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Deputy Commissioner
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8 Attorneys for Complainant

9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:) CONSENT ORDER
12)
13 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,)
14)
Complainant,)
15 v.)
16 STUDENTS FIRST. LLC,)
17)
Respondent.)
18)
19)

20 The Commissioner of Financial Protection and Innovation (Commissioner), and Respondent
21 Students First, LLC (Students First) and Connor Looney (Looney) (collectively, the Parties) enter
22 into this Consent Order with respect to the following facts.

23 I.

24 **RECITALS**

25 This Consent Order is made with reference to the following:

26 ***Legal Background***

27 A. The Commissioner has jurisdiction over the regulation of persons engaged in
28 offering or providing a consumer financial product or service in California and their affiliated

1 service providers under the California Consumer Financial Protection Law (CCFPL) (Fin. Code,
2 § 90000 et seq.).

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

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

8 D. A “consumer financial product or service” is generally a “financial product or
9 service that is delivered, offered, or provided for use by consumers primarily for personal, family,
10 or household purposes.” (Fin. Code, § 90005, subd. (e)(1).)

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

15 F. The Telemarketing Sales Rule (TSR) (16 C.F.R. §§ 310.1-310.9) is the
16 implementing regulation of the federal Telemarketing and Consumer Fraud and Abuse Prevention
17 Act (Telemarketing Act) (15 U.S.C. §§ 6101-6108). Pursuant to section 3(c) of the Telemarketing
18 Act (15 U.S.C. § 6102(c)) and section 18(d)(3) of the Federal Trade Commission Act (FTC Act)
19 (15 U.S.C. § 57a(d)(3)), a violation of the TSR constitutes an unfair or deceptive act or practice in
20 or affecting commerce in violation of section 5(a) of the FTC Act (15 U.S.C. § 45(a)).

21 G. It is a violation of the TSR for any seller or telemarketer to request or receive
22 payment of any fee or consideration for any debt-relief service until and unless: (1) the “seller or
23 telemarketer has renegotiated, settled, reduced, or otherwise altered the terms of at least one debt
24 pursuant to a settlement agreement, debt management plan, or other such valid contractual
25 agreement executed by the customer” and (2) the “customer has made at least one payment pursuant
26 to that settlement agreement, debt management plan, or other valid contractual agreement between
27 the customer and the creditor or debt collector.” (16 C.F.R. § 310.4(a)(5)(i).)

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1 H. Under the TSR, “debt relief service” is “any program or service represented, directly
 2 or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of
 3 the debt between a person and one or more unsecured creditors or debt collectors, including, but not
 4 limited to, a reduction in the balance, interest rate, or fees owed by a person to an unsecured
 5 creditor or debt collector.” (16 C.F.R. § 310.2(o).)

6 I. Under the TSR, a “seller” is “any person who, in connection with a telemarketing
 7 transaction, provides, offers to provide, or arranges for others to provide goods or services to the
 8 customer in exchange for consideration.” (16 C.F.R. § 310.2(dd).)

9 J. Under the TSR, a “telemarketer” is “any person who, in connection with
 10 telemarketing, initiates or receives telephone calls to or from a customer.” (16 C.F.R. § 310.2(ff).)

11 K. Under the TSR, “telemarketing” is, in relevant part, “a plan, program, or campaign
 12 which is conducted to induce the purchase of goods or services . . . by use of one or more
 13 telephones and which involves more than one interstate telephone call.” (16 C.F.R. § 310.2(gg).)

14 ***Commissioner’s Findings and Conclusions***

15 L. Following an investigation by the Commissioner, the Commissioner made the
 16 following findings of fact (Findings):

17 i. Students First is or was a California corporation with a principal place of
 18 business listed with the California Secretary of State at 2463 W 208th St, Torrance, California
 19 90501. Students First operated a website at <https://studentsfirstco.org/> (Website).

20 ii. Students First was and is owned and controlled by Looney.

21 iii. Students First marketed its student loan document preparation assistance
 22 services through direct mailings, phone calls, and from its Website.

23 iv. In its marketing, Students First claimed that its services would assist
 24 consumers in obtaining student loan relief with Students First acting as an intermediary between
 25 borrowers and the borrowers’ lenders or loan servicers with the goal of helping those consumers
 26 lower or eliminate their student loan debts (Debt Relief Services).

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1 v. From May 14, 2021 to April 8, 2022, 106 California consumers enrolled in
2 Students First’s Debt Relief Services. Upon initial enrollment, consumers were required to pay up-
3 front servicing fees between \$199.75-\$799.00.

4 vi. For every customer who enrolled in Students First’s Debt Relief Services,
5 Students First requested and received all or a portion of the servicing fee before Students First
6 negotiated, reduced, or otherwise altered the terms of a customer’s existing student-loan debt.

7 vii. From May 14, 2021 to April 8, 2022, Students First received \$52,408.74 in
8 fees for its Debt Relief Services from California consumers.

9 M. Based upon the Findings, the Commissioner made the following conclusions
10 (Conclusions):

11 i. Students First is a “covered person” under the CCFPL that engages in
12 offering or providing consumer financial products or services to California residents, including
13 financial advisory services such as assisting consumers with debt management or debt settlement
14 and modifying the terms of any extension of credit. (Fin. Code, § 90005, subd. (k)(8)(B).)

15 ii. Students First is a seller and telemarketer that provided, offered to provide, or
16 arranged for others to provide debt relief services within the meaning of the TSR.

17 iii. Students First requested and received from customers advance fees for debt
18 relief services in violation of 16 Code of Federal Regulations part 310.4(a)(5).

19 iv. Based on the above, the Commissioner is of the opinion that Students First
20 violated Financial Code section 90003, subdivision (a)(1), by engaging, having engaged, or
21 proposing to engage in unlawful practices (through its above-stated violations of the FTC Act) with
22 respect to consumer financial products or services.

23 N. It is the intention of the Parties to this Consent Order to resolve this matter without
24 the necessity of a hearing or other litigation.

25 NOW THEREFORE, in consideration of the foregoing, and the terms and conditions set
26 forth herein, the Parties agree as follows:

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1 II.

2 **TERMS AND CONDITIONS**

3 1. Purpose. The Commissioner finds that entering into this Consent Order is in the
4 public interest and consistent with the purposes fairly intended by the policies and provisions of the
5 CCFPL.

6 2. Desist and Refrain Order. Pursuant to Financial Code section 90015,
7 subdivision (d)(1), Students First and Looney hereby agree to desist and refrain from violating
8 Financial Code section 90003, subdivision (a)(1), including without limitation by requesting and
9 receiving advance fees for debt relief services in violation of 16 Code of Federal Regulations
10 part 310.4(a)(5).

11 3. Customer Refunds. Pursuant to Financial Code section 90012, subdivision (b)(2),
12 Students First hereby agrees to issue refunds for all fees it collected from California consumers
13 from May 14, 2021, through the Effective Date (defined in Paragraph 29), and which Students First
14 had not already provided a consumer refund, by no later than sixty calendar days after the Effective
15 Date (Refunds). All Refunds shall be paid directly to consumers via debit or credit card transfer
16 based upon the consumer’s last known debit or credit card information, unless new payment
17 account information has been provided by the customer pursuant to Paragraph 4. No later than
18 sixty calendar days after the Effective Date, notice of the refund payments shall be sent to the
19 Department at the Notice address in Paragraph 24. With this notice, Students First shall also
20 provide a report containing the customer’s name, the date the refund was issued, the amount of the
21 refund, and an indication of whether the refund payment was accepted by the customer.

22 4. Notice to Consumers. At least seven business days before the issuance of the
23 Refunds, Students First shall send a notice to each customer owned a refund for which Students
24 First has such contact information. Such notice shall be sent to the customer’s last known e-mail
25 address. The notice shall say:

26 Pursuant to a settlement with the California Department of Financial Protection
27 and Innovation, Students First LLC (Students First) is issuing you a refund of all
28 fees you paid to Students First. This refund will be sent by debit or credit transfer

1 (or check via U.S. Mail to the address you provided to Students First.) If you
2 would like to update your address before the refund is processed, or to confirm
3 your existing address information, please contact us immediately at (800) 889-
4 5185 or via e-mail at processing@studentsfirstco.org.

5 5. No Consumer Waiver. Payment of a refund to any consumer under this Consent
6 Order may not be conditioned on that consumer waiving any right.

7 6. Handling of Unclaimed Refunds. Students First shall escheat any returned or
8 unclaimed Refunds to the California State Controller’s Office within the period provided by Code
9 of Civil Procedure section 1520 of the Unclaimed Property Law (Code of Civ. Proc., § 1500 et
10 seq.). In the event of escheat, notice shall be sent within five business days to the Department at the
11 Notice address in Paragraph 25, and shall include a copy of any escheatment report(s) submitted to
12 the California State Controller.

13 7. Calculation of Penalty. Pursuant to Financial Code section 90012 the minimum
14 monetary penalty that may be imposed for violations of the CCFPL on a per-act or omission basis is
15 \$2,500.00 per act or omission. Here, Students First enrolled 106 California consumers in its
16 unlawful debt relief service. Accordingly, the Department imposes a penalty of \$265,000.00.
17 Pursuant to Financial Code section 90012, subdivision (c)(1)(C), the Department will suspend the
18 \$265,000.00 penalty upon the payment of \$5,000.00 (the Suspended Penalty Amount) to the
19 Department and the timely satisfaction of the obligations in Paragraphs 2, 3, 4, 5, 6, and 9 of this
20 Consent Order.

21 8. Payment of Penalty. Pursuant to Financial Code section 90012, subdivision (c),
22 Students First and Looney, jointly and severally, shall pay the Commissioner the Suspended
23 Penalty Amount of \$5,000.00 no later than ten calendar days after the Effective Date. This
24 Suspended Penalty Amount shall be paid by Automated Clearing House (ACH) transfer, pursuant
25 to instructions which shall be separately provided, payable to the Department of Financial
26 Protection and Innovation. Notice of payment shall be forwarded contemporaneously to the
27 Department at the Notice address in Paragraph 24. Students First and Looney relinquish all
28 dominion, control, and title to the Refunds and the Suspended Penalty Amount to the fullest extent

1 permitted by law and no part of the Refunds or the Suspended Penalty Amount may be returned to
2 Students First and Looney.

3 9. Rescission of Contracts. Pursuant to Financial Code section 90012,
4 subdivision (b)(1), all contracts Students First had with California consumers regarding its Debt
5 Relief Services (Contracts) are hereby rescinded. Students First shall not assign, sell, or transfer the
6 Contracts to any other entity, nor shall Students First charge or collect any additional payments
7 pursuant to the Contracts.

8 10. Full and Final Settlement. The Parties hereby acknowledge and agree that this
9 Consent Order is intended to constitute a full, final, and complete resolution of the Findings, and
10 that no further proceedings or actions will be brought by the Commissioner in connection with the
11 Findings under the CCFPL or any other provision of law, excepting therefrom any proceeding to
12 enforce compliance with the terms of this Consent Order.

13 11. Waiver of Hearing Rights. Students First and Looney acknowledge that the
14 Commissioner is ready, willing, and able to proceed with the filing of an enforcement action upon
15 the Findings contained in this Consent Order. Students First and Looney hereby waive the right to
16 any hearings, and to any reconsideration, appeal, or other right to review which may be afforded
17 pursuant to the CCFPL, the California Administrative Procedure Act, the California Code of Civil
18 Procedure, or any other provision of law. By waiving such rights, Students First and Looney
19 effectively consent to this Consent Order, and the Desist and Refrain Order contained herein,
20 becoming final.

21 12. Failure to Comply with Consent Order. Students First and Looney agree that, if
22 they fail to comply with the terms of this Consent Order, the Commissioner may avail herself of
23 any remedies she has under the CCFPL, or any other provision of law, until Students First and
24 Looney are in compliance. Students First and Looney waive any notice and hearing rights which
25 may be afforded under the CCFPL, the California Administrative Procedure Act, the California
26 Code of Civil Procedure, or any other provision of law, that the Commissioner may use to ensure
27 compliance with this Consent Order.

28 13. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in

1 interest.

2 14. Information Willfully Withheld or Misrepresented. This Consent Order may be
3 rescinded by the Commissioner, and the Commissioner may pursue any and all remedies available
4 under the law against Students First and Looney, if the Commissioner discovers that Students First
5 or Looney have knowingly or willfully withheld or misrepresented information used for and relied
6 upon in this Consent Order.

7 15. Commissioner’s Duties. Nothing in this Consent Order limits the Commissioner’s
8 ability to assist any other government agency with any action brought by that agency (city, county,
9 state or federal) with any prosecution, administrative, civil, and/or criminal brought by any such
10 agency against Students First or Looney, including an action based on any of the acts, omissions,
11 or events described in this Consent Order.

12 16. Independent Legal Advice. Each party represents that it has received independent
13 advice from its counsel or representatives regarding the advisability of executing this Consent
14 Order.

15 17. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
16 Consent Order that it has relied solely on the statements set forth herein and the advice of its own
17 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent
18 Order it has placed no reliance on any statement, representation, or promise of any other party, or
19 any other person or entity not expressly set forth herein, or upon the failure of any party or any other
20 person or entity to make any statement, representation or disclosure of anything whatsoever. The
21 Parties have included this clause: (1) to preclude any claim that any party was in any way
22 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
23 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

24 18. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
25 this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.
26 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
27 provision. No waiver by either party of any breach of, or of compliance with, any condition or
28 provision of this Consent Order by the other party will be considered a waiver of any other condition

1 or provision or of the same condition or provision at another time.

2 19. Full Integration. This Consent Order is the final written expression and the complete
3 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
4 between the Parties with respect to the subject matter hereof, and supersedes all prior or
5 contemporaneous agreements, negotiations, representations, understandings, and discussions
6 between and among the Parties, their respective representatives, and any other person or entity, with
7 respect to the subject matter covered hereby.

8 20. No Presumption Against Drafting Party. Each party acknowledges that it has had the
9 opportunity to draft, review, and edit the language of this Order. Accordingly, the Parties intend
10 that no presumption for or against the drafting party will apply in construing any part of this
11 Consent Order. The Parties waive the benefit of Civil Code section 1654 as amended or
12 corresponding provisions of any successor statute, which provide that in cases of uncertainty,
13 language of a contract should be interpreted most strongly against the party that caused the
14 uncertainty to exist.

15 21. Headings. The headings in this Consent Order are for convenience only and will not
16 be deemed a part hereof or affect the construction or interpretation of the provisions hereof.

17 22. Governing Law. This Consent Order will be governed by and construed in
18 accordance with the laws of the State of California.

19 23. Authority to Sign. Each party represents that the person signing this Consent Order
20 on its behalf has the authority and capacity to do so.

21 24. Voluntary Agreement. Students First and Looney enter into this Consent Order
22 voluntarily and without coercion and acknowledge that no promises, threats or assurances have
23 been made by the Commissioner or any officer, or agent thereof, about this Consent Order. The
24 Parties each represent and acknowledge that he, she, or it is executing this Consent Order
25 completely voluntarily and without any duress or undue influence of any kind from any source.

26 25. Notice. Any notice required under this Consent Order shall be provided to each party
27 at the following addresses.

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(a) To Students First and/or Looney:

Bobby Samini, Esq.
650 Town Center Drive, Suite 1500
Costa Mesa, California 92626
Bobby.Samini@SaminiLaw.com

(b) To the Commissioner:

Steven Vong, Counsel
Department of Financial Protection and Innovation
2101 Arena Blvd
Sacramento, CA 95834
Steven.Vong@dfpi.ca.gov

26. Counterparts. This Consent Order may be executed in any number of counterparts, each of which will be deemed an original when executed. All counterparts together will be deemed to constitute a single document.

27. Signatures. A signature delivered by facsimile or email will be deemed an original signature.

28. Public Record. Students First and Looney acknowledge that this Consent Order is and will be a matter of public record.

29. Effective Date. This Consent Order will become effective on the date it is signed by all Parties and delivered by the Commissioner to Students First and Looney’s counsel by electronic mail at Bobby.Samini@samini.law.com.

[continued on next page]

1 30. Authority to Sign. Each signatory hereto covenants that he or she possesses all
2 necessary capacity and authority to sign and enter into this Consent Order and undertake the
3 obligations set forth herein.

4 Dated: August 23, 2022

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

5
6
7 By: _____
MARY ANN SMITH
Deputy Commissioner

8
9 Dated: August 29, 2022

STUDENTS FIRST LLC.,

10
11 By: _____
CONNOR LOONEY
Owner

12
13 Dated: August 29, 2022

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15 By: _____
Connor Looney
In his individual capacity