whether the figures provided in Paragraph 10 and

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the payments violates advance fee bans in the TSR and CROA. Those topics are addressed elsewhere.

Exhibits A and F of his First Declaration are accurate. Based on our review of other data, we have our doubts.

We are, therefore, not now in a position to evaluate whether and to what extent individual customers secured actual credit repair.

D. Unlawful Enrollment Practices

TRO Sections I(D-G) specifically prohibit unlawful enrollment practices regarding billing and disclosures about billing, including unauthorized charges, failure to provide CROA disclosures, and unlawful negative option marketing. These prohibitions reflect provisions in the CROA[38] and the TSR[39] designed to protect consumers from unauthorized and unwanted charges that are hard to cancel.

Our review confirms that the Credit Glory entities' sales reps poorly disclose the negative option billing at the heart of the business – *i.e.*, a $99 monthly fee for credit repair and then a $24.99 monthly fee for credit monitoring services (Standard Services), which kicks in after seven days if that contract is not canceled. Instead, the disclosures about recurring charges are confusingly presented and buried at the end of a glossy barrage of smooth talk from the sales representatives – and after the dispute resolution services have been offered as a panacea to these consumers' credit problems.

Our review of Slack messages and sampling of sales calls both confirm that many sales reps gloss over key disclosures that would prevent sales. In a recent Slack discussion (May 22, 2026), two sales reps describe their interpretation of script language requiring disclosures:

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[38] The CROA requires that written contracts include the terms and conditions of payment, total amount of all payments, estimate of the date services will be completed or the length of time necessary to perform the services. 15 U.S.C. § 1679(d).

[38] The TSR requires that credit repair telemarketers disclose all material terms and conditions of negative option features of sales, including the fact that consumers must affirmatively act to cancel recurring charges. *See* 16 C.F.R. § 310.3(a)(1)(vii).

> "The way I say it sounds good *I don't mention no suing no guarantees of any outcome 99$ a month indefinitely*… That's on them though… It's right there for them to read…"
>
> > "I tell them to read it over hit continue and the second pa[g]e is going over the 90-day guarantee and when I say that that already signed it…lol
>
> "Yup they always sign like idiots… Bless them…"
>
> > "lol"
>
> "Good night more suckers tomorrow it should be good since Monday will be dead…"

Exhibit 22 at 4.

As a result of the confusing and inadequate disclosures, consumers consistently complained they did not know they had signed up for recurring monthly charges indefinitely. For example:

- A Credit Glory customer complained: "Reason I gave them 1 star is bc I had to leave something to write this review, they sign you up for stuff and don't even realize it til 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!!!!!!." *See* ECF No. 30-5 at 22.
- A Credit Sage customer complained: "They also put me into a t3-month agreement/contract and continued charging me. I asked them to cancel my agreement, but the charged continued." ECF. No. 305 at 47.
- Standard Scores customers made consistent complaints including:
  - "I didn't authorize this charge, never signed up for your services, and was defrauded by a credit recovery agent to use your services," **Exhibit 23**; and
  - "Nobody disclosed you were cheating me monthly and matter of fact after the scammer talked me into $1 charge." **Exhibit 24**.

E. Refunds

Customer dissatisfaction is reflected in a high volume of cancellations and refunds.

1. Cancellations

Defendant Marko Petkovic indicated that the average credit repair company consumer canceled in just two and one-half months. In his First Declaration he included an exhibit, Exhibit F, which includes the credit reporting companies' cancellation rates in the last year. These included a whopping 90% for Credit Joy, 58% for Credit Sage, 46% for Credit Clerk, and 40% for Credit Glory. As noted above, we have not been able to replicate these metrics, but the sheer number of cancellations (as calculated by the Defendants themselves) supports widespread consumer dissatisfaction.

2. Refunds

The CRM contained a specific platform for the Retention Team responsible for handling dissatisfied customers and instructions on how to handle refunds. Under the most recent policy (May 2026), refunds were evaluated by "threat" level – refunds were to be granted only if "client threatens us with CFPB, FTC, Lawyer and Attorney General." The materials stated "no other threats count[.]" *See* **Exhibit 25**. Employees were instructed to be on the lookout for certain "government regulatory agencies/law references" and other "legal trigger words"[40] that required escalation to the "Complaints Team." *See* **Exhibit 26**.

Employees had some flexibility to negotiate with consumers posing less of a threat (like a BBB complaint), but the "set up fee" was considered non-negotiable. While it appears that some refunds on the $99 monthly fees were granted, our review confirms that the refund process was onerous and many consumers complained.

F. Consumer Complaints

Our review identified a steady flow of customer complaints and cancellation requests submitted by various means.[41] Samples of such complaints are attached as **Exhibit 27**; they reflect consistent themes of fraud and unauthorized charges.

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[40] This list included: CFPB (Consumer Financial Protection Bureau); FTC (Federal Trade Commission); CROA (Credit Repair Organizations Act); CRA (Fair Credit Reporting Act); Authorities; Attorney; Lawyer; Sue; and Lawsuit.

[41] Complaints were made through email, phone calls, hand-delivered mail, Better Business Bureau and Trustpilot complaints, complaints to state regulators, the FTC, and the CFPB.

1. <u>Complaints about Credit Glory, Credit Sage, Credit Clerk, and Credit Joy</u>

These Receivership Entities received dozens of BBB Complaints and 1-star Trustpilot reviews, many emailed directly to the inboxes of Individual Defendants Brola, Petkovic, and Naylor. For example:

- On July 28, 2026, one outraged Credit Glory consumer posted a Trustpilot review detailing how Credit Glory scammed him out of $1,000 on a $330 debt that was still on his credit report 9 months later. **Exhibit 27 at 1**.

- Another consumer complained on July 21, 2026, that Credit Glory was "[the worst] credit repair company every don't trust it's a fraud and waste of money and time called every month for updates and nothing but they continued to charge and that 3 months free is also a lie they don't do that don't waist your money with them." **Exhibit 27 at 3**.

- A few days earlier (on July 13, 2026), a consumer had warned: "After realizing that this company is not what they projected themselves to be, I find i am out $978. The agent led me to believe he was going to pay off my Kohls charge as well as dispute it on my credit report. they are deceptive...be careful." **Exhibit 27 at 4**.

- A former employee of Credit Joy and Credit Glory wrote the following 1-star review: "CREDIT JOY/CREDIT GLORY I WORKED THERE AND GOT TIRED OF FRAUD AND STEALING MONEY FROM POOR PEOPLE. THIS IS A SHITTY COMPANY." **Exhibit 27 at 5**.

- One consumer sent a 1-star review of Credit Sage in December of 2024: "These people are scammers; they will keeping charging you and not rending service. They are thieves, they will tell you that once you pay it will take 45 days and they won't do anything. Credit sage will keeping charging you and tell you that they are still waiting for a merchant and you will be charged again and again." **Exhibit 27 at 6**.

- An October 2024 1-star Trustpilot review of Credit Clerk stated: "Was misled. Thought I was talking to Experian. Associate never told me it wasn't. So many time I said Experian. He never said it wasn't." **Exhibit 27 at 7**.

In July of 2026, David Naylor received an email from the Chief Revenue Officer of Identity IQ (which was a vendor who provided access to credit reports much like Standard Scores for Credit Glory, Credit Sage, and Credit Joy) to flag that Identity IQ was receiving complaints from consumers confused about what they were signing up for. **Exhibit 28**. The email identified 78 separate complaints over the past two months and provided a "breakdown" of the categories of complaints.[42] *See id.* It appears that the purpose of the email was not to send alarm bells to Credit Clerk that a fraud was afoot, but rather to position Identity IQ to pitch its chargeback tools to reduce complaints and chargebacks.

The Receivership Entities request that happy customers post favorable Trustpilot reviews, usually immediately after the first call with a sales rep (when the consumers may or may not understand that they have not been speaking with the creditor they intended to contact). *See* **Exhibit 29**.

But even with the Receivership Entities priming the pump to get five-star reviews, there are many scathing reviews – generally after the consumers progressed further in the process and realized they had been billed by someone other than the creditor, or even later once they had paid the Receivership Entities substantial funds with no results. Given what appears to be manipulation of the reviews by the Receivership Entities, we do not give much credence to the Trustpilot reviews as evidence of consumer satisfaction. We observed that Brola monitored the 1-star reviews, attempted to have some of them

[42] Vendor Identity IQ specifically identified and quantified the following categories of complaints they had received about Credit Clerk:

• Impersonated a credit bureau (Experian, Equifax, TransUnion, or the bureau) ~33.

• Impersonated a collection agency or creditor the customer was trying to reach (LVNV, I.C. Systems, Jefferson Capital, Portfolio Recovery, etc.) ~25.

• Impersonated some other company (Credit Karma, a loan company, a healthcare agency) ~5.

• Enrolled the customer without consent / customer unaware they were signed up ~20.

• Failed to disclose the trial and recurring monthly subscription (told "$1 only") ~15.

• Bad or falsified contact data (misspelled emails — possibly intentional to block the welcome email – bad SSN/DOB/phone) ~6.

• Charged separate fees ($99–$149+) or promised credit-repair results not delivered ~6.

• Irate customers / escalation threats (FBI, BBB, bank, bureaus) ~10.

removed, and was suspended by TrustPilot on multiple occasions through Cease and Desist notices for misusing TrustPilot's flagging tool. *See* **Exhibit 30**.

2. Complaints about Standard Scores

Our review of numerous sources (the inbox for the hello@standardscores.com email address, mail delivered to the Standard Scores Richmond office, BBB and TrustPilot reviews, etc.) revealed rampant complaints about Standard Scores. These consistently raised similar issues regarding the unauthorized recurring $24.95 monthly subscription charges, poor disclosures, and misrepresentations about whom consumers were speaking to; they often referred to Standard Scores as a "scam" or a "fraud." *See generally* **Exhibit 31**.

For example:

- In November 2025, one customer canceled Standard Scores noting that the $24.95 monthly charges had gone unnoticed for a year as it was "Small enough to miss yet BIG enough to not settle for it being okay and leaving it go unaddressed." The consumer said that he was investigating the 10 charges of $24.95 since December of 2024 and unless someone could show that he had signed up he was "filing criminal charges of theft" as "the information online is pointing to a blatant scam and theft through deceptive practices." **Exhibit 31 at 39**;
- In June of 2026, one customer emailed: "I didn't authorize this charge, never signed up for your services, and was defrauded by a credit recovery agent to use your services. This is notice to cancel the account immediately; a hard refusal of your services, and I'm requesting a full refund. I've notified the BBB of the transaction and reported the information as an internet scam to the IC3 internet crimes division. I have also forwarded the information to my attorney." *Id.* at **8**; and
- Many complaints/cancellations were made in the week before the TRO was entered.
  - On August 5, 2026, one consumer canceled, stating:

    "Nobody disclosed you were cheating me monthly and matter of fact after the scammer talked me into $1 charge I told him I did not want your services! You won't get another penny from me." *Id.* at **1**.
  - On August 4, 2026, another wrote:

    "stop! This is Fraud!" *Id.* at **2**
  - On August 3, 2026, one customer emailed:

    "This is FRAUD. Cancel immediately!! I am filing a police report if you do not refund…" *Id.* at **3**.

These complaining consumers were by no means outliers, given that we found hundreds of emails dating back several years from upset consumers canceling because of unauthorized charges, misrepresentations, and fraud by Standard Scores.

G. Common Enterprise

The four credit repair companies (Credit Glory, Credit Sage, Credit Clerk, and Credit Joy) and Standard Scores operated as a common enterprise. The credit repair companies' business models are the same. The CRMs and training materials are identical with minor variations in Credit Clerk.

While Standard Scores was created on paper as a separate company, it was an embedded part of the four Credit Glory companies, all controlled by Brola. Standard Scores' inclusion in the enterprise was critical – it enabled sales reps to view credit reports for a $1 with the added benefit of immediate access to consumers' credit card information. It too was part of the common enterprise.

All Standard Scores sales are tainted by the initial misrepresentations made to consumers who thought they were speaking with the debt collectors or creditors for which they had originally searched. Standard Scores had few employees and it does not appear the company generated income from any source other than the initial consumer calls coming into the Credit Glory entities. The CRM for all the Credit Glory entities had links to Standard Scores. The Credit Glory sales reps handled all payments to and contracts involving Standard Scores.

Defendant Joshua Curtis is Standard Scores' 100% owner and "CEO" on various corporate documents, but we found no evidence that he performed any functions beyond attempting to get merchant processing for the Receivership Entities, where he continually claimed to be the owner of Standard Scores.

H. Can the Business Be Operated Legally and Profitably?

The initial investigation by our receivership team has enabled me to evaluate the ability of the Receivership Entities to comply with numerous provisions in the TRO and to reach the opinions expressed herein regarding the legality and profitability of business operations. Although I have not been able to access certain materials, I do not believe that further information is needed to reach these opinions. Specifically, our review to date provides a basis to evaluate the legality of three key components of the business and determine if the business could operate legally and profitably if those practices were brought into compliance.

1. <u>Misrepresentations in Customer Acquisition</u>

Customer acquisition is primarily premised on customer confusion created by deceptive Google ads (and then reinforced by sales reps) that lead consumers to believe they are talking to the debt collector or creditor for which they initially searched. *See* **Exhibit 32.**

To be compliant, the business would require a wholesale change in its customer acquisition strategy. Google ads could not be deceptive and confusing – they would have to be redesigned to make it clear that the Credit Glory entities are not the debt collector or creditor for which the consumers searched, but different companies entirely.

Sales reps would have to be retrained to tell consumers the truth – *i.e.*, that they are not talking to their debt collector or creditor, but instead to a credit repair company that will not help them pay off their debts but only help them dispute them. If a consumer asks, “Are you ABC Collections?”, the answer must be: “No. We are a different company.” If a consumer asks, “Can you help me pay off my debt with ABC Collections?”, the answer must be, “No, we are not able to help you with payments to ABC Collections. You must call them directly to do so.”

Sales reps would also require retraining to remove a core deception at the root of the business: that disputing a debt is always a better option than paying it because payment does not take the debt off your credit, but a successful dispute will remove it forever. Sales reps make this claim without clarification that disputes are only successful if the debt or other negative item is not legitimate.

Such removal of the deception and misrepresentation now embedded in the sales process would materially reduce sales volume. Implementation of a compliant sales operation would also be complicated, time-consuming, expensive, and unprofitable. On this basis alone, this business could not be operated legally and profitably. This reality is an independent basis for immediate suspension of operations.

2. Unlawful Advance Fees

These parties chose to operate in an environment highly regulated to protect consumers. The statutory language of the federal advance fee prohibitions in the CROA and the TSR can be obtuse, but the concept is clear – protect vulnerable consumers from bad actors who promise future results but demand payment in advance.

As Receiver, I could not continue this business legally without complete conviction that the fees collected complied with these advance fee prohibitions and any other applicable federal and state laws. For the reasons discussed below, I lack that conviction.

a. CROA Advance Fees

CROA Section 404(b), which is incorporated in TRO Section I.B, prohibits advance fees defined as: "Charging or receiving money or other valuable consideration for the performance of any **Credit Repair Service** before such service is **fully performed.**" *Id.* (emphasis added).

A first step toward compliance is to determine what "Credit Repair Service" the consumer contracted for and whether a fee was paid before that service was "fully performed." The Credit Joy "Product & Policy Knowledge Cheat Sheet" ("Policy Cheat Sheet") (**Exhibit 33**) we located on the CRM describes Defendants' view of CROA compliance as follows:

> First billing for Credit Repair plan is processed **only after dispute letters are** sent, typically within 1-24 hours after the contract is signed. This is in accordance with the Credit Repair Organizations Act (CROA) we must complete the work before billing the client and we are unable to process payments before work is completed (Thus is why the service is non-refundable, because we do the work before charging the client).
>
> However, a hold will be placed once the contract is signed to ensure that the money is available to be charged once work is completed. A hold (also known as an authorization) is legally not a charge and does not break the CROA as it does not take the money out of the client's account. Only once the work is complete is the hold released and a charge made…

Id.

This interpretation has the rule right – no payment until the work is completed but suggests an unrealistic definition of the work ("dispute letters are sent").[43] The logical extension would be this disclosure to consumers: "Our Credit Repair Service is the sending of a single batch of automated form dispute letters; once that is done, our service has been 'fully performed' and we can collect our fees without it being an unlawful advance fee."

Our review of other CRM materials and listening to calls with consumers suggest that "send a first round of dispute letters" is not a legitimate description of the service consumers think they are contracting for and is not wholly consistent with the actual business and what is pitched to consumers. Defendants' own documents describe multiple other "services" that consumers may believe they are going to receive. For example:

- The same Policy Cheat Sheet describes the "Credit Repair Program" as a process, not just a single round of letters: "a complex and sometimes lengthy process that is achieved by sending itemized dispute letters to each bureau. We send a new round of dispute letters to each bureau every 30-35 days using unique and personalized strategies…" **Exhibit 33 at 1**.
- The Policy Cheat Sheet also defines "work completed": "Enrollment completes when all negative information has been deleted, changed to a favorable report (no longer Derogatory) Or the client cancels." **Exhibit 33 at 4**.
- Phase 5 (Hook & Close) of the Collections Call Flow highlights that the goal is to get items deleted: "When the disputes are successful and the items get deleted, they disappear from your report like they were never there and that's when your score jumps back up where it should be." **Exhibit 3 at 4**.
- Hook & Close also highlights that the "first round of dispute letters" is just the beginning: "To get everything started, there's a one-time setup fee of $x78 which covers preparing and sending your first round of dispute letters within 24 hours after authorized payment. From there we keep working on your file, month-to-month, which is just $99 per month as we continue to apply pressure until the job is done." **Exhibit 3 at 4**.

[43] Other internal documents invoke the language "first round of dispute letters."

- Phase 6 of the Collections Call Flow offers a guarantee: "In the rare case you haven't seen any removals after 90 days, you'll receive an additional 90 days of service completely free." **Exhibit 3 at 5**.
- Master Objections Phase 1 "Last Ditch Attempt" highlights that the goal is removal: "Our goal is to ensure that we REMOVE any inaccurate information that could be hurting your credit. Many of our clients have a score INCREASE within just 90 days." **Exhibit 18**.
- The Services contract itself is vague, defining services to include "credit consulting, dispute management, and a unique customer portal to track your credit history." **Exhibit 34**.

Just these few examples confirm there is a predicate factual issue as to what is the "Credit Repair Service" and when it is "fully performed."

Even accepting Defendants' description of services as just the "initial mailing of dispute letters," the customer is charged before that narrowly-defined service is "fully performed" – first, the hold is placed on the card during the first call and then the card is charged after the customer delivers identification and address confirmation with the first round of dispute letters to follow within 24 hours. As such, the set-up fees and the subsequent monthly charges appear to violate CROA even under the narrowest definition of the services because they have not "fully performed" their services when they place a hold on a consumer's credit card and then bill that card – which occurs after dispute letters have been prepared but before they have been printed and mailed out by the direct mail vendor.

The Credit Glory entities could, in theory, avoid this advance fee violation by stopping the practice of placing holds on credit cards during the cancellation period and wait to contact them for payment until the dispute letters have actually been mailed by their third-party mail vendor. Such a delay would impact cash flow, though only by a couple of days, but it would be subject to the increased risk that the credit card payments could not be processed because the consumer had withdrawn authorization or did not have credit eligibility.[44]

[44] Getting the credit card charge authorization was a consistent problem during the initial call. Banks apparently flag the Credit Glory companies as a fraud charge and sales reps have to routinely coach consumers on how to contact banks and get the charges authorized. A two-or-three-day gap for the charge to be imposed would likely involve

For purposes of this Preliminary Report, my report to the Court is that this business does not appear to be compliant with CROA and that any future compliance effort would require factual determinations as to what the credit repair services are and when they are fully performed.

b. <u>The TSR's Advance Fee Prohibition</u>

TSR (Section 310.4(a)(4)(2)) goes further than the CROA by prohibiting the collection of advance fees "until six months after the consumer is provided documentation that the promised results have been achieved."

Whether these fees violate TSR is not a complex question. The set-up fee and the subsequent monthly charges are collected well before the six-month time frame in the TSR. And Receivership Entities do not send consumers any documentation, which would be needed to start the six months running in the first place. This violation could not be remedied without delaying collection by six months and installing a documentation procedure that triggered the six-month timer. Such a paradigm shift would require a completely different business plan with additional capital and financing. The Credit Glory entities do not claim they comply with the TSR but have presented a legal argument that the provision is not constitutional and does not apply to them. In the role of temporary Receiver, however, I must accept the law as is and cannot recommend a return to operations for a business that so clearly violates the TSR.

As to Standard Scores, it is portrayed as a separate credit monitoring company, which does not claim to provide credit repair services. As such, the $1 collected by the Credit Glory entities for Standard Scores in the first call and the subsequent monthly charges could be argued to not be subject to CROA or the TSR. However the reality is that Standard Scores is operating as part of a Common Enterprise with other credit relief companies and, as such, its collection of fees would violate the TSR.

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substantial consumer contact and coaching at a time when consumers routinely cancel the services.

c. The CROA's Other Provisions

The current procedures violate numerous other requirements of the CROA: the consumer has a right to cancel within three "business days" from signing the contract; there is a mandatory cooling-off period of three business days from signing the contract during which "No services may be provided by any credit repair organization for any consumer;" and there are requirements for specific disclosure of the right to cancel and the cooling-off period in separate written statements and/or in the terms and conditions of the contract.

Receivership Entities violate these provisions as follows: by providing services during the cooling off period (during which they prepare and send dispute letters to their mail vendor); by omitting mandatory contract language of "Notice of Cancellation" within 3 business days of contract signing to be in the immediate proximity of the signature line; by identifying the right to cancel as within "3 days" rather than the required "3 business days;"[45] by omitting mandatory disclosure of the 3 business days cooling off period; and by violating other notice requirements.

The above violations of the CROA could be remedied: the contract could add the mandatory language of cancellation within "3 business days," rather than "3 days"; the Credit Glory entities could wait to perform any services during the three-business-days cooling-off period; and their contracts could be amended to include the mandatory bold-face disclosures as specified in the CROA.

But such changes would have a severely negative impact on the business.

3. State Laws

Many States have advance fee prohibitions similar to federal law. Some states impose separate – and more stringent – requirements for credit repair organizations. Some States, such as Georgia, have criminal penalties for illegal advance fees and failing

[45] This materially reduces a consumer's cancellation rights. If a contract is signed on a Friday, 3 business days would extend to the following Wednesday, but 3 days just to Monday.

to register without required surety bonds.[46] Although we have not undertaken a state law compliance review, we have not seen indications that the Receivership Entities sought to comply with state law in their contracts or otherwise. The need for compliance with States' separate legal regimes poses an additional hurdle to any resumption of this business.

4. Unlawful Enrollment Practices

As detailed in Section IV.D, above, the Credit Glory entities have violated the billing practices prohibited in the TRO.[47] These unlawful enrollment practices could be corrected by requiring sales reps to disclose what exactly is being sold *before* any money is collected and exactly how/when that money will be collected. Truthful disclosures that consumers are signing up for indefinite recurring charges totaling $125 each month would dramatically reduce sales.[48]

* * *

I conclude that these three components of the credit repair business could not be brought into compliance without a complete recasting of the business model. As such, it is my determination that the business could not operate legally and profitably in the context of this receivership. I have, therefore, suspended operations. As to Standard Scores, while there is nothing inherently unlawful about a business that provides credit reports for a fee, Standard Scores is part of an unlawful common enterprise whose customers are all derived from deception and misrepresentations, and its monthly fees

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[46] *See e.g.*, Georgia Code § 16-9-59 ("Operation of Credit Repair Services Organizations"); California Civ. Code § 1789.10-1789.26; Texas Finance Code Chapter 393); Ohio Credit Services Organization Act (ORC Chapter 4712). For instance, California and Arkansas residents are provided with a cancellation protection of five business days.

[47] TRO Sections I(D-G) prohibit three categories of unlawful enrollment practices regarding billing and disclosures about billing: unauthorized charges; failure to provide CROA disclosures; and unlawful negative option marketing.

[48] This could include the $1 collected by Standard Scores. The business could decide not to charge the dollar, instead obtaining the consumer's permission to access their credit reports for free.

violate the TSR. Hence, I do not see a path for it to operate legally and profitably, and I have therefore suspended its operations.

Dated: August 26, 2026 By: ______________________
Thomas W. McNamara
Temporary Receiver