

1 MARY ANN SMITH
Deputy Commissioner
2 BORYANA ARSOVA
Assistant Chief Counsel
3 KELLY SUK (State Bar No. 301757)
Senior Counsel
4 Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
5 Los Angeles, California 90013
Telephone: (213) 523-3458
6 Facsimile: (213) 576-7181

7 Attorneys for Complainant

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

10 In the Matter of:)
11 THE COMMISSIONER OF FINANCIAL) CONSENT ORDER
12 PROTECTION AND INNOVATION,)
13 Complainant,)
14 v.)
15 THE FIRM ALTERNATIVE LLC DBA)
16 DOCUPREP XPRESS LLC,,)
17 Respondent.)
18 _____)

19 This Consent Order is entered into between the Commissioner of Financial Protection and
20 Innovation (Commissioner), and Respondent The Firm Alternative LLC dba DocupPrep Xpress
21 (DocuPrep) (collectively, the Parties).

22 I.

23 **RECITALS**

24 ***Legal Background***

25 A. The Commissioner has jurisdiction over the regulation of persons engaged in
26 offering or providing a consumer financial product or service in California and their affiliated
27 service providers under the California Consumer Financial Protection Law (CCFPL) (Fin. Code,
28 § 90000 et seq.).

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

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

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

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

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

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

26 H. Under the TSR, “debt relief service” is “any program or service represented, directly
27 or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of
28 the debt between a person and one or more unsecured creditors or debt collectors, including, but not

1 limited to, a reduction in the balance, interest rate, or fees owed by a person to an unsecured
2 creditor or debt collector.” (16 C.F.R. § 310.2(o).)

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

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

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

11 ***Commissioner’s Findings and Conclusions***

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

14 i. DocuPrep is or was a California limited liability company with a principal
15 place of business listed on their website at 4695 MacArthur Ct., 11th Floor, Newport Beach, CA
16 92660. DocuPrep operated a website at www.dpxpress.com (Website).

17 ii. DocuPrep marketed its student loan document preparation assistance services
18 through direct mailings and from its Website.

19 iii. In its marketing, DocuPrep claimed that it would assist consumers in
20 obtaining student loan debt relief by providing financial advisory services to assist borrowers with
21 preparation of loan documents, with the goal of helping those consumers consolidate loans, get new
22 interest rates, and qualify for government loan forgiveness programs (Debt Relief Services).

23 DocuPrep also advertised default avoidance programs.

24 iv. From January 2019 to September 2021, 218 California consumers enrolled in
25 DocuPrep’s Debt Relief Services. Upon initial enrollment, consumers were required to pay up-
26 front servicing fees between \$166-999.00, in some instances broken up into installments.

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1 v. For every customer who enrolled in DocuPrep’s Debt Relief Services,
2 DocuPrep requested and received all or a portion of the servicing fee before DocuPrep negotiated,
3 reduced, or otherwise altered the terms of a customer’s existing student loan debt.

4 vi. From January 1, 2019, through September 30, 2021, DocuPrep received over
5 \$170,668.76 in fees for its Debt Relief Services from approximately 218 California consumers.

6 M. Based upon the Findings, the Commissioner made the following conclusions
7 (Conclusions):

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

12 ii. DocuPrep is a seller and telemarketer that provided, offered to provide, or
13 arranged for others to provide debt relief services within the meaning of the TSR.

14 iii. DocuPrep requested and received from customers advance fees for debt relief
15 services in violation of 16 Code of Federal Regulations part 310.4(a)(5).

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

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

22 O. DocuPrep, by entering into this Consent Order, neither admits nor denies the
23 findings of fact and conclusions of law contained in this Consent Order.

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

26 **II.**

27 **TERMS AND CONDITIONS**

28 1. Purpose. This Consent Order resolves the issues before the Commissioner in a

1 manner that avoids the expense of a hearing and other possible court proceedings, protects
2 consumers, is in the public interest and consistent with the purposes fairly intended by the policies
3 and provisions of the CCFPL.

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

8 3. Customer Refunds. Pursuant to Financial Code section 90012, subdivision (b)(2),
9 DocuPrep hereby agrees to issue partial refunds, which taken together are equal to a total refund
10 amount of \$85,000.00, to former DocuPrep California customers on a pro-rata basis, pursuant to the
11 instructions below, for a partial refund of the fees DocuPrep collected from California consumers
12 from January 1, 2019, through the Effective Date (defined in Paragraph 29), by no later than ninety
13 calendar days after the Effective Date (Refunds).

14 (a) All Refunds shall be paid to consumers by check. DocuPrep, directly or through an
15 agent, shall send all refund checks by first class mail to the customer’s last known
16 postal mail address listed in DocuPrep’s records, unless new address information has
17 been provided by the customer pursuant to Paragraph 4. Each Refund check shall be
18 mailed with a request for address correction on the outside of each envelope.

19 DocuPrep, directly or through an agent, shall re-send all Refund checks returned by
20 the United States Postal Service with a forwarding or corrected address.

21 (b) No later than one-hundred and twenty calendar days after the Effective Date, notice
22 of the refund payments shall be sent to the Department at the Notice address in
23 Paragraph 25. With this notice, DocuPrep shall also provide a report containing the
24 customer’s name, address, and amount of the refund.

25 4. Notice to Consumers. With each refund check, DocuPrep shall send a notice to each
26 customer owed a partial refund for which DocuPrep has such contact information. Such notice
27 shall be sent to the customer’s last known e-mail address. The notice shall say:

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1 Pursuant to a settlement with the California Department of Financial Protection and
2 Innovation, DocuPrep Xpress LLC is issuing you a partial refund of the fees you
3 paid to DocuPrep. Please find enclosed a check for your refund.

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

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

12 7. Penalty. Pursuant to Financial Code section 90012, subdivision (c), DocuPrep shall
13 pay the commissioner a total penalty of \$10,000.00 (Penalty) no later than thirty calendar days
14 after the Effective Date. This Penalty shall be paid by wire transfer or by Automated Clearing
15 House (ACH) transfer, pursuant to instructions which shall be separately provided, payable to the
16 Department of Financial Protection and Innovation. Notice of payment shall be forwarded
17 contemporaneously to the Department at the Notice by electronic mail. . DocuPrep relinquish all
18 dominion, control, and title to the Refunds and the Penalty to the fullest extent permitted by law and
19 no part of the Refunds or the Penalty may be returned to DocuPrep..

20 8. Rescission of Contracts. Pursuant to Financial Code section 90012,
21 subdivision (b)(1), all contracts between DocuPrep and California consumers regarding DocuPrep’s
22 Debt Relief Services (Contracts) are hereby rescinded. DocuPrep shall not assign, sell, or transfer
23 the Contracts to any other entity, nor shall DocuPrep charge or collect any additional payments
24 pursuant to the Contracts.

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

1 enforce compliance with the terms of this Consent Order.

2 10. Waiver of Hearing Rights. DocuPrep acknowledge that the Commissioner is
3 ready, willing, and able to proceed with the filing of an enforcement action upon the Findings
4 contained in this Consent Order. DocuPrep hereby waive the right to any hearings, and to any
5 reconsideration, appeal, or other right to review which may be afforded pursuant to the CCFPL, the
6 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
7 provision of law. By waiving such rights, DocuPrep effectively consent to this Consent Order, and
8 the Desist and Refrain Order contained herein, becoming final.

9 11. Failure to Comply with Consent Order. DocuPrep agree that, if they fail to comply
10 with the terms of this Consent Order, the Commissioner may avail herself of any remedies she has
11 under the CCFPL, or any other provision of law, until DocuPrep are in compliance. DocuPrep
12 waive any notice and hearing rights which may be afforded under the CCFPL, the California
13 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of
14 law, that the Commissioner may use to ensure compliance with this Consent Order.

15 12. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
16 interest.

17 13. Information Willfully Withheld or Misrepresented. This Consent Order may be
18 rescinded by the Commissioner, and the Commissioner may pursue any and all remedies available
19 under the law against DocuPrep, if the Commissioner discovers that DocuPrep has knowingly or
20 willfully withheld or misrepresented information used for and relied upon in this Consent Order.

21 14. Third Party Actions. This Consent Order does not create any private rights or
22 remedies against DocuPrep, create any liability for DocuPrep, or limit defenses of DocuPrep for
23 any person or entity not a party to this Consent Order.

24 15. Commissioner’s Duties. Nothing in this Consent Order limits the Commissioner’s
25 ability to assist any other government agency with any action brought by that agency (city, county,
26 state or federal) with any prosecution, administrative, civil, and/or criminal brought by any such
27 agency against DocuPrep, including an action based on any of the acts, omissions, or events
28 described in this Consent Order.

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

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

13 18. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
14 this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.
15 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
16 provision. No waiver by either party of any breach of, or of compliance with, any condition or
17 provision of this Consent Order by the other party will be considered a waiver of any other condition
18 or provision or of the same condition or provision at another time.

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

25 20. No Presumption Against Drafting Party. Each party acknowledges that it has had the
26 opportunity to draft, review, and edit the language of this Order. Accordingly, the Parties intend
27 that no presumption for or against the drafting party will apply in construing any part of this
28 Consent Order. The Parties waive the benefit of Civil Code section 1654 as amended or

1 corresponding provisions of any successor statute, which provide that in cases of uncertainty,
2 language of a contract should be interpreted most strongly against the party that caused the
3 uncertainty to exist.

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

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

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

10 24. Voluntary Agreement. DocuPrep enter into this Consent Order voluntarily and
11 without coercion and acknowledge that no promises, threats or assurances have been made by the
12 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each
13 represent and acknowledge that he, she, or it is executing this Consent Order completely voluntarily
14 and without any duress or undue influence of any kind from any source.

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

17 (a) To DocuPrep:

18 Brent Phillips, Esq.
19 801 Parkcenter Drive, Suite 105
20 Central Avenue, 1st Floor
21 Santa Ana, CA 92705
22 bphillips@phillipslawcorporation.com

23 (b) To the Commissioner:

24 Kelly Suk, Senior Counsel
25 Department of Financial Protection and Innovation
26 320 West 4th Street, Suite 750
27 Los Angeles, California 90013-2344
28 Kelly.suk@dfpi.ca.gov

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

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

28. Public Record. DocuPrep 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 DocuPrep;scounsel by electronic mail at bphillips@phillipslawcorporation.com.

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

Dated: September 17, 2024

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By: _____
MARY ANN SMITH
Deputy Commissioner

Dated: August 16, 2024

THE FIRM ALTERNATIVE, LLC dba DocuPrep Xpress

By: _____
RAKESH PATEL
Owner