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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

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FEDERAL TRADE COMMISSION,

Plaintiff,

v.

DENNY LAKE, *et al.*

Defendants.

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Case No. SACV 15-00585-CJC (JPRx)

**STIPULATED FINAL ORDER  
FOR PERMANENT INJUNCTION  
AND MONETARY JUDGMENT  
AGAINST DEFENDANT CHAD  
CALDARONELLO**

Judge: Hon. Cormac J. Carney  
Courtroom 9B

1 Plaintiff Federal Trade Commission (“Commission”) filed its Complaint for  
2 Permanent Injunction and Other Equitable Relief on April 14, 2015, pursuant to  
3 Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15  
4 U.S.C. §§ 53(b) and 57b, the Telemarketing and Consumer Fraud and Abuse  
5 Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and the 2009  
6 Omnibus Appropriations Act, Public Law 111-8, Section 626, 123 Stat. 524, 678  
7 (Mar. 11, 2009) (“Omnibus Act”), as clarified by the Credit Card Accountability  
8 Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123  
9 Stat. 1734, 1763-64 (May 22, 2009) (“Credit Card Act”), and amended by the  
10 Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-  
11 203, Section 1097, 124 Stat. 1376, 2102-03 (July 21, 2010) (“Dodd-Frank Act”),  
12 12 U.S.C. § 5538. The Commission and Defendant Chad Caldaronello (a/k/a Chad  
13 Carlson and Chad Johnson) (“Caldaronello”) stipulate to the entry of this  
14 Stipulated Final Order for Permanent Injunction and Monetary Judgment Against  
15 Defendant Chad Caldaronello (“Order”) to resolve all matters in dispute in this  
16 action between them.

17 THEREFORE, IT IS ORDERED as follows:

18 **FINDINGS**

- 19 1. This Court has jurisdiction over this matter.
- 20 2. The Complaint charges that, with respect to the sale of Mortgage  
21 Assistance Relief Services (“MARS”), Defendant Caldaronello participated in  
22 deceptive acts and practices in violation of Section 5 of the FTC Act, 15 U.S.C. §  
23 45, the MARS Rule, 12 C.F.R. § 1015, and the Telemarketing Sales Rule (“TSR”),  
24 16 C.F.R. Part 310. These deceptive acts and practices included, without  
25 limitation, falsely stating that consumers were approved for government-backed  
26 home loan modifications and taking advance fees for MARS.



1           6. performing billing or payment services of any kind;

2           7. acting or serving as an owner, officer, director, manager, or  
3 principal of any entity.

4           B. **“Credit-related financial product or service”** means any product,  
5 service, plan, or program represented, expressly or by implication, to:

6           1. provide any consumer, arrange for any consumer to receive, or  
7 assist any consumer in receiving, a loan or other extension of credit;

8           2. provide any consumer, arrange for any consumer to receive, or  
9 assist any consumer in receiving, credit, debit, or stored value cards;

10          3. improve, repair, or arrange to improve or repair, any  
11 consumer’s credit record, credit history, or credit rating; or

12          4. provide advice or assistance to improve any consumer’s credit  
13 record, credit history, or credit rating.

14          C. **“Defendant”** means Chad Caldaronello.

15          D. **“Financial Products”** means any product, service, plan, or program,  
16 that involves the sale, purchase, transfer or insurance of assets or debt for a  
17 consumer, including those provided by financial institutions, consumer finance  
18 companies, insurance companies, brokerages, investment managers, investment or  
19 financial advisors, or public-sector entities providing similar products and services;  
20 but excludes anything defined as either “credit-related financial product or service”  
21 or “secured or unsecured debt relief product or service” as defined by this Order.

22          E. **“Person”** means a natural person, organization, or other legal entity,  
23 including a corporation, partnership, proprietorship, association, cooperative, or  
24 any other group or combination acting as an entity.

25          F. **“Secured or unsecured debt relief product or service”** means:  
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1           1.     With respect to any mortgage, loan, debt, or obligation between  
2 a person and one or more secured or unsecured creditors or debt collectors, any  
3 product, service, plan, or program represented, expressly or by implication, to:

4                 a.     stop, prevent, or postpone any mortgage or deed of  
5 foreclosure sale for a person's dwelling, any other sale of collateral, any  
6 repossession of a person's dwelling or other collateral, or otherwise save a person's  
7 dwelling or other collateral from foreclosure or repossession;

8                 b.     negotiate, obtain, or arrange a modification, or  
9 renegotiate, settle, or in any way alter any terms of the mortgage, loan, debt, or  
10 obligation, including a reduction in the amount of interest, principal balance,  
11 monthly payments, or fees owed by a person to a secured or unsecured creditor or  
12 debt collector;

13                c.     obtain any forbearance or modification in the timing of  
14 payments from any secured or unsecured holder or servicer of any mortgage, loan,  
15 debt, or obligation;

16                d.     negotiate, obtain, or arrange any extension of the period  
17 of time within which a person may (i) cure his or her default on the mortgage, loan,  
18 debt, or obligation, (ii) reinstate his or her mortgage, loan, debt, or obligation, (iii)  
19 redeem a dwelling or other collateral, or (iv) exercise any right to reinstate the  
20 mortgage, loan, debt, or obligation or redeem a dwelling or other collateral;

21                e.     obtain any waiver of an acceleration clause or balloon  
22 payment contained in any promissory note or contract secured by any dwelling or  
23 other collateral; or

24                f.     negotiate, obtain, or arrange (i) a short sale of a dwelling  
25 or other collateral, (ii) a deed-in-lieu of foreclosure, or (iii) any other disposition of  
26 a mortgage, loan, debt, or obligation other than a sale to a third party that is not the  
27 secured or unsecured loan holder.

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1 The foregoing shall include any manner of claimed assistance, including auditing  
2 or examining a person's application for the mortgage, loan, debt, or obligation.

3 2. With respect to any loan, debt, or obligation between a person  
4 and one or more unsecured creditors or debt collectors, any product, service, plan,  
5 or program represented, expressly or by implication, to:

6 a. repay one or more unsecured loans, debts, or obligations;  
7 or

8 b. combine unsecured loans, debts, or obligations into one  
9 or more new loans, debts, or obligations.

10 G. **"Telemarketing"** means any plan, program, or campaign which is  
11 conducted to induce the purchase of any product, service, plan, or program by use  
12 of one or more telephones, and which involves a telephone call, whether or not  
13 covered by the Telemarketing Sales Rule, 16 C.F.R. Part 310.

14 **ORDER**

15 **I. BAN ON SECURED AND UNSECURED DEBT RELIEF PRODUCTS**  
16 **AND SERVICES**

17 IT IS ORDERED that Defendant is permanently restrained and enjoined  
18 from advertising, marketing, promoting, offering for sale, or selling, or assisting  
19 others in the advertising, marketing, promoting, offering for sale, or selling, of any  
20 secured or unsecured debt relief product or service.

21 **II. BAN ON CREDIT-RELATED FINANCIAL PRODUCTS AND**  
22 **SERVICES**

23 IT IS FURTHER ORDERED that Defendant is permanently restrained and  
24 enjoined from advertising, marketing, promoting, offering for sale, or selling, or  
25 assisting others in the advertising, marketing, promoting, offering for sale, or  
26 selling, of any credit-related financial product or service.

1 **III. BAN ON TELEMARKETING**

2 IT IS FURTHER ORDERED that Defendant is permanently restrained and  
3 enjoined from engaging or participating in telemarketing, directly or through an  
4 intermediary, including, but not limited to, by consulting, brokering, planning,  
5 investing, marketing, or by providing customer service, billing, or payment  
6 services.

7 **IV. PROHIBITED USE OF ALIASES**

8 IT IS FURTHER ORDERED that Defendant, whether acting directly or  
9 indirectly, in connection with the advertising, marketing, promoting, offering for  
10 sale, or selling of any product, service, plan, or program, is hereby permanently  
11 restrained and enjoined from using an alias.

12 **V. PROHIBITION AGAINST MISREPRESENTATIONS RELATING**  
13 **TO ANY PRODUCTS OR SERVICES**

14 IT IS FURTHER ORDERED that Defendant, his officers, agents,  
15 employees, and attorneys, and all others in active concert or participation with any  
16 of them, who receive actual notice of this Order, whether acting directly or  
17 indirectly, in connection with the advertising, marketing, promoting, offering for  
18 sale, or selling of any product, service, plan, or program, are permanently  
19 restrained and enjoined from misrepresenting, or assisting others in  
20 misrepresenting, expressly or by implication:

21 A. any material aspect of the nature or terms of any refund, cancellation,  
22 exchange, or repurchase policy, including the likelihood of a consumer obtaining a  
23 full or partial refund, or the circumstances in which a full or partial refund will be  
24 granted to the consumer;

25 B. that any person is affiliated with, endorsed or approved by, or  
26 otherwise connected to any other person, government entity, or any program,  
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1 including but not limited to any public, non-profit, or other non-commercial  
2 program;

3 C. the nature, expertise, position, or job title of any person who provides  
4 any product, service, plan, or program;

5 D. the person who will provide any product, service, plan, or program to  
6 any consumer;

7 E. that any person providing a testimonial has purchased, received, or  
8 used the product, service, plan, or program;

9 F. that the experience represented in a testimonial of the product, service,  
10 plan, or program represents the person's actual experience resulting from the use of  
11 the product, service, plan, or program under the circumstances depicted in the  
12 advertisement;

13 G. that a consumer will receive legal representation;

14 H. any special connections or relationships with lenders or financial  
15 institutions; or

16 I. any other fact material to consumers concerning any product, service,  
17 plan, or program.

18 **VI. MONETARY JUDGMENT**

19 IT IS FURTHER ORDERED that:

20 A. Judgment in the amount of Two Million, Seven Hundred and Forty-  
21 Two Thousand, Three Hundred Ninety-Six Dollars (\$2,742,396.00) is entered in  
22 favor of the Commission and against Defendant as equitable monetary relief.

23 B. Any entity or person, including Defendant or any financial institution,  
24 holding Defendant's frozen assets must transfer those assets to the Receiver in  
25 accordance with the Receiver's instructions, within seven days of the entry of this  
26 Order. Those assets include:  
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- 1           1.     JP Morgan Chase account nos. XXXXXX9215,  
2 XXXXXX0618, XXXXXX1855, XXXXXX2920;
- 3           2.     Comerica account nos. XXXXXX3367, XXXXXX5726,  
4 XXXXXX6561;
- 5           3.     One West Bank account no. XXXXXX8510;
- 6           4.     The contents of the safe deposit box at JP Morgan Chase no.  
7 XXXXXXXXXXXX5574; and
- 8           5.     The contents of the safe deposit box at Comerica;

9 After the Receiver's court-approved fees have been fully satisfied, the Receiver  
10 must transfer the balance to the Commission.

11           C.     Defendant shall take all steps necessary to assist in the transfer of all  
12 frozen assets, including those identified in Subsection B. In the event it is  
13 necessary to execute additional documents to transfer, liquidate, or assign  
14 Defendant's assets or any other assets surrendered under this Order, Defendant  
15 shall execute such documents within three days of a request from a representative  
16 of the Commission.

17           D.     The Asset Freeze in the Preliminary Injunction is modified, only with  
18 respect to Defendant Caldaronello. Once all of Defendant's frozen assets are  
19 transferred in accordance with subsection B, the Asset Freeze will dissolve with  
20 respect to Defendant Caldaronello.

21           E.     Defendant relinquishes dominion and all legal and equitable right,  
22 title, and interest in all assets transferred pursuant to this Order and may not seek  
23 the return of any assets.

24           F.     The facts alleged in the Complaint will be taken as true, without  
25 further proof, in any subsequent civil litigation by or on behalf of the Commission,  
26 including in a proceeding to enforce its rights to any payment or monetary  
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1 judgment pursuant to this Order, such as a nondischargeability complaint in any  
2 bankruptcy case.

3 G. The facts alleged in the Complaint establish all elements necessary to  
4 sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the  
5 Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral  
6 estoppel effect for such purposes.

7 H. Defendant acknowledges that his Social Security number, which he  
8 previously submitted to the Commission, may be used for collecting and reporting  
9 on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. §  
10 7701.

11 I. All money paid to the Commission pursuant to this Order may be  
12 deposited into a fund administered by the Commission or its designee to be used  
13 for equitable relief, including consumer redress and any attendant expenses for the  
14 administration of any redress fund. If a representative of the Commission decides  
15 that direct redress to consumers is wholly or partially impracticable or money  
16 remains after redress is completed, the Commission may apply any remaining  
17 money for such other equitable relief (including consumer information remedies)  
18 as it determines to be reasonably related to Defendant's practices alleged in the  
19 Complaint. Any money not used for such equitable relief is to be deposited to the  
20 U.S. Treasury as disgorgement. Defendant has no right to challenge any actions  
21 the Commission or its representatives may take pursuant to this Subsection.

22 J. The Commission may request any tax-related information, including  
23 tax returns and other filings, that Defendant has the authority to release. Within 14  
24 days of receipt of a written request from a representative of the Commission,  
25 Defendant must take all necessary steps (such as filing a completed IRS Form 4506  
26 or 8821) to cause the Internal Revenue Service or other tax authority to provide the  
27 information directly to the Commission.  
28

1 **VII. CUSTOMER INFORMATION**

2 IT IS FURTHER ORDERED that Defendant, his officers, agents,  
3 employees, and attorneys, and all others in active concert or participation with any  
4 of them, who receive actual notice of this Order, are permanently restrained and  
5 enjoined from directly or indirectly:

6 A. disclosing, using, or benefitting from customer information, including  
7 the name, address, telephone number, email address, Social Security Number,  
8 other identifying information, or any data that enables access to a customer's  
9 account (including a credit card, bank account, or other financial account), that any  
10 defendant obtained prior to entry of this Order in connection with the marketing or  
11 promotion of mortgage assistance relief products or services or debt relief products  
12 or services; and

13 B. failing to destroy such customer information in all forms in their  
14 possession, custody, or control within 10 days after entry of this Order.

15 Provided, however, that customer information need not be disposed of, and  
16 may be disclosed, to the extent requested by a government agency or required by  
17 law, regulation, or court order.

18 **VIII. COOPERATION**

19 IT IS FURTHER ORDERED that Defendant must fully cooperate with  
20 representatives of the Commission in this case and in any investigation related to  
21 or associated with the transactions or the occurrences that are the subject of the  
22 Complaint. Defendant must provide truthful and complete information, evidence,  
23 and testimony. Defendant must appear for interviews, discovery, hearings, trials,  
24 and any other proceedings that a Commission representative may reasonably  
25 request upon 5 days written notice, or other reasonable notice, at such places and  
26 times as a Commission representative may designate, without the service of a  
27 subpoena.  
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1 **IX. ORDER ACKNOWLEDGMENTS**

2 IT IS FURTHER ORDERED that Defendant obtain acknowledgments of  
3 receipt of this Order:

4 A. Defendant, within 7 days of entry of this Order, must submit to the  
5 Commission an acknowledgment of receipt of this Order sworn under penalty of  
6 perjury.

7 B. For 20 years after entry of this Order, for any business that Defendant,  
8 individually or collectively with any other any defendants, is the majority owner or  
9 controls directly or indirectly, Defendant must deliver a copy of this Order to: (1)  
10 all principals, officers, directors, and LLC managers and members; (2) all  
11 employees, agents, and representatives whose work relates to financial products;  
12 and (3) any business entity resulting from any change in structure as set forth in the  
13 Section titled Compliance Reporting. Delivery must occur within 7 days of entry  
14 of this Order for current personnel. For all others, delivery must occur before they  
15 assume their responsibilities.

16 C. For 20 years after entry of this Order, for any business that employs  
17 Defendant and sells or provides financial products, and for which Defendant is  
18 neither a majority owner nor directly or indirectly controls, Defendant must deliver  
19 a copy of this Order to at least one principal, officer, director, LLC manager, or  
20 LLC member of the business. Delivery must occur within 7 days of entry of this  
21 Order for current employment. For all others, delivery must occur before  
22 Defendant assumes his employment. For purposes of this Subsection, a business  
23 “employs” Defendant if the business provides Defendant with compensation of any  
24 sort, directly or indirectly, in exchange for goods or services of any sort, regardless  
25 of whether Defendant is considered an “employee,” an “independent contractor,”  
26 or otherwise.

1           D. From each individual or entity to which Defendant delivered a copy of  
2 this Order pursuant to this Section, Defendant must obtain, within 30 days, a  
3 signed and dated acknowledgment of receipt of this Order that includes then-  
4 current contact information for the signatory, including the signatory's full name  
5 physical address, telephone number, and email address.

6 **X. COMPLIANCE REPORTING**

7           IT IS FURTHER ORDERED that Defendant make timely submissions to  
8 the Commission:

9           A. One year after entry of this Order, Defendant must submit a  
10 compliance report, sworn under penalty of perjury in which Defendant must:

11                 1. identify the primary physical, postal, and email address and  
12 telephone number, as designated points of contact, which representatives of the  
13 Commission may use to communicate with Defendant;

14                 2. identify all of Defendant's businesses by all of their names,  
15 telephone numbers, and physical, postal, email, and Internet addresses;

16                 3. describe the activities of each business, including the product,  
17 service, plan, or program offered, the means of advertising, marketing, and sales,  
18 and the involvement of any other any defendant ;

19                 4. describe in detail whether and how Defendant is in compliance  
20 with each Section of this Order;

21                 5. provide a copy of each Order Acknowledgment obtained  
22 pursuant to this Order, unless previously submitted to the Commission;

23                 6. identify all telephone numbers and all physical, postal, email  
24 and Internet addresses, including all residences;

25                 7. identify all business activities, including any business for which  
26 Defendant performs services whether as an employee or otherwise and any entity  
27 in which Defendant has any ownership interest; and  
28

1           8.     describe in detail Defendant’s involvement in each such  
2 business, including title, role, responsibilities, participation, authority, control, and  
3 any ownership.

4           B.     For 20 years after entry of this Order, Defendant must submit a  
5 compliance notice, sworn under penalty of perjury, within 14 days of any change  
6 in the following:

7                 1.     any designated point of contact;  
8                 2.     the structure of any entity that Defendant has any ownership  
9 interest in or controls directly or indirectly that may affect compliance obligations  
10 arising under this Order, including: creation, merger, sale, or dissolution of the  
11 entity or any subsidiary, parent, or affiliate that engages in any acts or practices  
12 subject to this Order;

13                 3.     name or residence address; or  
14                 4.     title or role in any business activity, including any business for  
15 which Defendant performs services whether as an employee or otherwise and any  
16 entity in which such Defendant has any ownership interest, and identify the name,  
17 physical address, and any Internet address of the business or entity.

18           C.     Defendant must submit to the Commission notice of the filing of any  
19 bankruptcy petition, insolvency proceeding, or similar proceeding by or against  
20 such Defendant within 14 days of its filing.

21           D.     Any submission to the Commission required by this Order to be  
22 sworn under penalty of perjury must be true and accurate and comply with 28  
23 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under  
24 the laws of the United States of America that the foregoing is true and correct.  
25 Executed on: \_\_\_\_\_” and supplying the date, signatory’s full name, title (if  
26 applicable), and signature.

1 E. Unless otherwise directed by a Commission representative in writing,  
2 all submissions to the Commission pursuant to this Order must be emailed to  
3 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:  
4 Associate Director for Enforcement, Bureau of Consumer Protection, Federal  
5 Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The  
6 subject line must begin: *FTC v. Lake* – Chad Caldaronello, X150052.

7 **XI. RECORDKEEPING**

8 IT IS FURTHER ORDERED that Defendant must create certain records for  
9 20 years after entry of the Order, and retain each such record for 5 years.  
10 Specifically, Defendant and any business that Defendant, individually or  
11 collectively with any other defendants, is a majority owner or controls directly or  
12 indirectly, must create and retain the following records:

13 A. accounting records showing the revenues from all products, services,  
14 plans, or programs sold;

15 B. personnel records showing, for each person providing services,  
16 whether as an employee or otherwise, that person's: name, addresses, telephone  
17 numbers, job title or position, dates of service, and (if applicable) the reason for  
18 termination;

19 C. records of all consumer complaints and refund requests, whether  
20 received directly or indirectly, such as through a third party, and any response;

21 D. all records necessary to demonstrate full compliance with each  
22 provision of this Order, including all submissions to the Commission; and

23 E. a copy of each unique advertisement or other marketing material.

24 **XII. COMPLIANCE MONITORING**

25 IT IS FURTHER ORDERED that, for the purpose of monitoring  
26 Defendant's compliance with this Order, including any failure to transfer any  
27 assets as required by this Order:  
28

1           A.     Within 14 days of receipt of a written request from a representative of  
2 the Commission, Defendant must: submit additional compliance reports or other  
3 requested information, which must be sworn under penalty of perjury; appear for  
4 depositions; and produce documents for inspection and copying. The Commission  
5 is also authorized to obtain discovery, without further leave of court, using any of  
6 the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including  
7 telephonic depositions), 31, 33, 34, 36, 45, and 69.

8           B.     For matters concerning this Order, the Commission is authorized to  
9 communicate directly with Defendant. Defendant must permit representatives of  
10 the Commission to interview any employee or other person affiliated with him who  
11 has agreed to such an interview. The person interviewed may have counsel  
12 present.

13           C.     The Commission may use all other lawful means, including posing  
14 through its representatives as consumers, suppliers, or other individuals or entities,  
15 to Defendant or any individual or entity affiliated with Defendant, without the  
16 necessity of identification or prior notice. Nothing in this Order limits the  
17 Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of  
18 the FTC Act, 15 U.S.C. §§ 49, 57b-1.

19           D.     Upon written request from a representative of the Commission, any  
20 consumer reporting agency must furnish consumer reports concerning Defendant  
21 pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C.  
22 §1681b(a)(1).

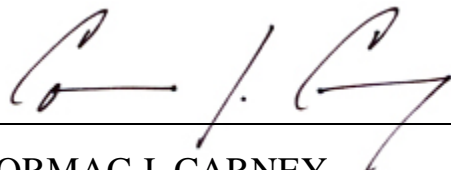


1 **XIII. RETENTION OF JURISDICTION**

2 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this  
3 matter for all purposes of construction, modification, and enforcement of this  
4 Order.

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7 **IT IS SO ORDERED**, this 3<sup>rd</sup> day of November, 2015.

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10 Dated: \_November 3, 2015

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12 \_\_\_\_\_  
13 CORMAC J. CARNEY  
14 UNITED STATES DISTRICT JUDGE