

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

TO: Federal Document Assistance Center LLC
2522 Chambers Road, Suite 118
Tustin, California 92780

DESIST AND REFRAIN ORDERS WITH CLAIMS FOR ANCILLARY RELIEF
(Fin. Code, §§ 28102, subd. (a), 90003, subd. (a)(1))

The Commissioner of Financial Protection and Innovation finds that:

1. Federal Document Assistance Center LLC (FDAC) is or was a California limited liability company with a principal address at 2522 Chambers Road, Suite 118, Tustin, California 92780.

2. The Commissioner has jurisdiction over the licensing and regulation of persons engaged in the business of servicing student loans under the Student Loan Servicing Act (SLSA) (Fin. Code, § 28100 et seq.).

3. The Commissioner also has jurisdiction over the regulation of persons engaged in offering or providing a consumer financial product or service in California under the California Consumer Financial Protection Law (CCFPL) (Fin. Code, § 90000 et seq.).

FACTS

4. In at least 2020 and for the first two months of 2021, FDAC operated a website at www.federaldocumentassistancecenter.com through which FDAC marketed student loan debt relief services to California consumers and others nationwide (Website). On the Website, FDAC described one of the services it offered as follows:

Document Preparation ¶¶ The Consultation: A senior consultant will first hear you out and prepare an analysis to better understand your current situation. ¶¶ Doc Prep: All loan documents will be gathered to identify what type of programs are available for you based on income, family size and other information. ¶¶ The Grand Finale: Upon approval of your application, our experts would finalize your

1 documentation and send to the appropriate location. The headache is
2 over and the relief begins.

3 5. FDAC also marketed its debt relief services to California consumers and others
4 nationwide through direct mailings. Consumers complained that FDAC’s letters purported to be
5 sent on behalf of an official government agency and contained personal information about each
6 consumer, such as each consumer’s actual student loan balance, used to make the letters appear
7 legitimate. In one letter, FDAC proclaimed in bold text, “Call Toll-Free today to redeem your
8 Federal Benefits.”

9 6. When one consumer called FDAC in response to a letter, an FDAC representative
10 stated that FDAC was given the consumer’s personal information because the consumer had been
11 “pre-qualified” for a “government relief program,” and FDAC was intended to assist the
12 consumer’s application efforts.

13 7. FDAC charged California consumers and others nationwide fees in advance of
14 performing any debt relief efforts.

15 8. FDAC charged at least one California consumer a fee for its debt relief services in
16 2021.

17 9. Consumers complained that FDAC failed to perform any services after receiving its
18 up-front fees.

19 **APPLICABLE LAW – SLSA**

20 10. No person shall “engage in the business of servicing a student loan in this state
21 without first obtaining a license” under the SLSA. (Fin. Code, § 28102, subd. (a).)

22 11. “Servicing” includes “[i]nteracting with a borrower related to that borrower’s student
23 loan, with the goal of helping the borrower avoid default on his or her student loan.” (Fin. Code,
24 § 28104, subd. (k)(3).)

25 12. “[H]elping [a] borrower avoid default on his or her student loan” includes, among
26 other acts, assisting borrowers with obtaining loan deferments, consolidation, forbearance, income-
27 sensitive repayment, income-based alternative repayment plans, or forgiveness benefits. (Cal. Code
28 Regs., tit. 10, § 2041, subd. (b); 20 U.S.C. § 1083(e)(3)(C); 34 C.F.R. §§ 682.205(a)(5)(C),

1 682.411(d)(1).)

2 13. Under Financial Code section 28160, whenever, in the opinion of the Commissioner,
3 a person is engaged in the business of servicing student loans in California, either actually or
4 through subterfuge, without a license from the Commissioner, the Commissioner “may order that
5 person to desist and refrain.”

6 **ORDER TO DESIST AND REFRAIN – SLSA**

7 14. FDAC serviced student loans within the meaning of Financial Code section 28104,
8 subdivision (k)(3), by interacting with California borrowers with the goal of helping them avoid
9 default on their student loans.

10 15. FDAC has never been issued a license by the Commissioner under the SLSA and is
11 not authorized to engage in business as a student-loan servicer in California.

12 16. Based on the foregoing, the Commissioner is of the opinion that Federal Document
13 Assistance Center LLC, violated Financial Code section 28102, subdivision (a), by engaging in the
14 business of servicing a student loan in this state without first obtaining a license pursuant to the
15 SLSA.

16 17. Accordingly, pursuant to Financial Code section 28160, Federal Document
17 Assistance Center LLC, is hereby ordered to desist and refrain from violating Financial Code
18 section 28102, subdivision (a) (SLSA Order).

19 18. This SLSA Order is necessary, in the public interest and consistent with the
20 purposes, policies, and provisions of the SLSA. This SLSA Order shall remain in full force and
21 effect until further order of the Commissioner.

22 **APPLICABLE LAW – CCFPL**

23 19. Under the CCFPL, it is unlawful for a “covered person” to “[e]ngage, have engaged,
24 or propose to engage in any unlawful, unfair, deceptive, or abusive act or practice with respect to
25 consumer financial products or services.” (Fin. Code, § 90003, subd. (a)(1).)

26 20. A “covered person” includes “[a]ny person that engages in offering or providing a
27 consumer financial product or service to a resident of this state.” (Fin. Code, § 90005, subd. (f)(1).)

28 21. A “consumer financial product or service” is generally a “financial product or

1 service that is delivered, offered, or provided for use by consumers primarily for personal, family,
2 or household purposes.” (Fin. Code, § 90005, subd. (e)(1).)

3 22. “Financial product or service” includes, among other things, “[p]roviding financial
4 advisory services . . . including . . . [p]roviding services to assist a consumer with debt management
5 or debt settlement, modifying the terms of any extension of credit, or avoiding foreclosure.” (Fin.
6 Code, § 90005, subd. (k)(8)(B).)

7 23. Under Financial Code section 90015, subdivision (d), if, in the opinion of the
8 Commissioner, any person engages, has engaged, or proposes to engage in any activity prohibited
9 by section 90003 or 90004, the Commissioner “may issue an order directing the person to desist
10 and refrain from engaging in the activity, act, practice, or course of business.”

11 24. In any administrative action under Financial Code section 90015, the Commissioner
12 may include a claim for ancillary relief as provided in section 90012, subdivision (b). (Fin. Code,
13 § 90015, subd. (e).)

14 25. Relief may include, but is not limited to, “[r]escission or reformation of contracts.”
15 “[r]efund of moneys[,]” and “[m]onetary penalties.” (Fin. Code, § 90012, subd. (b)(1), (2), (8).)

16 **DESIST AND REFRAIN ORDER – CCFPL**

17 26. FDAC is a “covered person” under the CCFPL that engages in offering or providing
18 consumer financial products or services to California residents, including financial advisory
19 services, such as assisting consumers with debt management or with modifying the terms of any
20 extension of credit. (Fin. Code, § 90005, subd. (k)(8)(B).)

21 27. Based on the foregoing, the Commissioner is of the opinion that Federal Document
22 Assistance Center LLC violated Financial Code section 90003, subdivision (a)(1), by engaging,
23 having engaged, or proposing to engage in unlawful acts and practices (through its above-stated
24 violations of the SLSA) with respect to consumer financial products or services.

25 28. Accordingly, pursuant to Financial Code section 90015, subdivision (d), Federal
26 Document Assistance Center LLC is hereby ordered to desist and refrain from violating Financial
27 Code section 90003, subdivision (a)(1) (CCFPL Order).

28 29. This CCFPL Order is necessary, in the public interest and consistent with the

1 purposes, policies, and provisions of the CCFPL. This CCFPL Order shall remain in full force and
2 effect until further order of the Commissioner.

3 **CLAIMS FOR ANCILLARY RELIEF – CCFPL**

4 30. Based on the foregoing, and pursuant to Financial Code section 90012, subdivision
5 (b)(1), the Commissioner hereby orders that all agreements between Federal Document Assistance
6 Center LLC and California residents relating to the performance of debt relief services by Federal
7 Document Assistance Center LLC (Agreements) are rescinded. FDAC shall not assign, sell, or
8 transfer the Agreements to any other entity, nor shall FDAC or any other entity charge or collect
9 any payments from California residents pursuant to the Agreements.

10 31. Based on the foregoing, and pursuant to Financial Code section 90012, subdivision
11 (b)(2), Federal Document Assistance Center LLC is hereby ordered to refund all moneys it
12 collected from California residents pursuant to the Agreements directly to each respective
13 California resident (Refunds). All Refunds shall be paid directly to the respective California
14 residents through an Automated Clearing House (ACH) transfer based upon the California
15 resident’s last known bank account, or by mailing a check to the California resident’s last known
16 address. Payment of the Refunds shall not be conditioned on any California resident waiving any
17 right. FDAC shall escheat any unclaimed Refunds to the California State Controller’s Office within
18 the period provided by Code of Civil Procedure section 1520 of the Unclaimed Property Law (Code
19 of Civ. Proc., § 1500 et seq.).

20 32. Based on the foregoing, and pursuant to Financial Code section 90012, subdivision
21 (b)(8), Federal Document Assistance Center LLC is hereby ordered to pay a monetary penalty to
22 the Commissioner (Penalty). Following the Commissioner’s consideration of the elements listed in
23 Financial Code section 90012, subdivision (c)(1)(B), FDAC is hereby ordered to determine the
24 amount of the Penalty by multiplying the number of Agreements by \$2,500.00, in accordance with
25 section 90012, subdivision (c)(1)(A)(i). The Penalty shall be paid with a cashier’s check made

26 ///

27 ///

28 ///

1 payable to the Department of Financial Protection and Innovation and mailed to the attention of
2 “Accounting – Litigation, Adam Wright” at the Department of Financial Protection and Innovation,
3 2101 Arena Boulevard, Sacramento, California 95834-2036.

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: July 8, 2021
Los Angeles, California

CHRISTOPHER S. SHULTZ
Acting Commissioner of Financial Protection and
Innovation



By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division