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Attorneys for Plaintiff Bureau of Consumer Financial Protection

10
11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**

13 Bureau of Consumer Financial Protection,)
14 Plaintiff,)
15 vs.)
16 Chou Team Realty, LLC, et al.,)
17 Defendants.)
18

Case No.: 8-20-cv-00043-JVS-ADS
STIPULATED FINAL JUDGMENT AND
ORDER AS TO ROBERT HOOSE

19
20 The Bureau of Consumer Financial Protection (Bureau) commenced this
21 civil action on January 9, 2020, to obtain injunctive relief, redress, civil
22 penalties, and disgorgement. The Complaint alleges that, in connection with
23 providing Debt-Relief Services to consumers with student loans, certain entities
24 and individuals, including Defendant Robert Hoose, violated the Fair Credit
25 Reporting Act (FCRA), 15 U.S.C. § 1681; the Telemarketing Sales Rule (TSR),
26 16 C.F.R. Part 310; and the Consumer Financial Protection Act of 2010
27 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a)(1)(A).
28

1 The Bureau and Defendant Hoose agree to entry of this Stipulated Final
2 Judgment and Order (Order), without adjudication of any issue of fact or law, to
3 settle and resolve all matters in dispute between these parties.

4 **THEREFORE, it is ORDERED:**

5 **FINDINGS**

6 1. This Court has jurisdiction over the parties and the subject matter
7 of this action.

8 2. Venue is proper in this district under 12 U.S.C. § 5564(f).

9 3. The relief provided in this Order is appropriate and available under
10 sections 1054 and 1055 of the CFPA, 12 U.S.C. §§ 5564, 5565.

11 4. Defendant neither admits nor denies any allegations in the
12 Complaint, except as specified in this Order. For purposes of this Order,
13 Defendant admits the facts necessary to establish the Court’s jurisdiction over
14 him and the subject matter of this action.

15 5. Defendant waives all rights to seek judicial review or otherwise
16 challenge or contest the validity of this Order and any claim he may have under
17 the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution
18 of this action to the date of this Order. Each Party agrees to bear its own costs
19 and expenses, including, without limitation, attorneys’ fees.

20 6. Entry of this Order is in the public interest.

21 **DEFINITIONS**

22 7. The following definitions apply to this Order:

23 a. “Affected Consumers” includes all consumers who, since
24 January 1, 2015, were charged fees by Docu Prep Center.

25 b. “Assisting Others” includes, but is not limited to:

26 i. formulating or providing, or arranging for the
27 formulation or provision of, any advertising or marketing
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1 material, including, but not limited to, any telephone
2 sales script, direct mail solicitation, or the text of any
3 Internet website, email, or other electronic
4 communication;

5 ii. providing names of, or contributing to the generation of,
6 potential customers;

7 iii. participating in or providing services related to the
8 offering, sale, or servicing of a product, or the collection
9 of payments for a product;

10 iv. acting or serving as an owner, officer, director, manager,
11 principal, partner, or limited partner of any entity;

12 v. investing or loaning money; and

13 vi. renting or otherwise providing office space.

14 c. “Consumer Report” means a “consumer report,” as that term is
15 defined in Section 603(d) of FCRA, 15 U.S.C. § 1681a(d).

16 d. “Consumer Reporting Agency” means a “consumer reporting
17 agency,” as that term is defined in Section 603(f) of FCRA, 15
18 U.S.C. § 1681a(f).

19 e. “Debt-Relief Service” means any product, service, plan, or
20 program represented, directly or by implication, to renegotiate,
21 settle, or in any way alter the terms of payment or other terms
22 of the debt, including but not limited to a student loan debt,
23 mortgage loan debt, credit card debt, or tax debt or obligation,
24 between a person and one or more creditors or debt collectors,
25 including, but not limited to, a reduction in the balance,
26 interest rate, or fees owed by a person to a creditor or debt
27 collector.
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- 1 f. “Defendant” means Robert B. Hoose, formerly known as
2 Robert Brooks Beauchamp, Jr., and any other name by which
3 he might be known.
- 4 g. “Docu Prep Center” means Docu Prep Center, Inc., d/b/a
5 DocuPrep Center, d/b/a Certified Document Center; Document
6 Preparation Services, LP, d/b/a DocuPrep Center, d/b/a
7 Certified Document Center; and their successors and assigns,
8 individually, collectively, or in any combination.
- 9 h. “Effective Date” means the date on which the Order is issued.
- 10 i. “Enforcement Director” means the Assistant Director of the
11 Office of Enforcement for the Bureau of Consumer Financial
12 Protection, or his or her delegate.
- 13 j. “Prescreened Consumer Reports” means Consumer Reports
14 relating to consumers furnished by a Consumer Reporting
15 Agency in connection with credit or insurance transactions that
16 are not initiated by the consumers, pursuant to 15 U.S.C.
17 § 1681b(c).
- 18 k. “Related Consumer Action” means a private action by or on
19 behalf of one or more consumers or an enforcement action by
20 another governmental agency brought against Defendant based
21 on substantially the same facts as described in the Complaint.
- 22 l. “Student Loan Debt Relief Companies” means Docu Prep
23 Center, Inc., d/b/a DocuPrep Center, d/b/a Certified Document
24 Center; Document Preparation Services, LP, d/b/a DocuPrep
25 Center, d/b/a Certified Document Center; Certified Doc Prep,
26 Inc.; Certified Doc Prep Services, LP; Assure Direct Services,
27 Inc.; Assure Direct Services, LP; Direct Document Solutions,
28

1 Inc.; Direct Document Solutions, LP; Secure Preparation
2 Services, Inc.; Secure Preparation Services, LP, and their
3 successors and assigns, individually, collectively, or in any
4 combination.

5 **ORDER**

6 **CONDUCT RELIEF**

7 **I.**

8 **Permanent Ban on Offering or Providing Debt-Relief Services**

9 **IT IS ORDERED that:**

10 8. Defendant, whether acting directly or indirectly, is permanently
11 restrained from:

- 12 a. participating in, advertising, marketing, promoting, offering for
13 sale, selling, or providing any Debt-Relief Service; or
14 b. Assisting Others in, or receiving any remuneration or other
15 consideration from, the provision, advertising, marketing,
16 promoting, offering for sale, sale or production of any Debt-
17 Relief Service.

18 This Paragraph does not prohibit Defendant from maintaining a passive
19 ownership interest in TaxTime Relief, Inc. or from receiving income from that
20 passive ownership interest, provided that he has no other involvement in
21 TaxTime Relief, Inc. Nothing else in this Order shall be read as an exception to
22 this Paragraph.

23 **II.**

24 **Permanent Ban on Using or Obtaining Prescreened Consumer Reports**

25 **IT IS ORDERED that:**

26 9. Defendant, whether acting directly or indirectly, is permanently
27 restrained and enjoined from using, obtaining, offering, providing, selling, or
28

1 arranging for others to use or obtain Prescreened Consumer Reports for any
2 purpose. Nothing in this Order shall be read as an exception to this Paragraph.

3 **III.**

4 **Prohibition on Using or Obtaining Consumer Reports**
5 **for Any Business Purpose**

6 **IT IS ORDERED that:**

7 10. Defendant, and his officers, agents, servants, employees, and
8 attorneys, and all other persons in active concert or participation with them,
9 who receive actual notice of this Order, whether acting directly or indirectly,
10 are permanently restrained and enjoined from using, obtaining, offering,
11 providing, selling, or arranging for others to use or obtain Consumer Reports
12 for any business purpose other than underwriting or otherwise evaluating
13 mortgage loans. Nothing in this Order shall be read as an exception to this
14 Paragraph.

15 **IV.**

16 **Consumer Information**

17 **IT IS ORDERED that:**

18 11. Defendant and his officers, agents, servants, employees, and
19 attorneys, and all other persons in active concert or participation with them,
20 who receive actual notice of this Order, whether acting directly or indirectly,
21 may not:

- 22 a. disclose, use, or benefit from consumer information, including
23 the name, address, or any information about the consumer's
24 student loans, contained in or derived from Prescreened
25 Consumer Reports obtained for use in marketing Debt-Relief
26 Services; or

1 b. disclose, use, or benefit from consumer information, including
2 the name, address, telephone number, email address, social
3 security number, other identifying information, or any data that
4 enables access to a customer's account (including a credit card,
5 bank account, or other financial account), obtained from or
6 through the activities of the Student Loan Debt Relief
7 Companies.

8 *However*, this Order does not prohibit the disclosure of consumer
9 information if lawfully requested by a government agency or required by law,
10 regulation, or court order.

11 **MONETARY PROVISIONS**

12 **V.**

13 **Order to Pay Redress**

14 **IT IS FURTHER ORDERED** that:

15 12. A judgment for monetary relief is entered in favor of the Bureau
16 and against Defendant, in the amount of \$7,000,000 for the purpose of
17 providing redress to Affected Consumers; however, full payment of this
18 judgment will be suspended upon satisfaction of the obligations in Paragraphs
19 [13 through 17] of this Section and Paragraphs [26 through 30 and 32] of
20 Section VIII [Additional Monetary Provisions] and subject to Section VI
21 [Effect of Misrepresentation or Omission of Financial Condition] of this Order.

22 13. Within 10 days of the Effective Date, Defendant must pay to the
23 Bureau, by wire transfer to the Bureau or to the Bureau's agent, and according
24 to the Bureau's wiring instructions, \$25,000, in partial satisfaction of the
25 judgment referenced in Paragraph [12] of this Section.

26 14. With regard to any redress that Defendant pays under this Section,
27 if Defendant, directly or indirectly, receives any reimbursement or
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1 indemnification from any source, including but not limited to payment made
2 under any insurance policy, or if Defendant secures a tax deduction or tax credit
3 with regard to any federal, state, or local tax, Defendant must: (a) immediately
4 notify the Enforcement Director in writing, and (b) within 10 days of receiving
5 the funds or monetary benefit, Defendant must transfer to the Bureau the full
6 amount of such funds or monetary benefit (Additional Payment) to the Bureau
7 or to the Bureau's agent according to the Bureau's wiring instructions. After the
8 Bureau receives the Additional Payment, the amount of the suspended judgment
9 referenced in Paragraph [12] will be reduced by the amount of the Additional
10 Payment and the Additional Payment will be applied toward satisfaction of the
11 monetary judgment entered in Paragraph [12].

12 15. Any funds received by the Bureau in satisfaction of this judgment
13 will be deposited into a fund or funds administered by the Bureau or to the
14 Bureau's agent according to applicable statutes and regulations to be used for
15 redress for Affected Consumers, including, but not limited to, refund of
16 moneys, restitution, damages or other monetary relief, and for any attendant
17 expenses for the administration of any such redress.

18 16. If the Bureau determines, in its sole discretion, that redress to
19 consumers is wholly or partially impracticable or if funds remain after redress is
20 completed, the Bureau will deposit any remaining funds in the U.S. Treasury as
21 disgorgement. Defendant will have no right to challenge any actions that the
22 Bureau or its representatives may take under this Section.

23 17. Payment of redress to any Affected Consumer under this Order
24 may not be conditioned on that Affected Consumer waiving any right.

1 **VI.**

2 **Effect of Misrepresentation or Omission Regarding Financial Condition**

3 **IT IS FURTHER ORDERED** that:

4 18. The suspension of the monetary judgment entered in Section V
5 [Order to Pay Redress] of this Order is expressly premised on the truthfulness,
6 accuracy, and completeness of Defendant's financial statements and supporting
7 documents submitted to the Bureau, which Defendant asserts are truthful,
8 accurate, and complete, and which include the Financial Statement of
9 Defendant, including the attachments, executed on March 9, 2020, and
10 submitted to the Bureau on or about March 10, 2020.

11 19. If upon motion by the Bureau, the Court determines that Defendant
12 has failed to disclose any material asset, or that his Financial Statement
13 identified in Paragraph [18] contains any material misrepresentations or
14 omissions, including materially misstating the value of any asset, the Court
15 shall terminate the suspension of the monetary judgment entered in Section V
16 [Order to Pay Redress] of this Order and the full judgment of \$7,000,000
17 entered shall be immediately due and payable, less any amounts paid to the
18 Bureau under Section V [Order to Pay Redress] of this Order.

19 20. If the Court terminates the suspension of the monetary judgment
20 under this Section, the Bureau will be entitled to interest on the Order,
21 computed from the date of entry of this Order, at the rate prescribed by 28
22 U.S.C. § 1961, as amended, on any outstanding amounts not paid; provided,
23 however, that in all other respects this Order shall remain in full force and effect
24 unless otherwise ordered by the Court; and, provided further, that proceedings
25 instituted under this provision would be in addition to, and not in lieu of any
26 other civil or criminal remedies as may be provided by law, including any other
27 proceedings that the Bureau may initiate to enforce this Order.

1 **VII.**

2 **Order to Pay Civil Money Penalties**

3 **IT IS FURTHER ORDERED** that:

4 21. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by
5 reason of the violations of law alleged against Defendant in the Complaint, and
6 taking into account the factors in 12 U.S.C. § 5565(c)(3), Defendant must pay a
7 civil money penalty of \$1.00 to the Bureau. This nominal penalty is based on
8 Defendant's limited ability to pay as attested to in its financial statements
9 identified in Section VI [Effect of Misrepresentation or Omission Regarding
10 Financial Condition] above.

11 22. Within 10 days of the Effective Date, Defendant must pay the civil
12 money penalties in Paragraph [21] by wire transfer to the Bureau or to the
13 Bureau's agent in compliance with the Bureau's wiring instructions.

14 23. The civil money penalty paid under this Order will be deposited in
15 the Civil Penalty Fund of the Bureau, as required by section 1017(d) of the
16 CFPA, 12 U.S.C. § 5497(d).

17 24. Defendant must treat the civil money penalties paid under this
18 Order as a penalty paid to the government for all purposes. Regardless of how
19 the Bureau ultimately uses those funds, Defendant may not:

- 20 a. claim, assert, or apply for a tax deduction, tax credit, or any
21 other tax benefit for any civil money penalty paid under this
22 Consent Order; or
23 b. seek or accept, directly or indirectly, reimbursement or
24 indemnification from any source, including but not limited to
25 payment made under any insurance policy, with regard to any
26 civil money penalty paid under this Order.

1 used for purposes of collecting and reporting on any delinquent amount arising
2 out of this Order.

3 31. Within 30 days of the entry of a final judgment, order, or
4 settlement in a Related Consumer Action, Defendant must notify the
5 Enforcement Director of the final judgment, order, or settlement in writing.
6 That notification must indicate the amount of redress, if any, that Defendant
7 paid or is required to pay to consumers, and it must describe the consumers or
8 classes of consumers to whom that redress has been or will be paid. To preserve
9 the deterrent effect of the civil money penalty in any Related Consumer Action,
10 Defendant may not argue that Defendant is entitled to, nor may Defendant
11 benefit by, any offset or reduction of any monetary remedies imposed in the
12 Related Consumer Action because of the civil money penalty paid in this
13 action, or because of any payment that the Bureau makes from the Civil Penalty
14 Fund. If the court in any Related Consumer Action offsets or otherwise reduces
15 the amount of compensatory monetary remedies imposed against Defendant
16 based on the civil money penalty paid in this action, or based on any payment
17 that the Bureau makes from the Civil Penalty Fund, Defendant must, within 30
18 days after entry of a final order granting such offset or reduction, notify the
19 Bureau and pay the amount of the offset or reduction to the U.S. Treasury. Such
20 a payment will not be considered an additional civil money penalty and will not
21 change the amount of the civil money penalty imposed in this action.

22 32. Under Section 604(a)(I) of FCRA, 15 U.S.C. § 1681 b(a)(1), any
23 Consumer Reporting Agency may furnish a Consumer Report concerning
24 Defendant to the Bureau, which may be used for purposes of collecting and
25 reporting on any delinquent amount arising out of this Order.

1 **COMPLIANCE PROVISIONS**

2 **IX.**

3 **Reporting Requirements**

4 **IT FURTHER ORDERED** that:

5 33. Defendant must notify the Bureau of any development that may
6 affect compliance obligations arising under this Order, including but not limited
7 to, a dissolution, assignment, sale, merger, or other action that would result in
8 the emergence of a successor company; the creation or dissolution of a
9 subsidiary, parent, or affiliate that engages in any acts or practices subject to
10 this Order; the filing of any bankruptcy or insolvency proceeding by or against
11 Defendant; or a change in Defendant's name or address. Defendant must
12 provide such notice at least 30 days before the development, or as soon as
13 practicable after learning of the development, whichever is sooner.

14 34. Within 7 days of the Effective Date, Defendant must:

- 15 a. designate at least one telephone number and email, physical,
16 and postal address as points of contact, which the Bureau may
17 use to communicate with Defendant;
- 18 b. identify all businesses for which Defendant is the majority
19 owner, or that Defendant directly or indirectly controls, by all
20 of their names, telephone numbers, and electronic, physical,
21 and postal addresses;
- 22 c. describe the activities of each such business, including the
23 products and services offered, and the means of advertising,
24 marketing, and sales;
- 25 d. identify Defendant's telephone numbers and all electronic,
26 physical, and postal addresses, including all residences; and
- 27
28

1 e. describe in detail Defendant’s involvement in any business for
2 which he performs services in any capacity or which he wholly
3 or partially owns, including his title, role, responsibilities,
4 participation, authority, control, and ownership.

5 35. Defendant must report any change in the information required to
6 be submitted under Paragraph [34] at least 30 days before the change, or as
7 soon as practicable after learning about the change, whichever is sooner.

8 36. Within 90 days of the Effective Date, and again one year after the
9 Effective Date, Defendant must submit to the Enforcement Director an accurate
10 written compliance progress report sworn to under penalty of perjury
11 (“Compliance Report”), which, at a minimum:

- 12 a. lists each applicable paragraph and subparagraph of this Order
13 and describes in detail the manner and form in which such
14 Defendant has complied with each such paragraph and
15 subparagraph of this Order;
- 16 b. describes in detail the manner in which and purposes for which
17 Defendant has used or obtained Consumer Reports; and
- 18 c. attaches a copy of each Order Acknowledgment obtained
19 under Section X [Order Distribution and Acknowledgment],
20 unless previously submitted to the Bureau.

21 **X.**

22 **Order Distribution and Acknowledgment**

23 **IT IS FURTHER ORDERED** that,

24 37. Within 7 days of the Effective Date, Defendant must submit to the
25 Enforcement Director an acknowledgment of receipt of this Order, sworn under
26 penalty of perjury.

1 38. Within 30 days of the Effective Date, Defendant, for any business
2 for which he is the majority owner or which he directly or indirectly controls,
3 must deliver a copy of this Order to each of its owners, board members,
4 officers, LLC members and managers, and general and limited partners, as well
5 as any managers, employees, or other agents and representatives who have
6 responsibilities related to Consumer Reports.

7 39. Defendant, for any business for which he is the majority owner or
8 which he directly or indirectly controls, must deliver a copy of this Order to any
9 business entity resulting from any change in structure referred to in Section IX
10 [Reporting Requirements], any future owners, board members, officers, LLC
11 members and managers, and general and limited partners, as well as any
12 managers, employees, or other agents and representatives who will have
13 responsibilities related to Consumer Reports before they assume their
14 responsibilities.

15 40. Defendant must secure a signed and dated statement
16 acknowledging receipt of a copy of this Order, ensuring that any electronic
17 signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et*
18 *seq.*, within 30 days of delivery, from all persons receiving a copy of this Order
19 under this Section.

20 **XI.**

21 **Recordkeeping**

22 **IT IS FURTHER ORDERED** that,

23 41. Defendant, for any business for which he is the majority owner or
24 which he directly or indirectly controls, must create all documents and business
25 records necessary to demonstrate full compliance with each provision of this
26 Order, including all submissions to the Bureau. Defendant must retain these
27 documents for at least 10 years after creation and make them available to the
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1 Bureau upon the Bureau's request.

2 42. Defendant, for any business for which he is the majority owner or
3 which he directly or indirectly controls, must maintain, for 10 years from the
4 Effective Date, or 10 years after creation, whichever is longer:

5 a. all records concerning Consumer Reports used or obtained;
6 and

7 b. all consumer complaints and refund requests (whether received
8 directly or indirectly, such as through a third party), and any
9 responses to those complaints or requests.

10 Defendant must make these materials available to the Bureau upon the Bureau's
11 request.

12 **XII.**

13 **Notices**

14 **IT IS FURTHER ORDERED** that:

15 43. Unless otherwise directed in writing by the Bureau, Defendant
16 must provide all submissions, requests, communications, or other documents
17 relating to this Order in writing, with the subject line, "*CFPB v. Chou Team*
18 *Realty, LLC, et al.*, Case No. 8:20-cv-00043-JVS-ADS," and send them by
19 overnight courier or first-class mail to the below address, and
20 contemporaneously by email to Enforcement_Compliance@cfpb.gov:

21 Assistant Director for Enforcement
22 Bureau of Consumer Financial Protection
23 ATTENTION: Office of Enforcement
24 1700 G Street, N.W.
25 Washington D.C. 20552
26
27
28

1 **XIII.**

2 **Cooperation with the Bureau**

3 **IT IS FURTHER ORDERED** that:

4 44. Defendant must cooperate fully to help the Bureau determine the
5 identity and location of, and the amount of injury sustained by, each Affected
6 Consumer. Defendant must provide such information in his agents' possession
7 or control within 14 days of receiving a written request from the Bureau.

8 45. Defendant must cooperate fully with the Bureau in this lawsuit,
9 *CFPB v. Chou Team Realty, LLC, et al.*, Case No. 8:20-cv-00043-JVS-ADS
10 (C.D. Cal.), and in any investigation related to or associated with the conduct
11 described in the Complaint. Defendant must provide truthful and complete
12 information, evidence, and testimony. Defendant must appear for interviews,
13 discovery, hearings, trials, and any other proceedings that the Bureau may
14 reasonably request upon 10 days written notice, or other reasonable notice, at
15 such places and times as the Bureau may designate, without the service of
16 compulsory process.

17 **XIV.**

18 **Compliance Monitoring**

19 **IT IS FURTHER ORDERED** that, to monitor Defendant's compliance with
20 this Order, including the financial representations upon which part of the
21 judgment was suspended:

22 46. Within 14 days of receipt of a written request from the Bureau,
23 Defendant must submit additional compliance reports or other requested
24 information, which must be sworn under penalty of perjury; provide testimony;
25 or produce documents.

