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CENTRAL DIST. OF CALIF.
SANTA ANA
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15 UNITED STATES DISTRICT COURT
16 CENTRAL DISTRICT OF CALIFORNIA

17 Federal Trade Commission,

18 Plaintiff,

19 v.

20 Loss Mitigation Services, Inc.

21 and

22 Synergy Financial Management
Corporation, also d/b/a Direct Lender
23 and DirectLender.com

24 and

25 Dean Shafer

26 and

27 Bernadette Perry (a.k.a. Bernadette Carr
and Bernadette Carr-Perry)

28 and

Case No. SACV 09-800 DOC (ANX)

COMPLAINT FOR
PERMANENT
INJUNCTION AND OTHER
EQUITABLE RELIEF

ORIGINAL

TED

no
see

1 Marion Anthony (a.k.a. "Tony") Perry,
2 Defendants.

3 Plaintiff, the Federal Trade Commission ("FTC"), for its Complaint alleges:

4 1. The FTC brings this action under Section 13(b) of the Federal Trade
5 Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to obtain temporary,
6 preliminary, and permanent injunctive relief, rescission or reformation of contracts,
7 restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other
8 equitable relief for Defendants' acts or practices in violation of Section 5(a) of the
9 FTC Act, 15 U.S.C. § 45(a).

10 **JURISDICTION AND VENUE**

11 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C.
12 §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

13 3. Venue is proper in this District under 28 U.S.C. § 1391(b) and (c), and
14 15 U.S.C. § 53(b).

15 **PLAINTIFF**

16 4. Plaintiff FTC is an independent agency of the United States
17 Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section
18 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or
19 practices in or affecting commerce. The FTC is authorized to initiate federal
20 district court proceedings, by its own attorneys, to enjoin violations of the FTC Act
21 and to secure such equitable relief as may be appropriate in each case, including
22 restitution and disgorgement. 15 U.S.C. §§ 53(b), 56(a)(2)(A).

23 **DEFENDANTS**

24 5. Defendant Synergy Financial Management Corporation ("Synergy"),
25 also doing business under the fictitious business names Direct Lender and
26 DirectLender.Com, is a California corporation with its principal place of business
27 at 8700 Warner Avenue, Suite 200, Fountain Valley, CA 92708. Synergy transacts
28

1 business in this district and throughout the United States. From at least late 2007
2 through at least May 2008, Synergy, acting alone or in concert with others,
3 advertised, marketed, distributed, or sold purported mortgage loan modification
4 and foreclosure relief services to consumers throughout the United States.

5 6. Defendant Loss Mitigation Services, Inc. (“LMS”) is a California
6 corporation with its current principal place of business at 1700 Carnegie Avenue,
7 Suite 250, Santa Ana, CA 92705. Previously, LMS’s principal place of business
8 was at 8700 Warner Avenue, Suite 200, Fountain Valley, CA 92708. LMS
9 transacts business in this district and throughout the United States. Beginning in at
10 least February 2008, LMS, acting alone or in concert with others, has advertised,
11 marketed, distributed or sold purported mortgage loan modification and
12 foreclosure relief services to consumers throughout the United States.

13 7. Defendant Dean Shafer is CEO of LMS and is or has served as an
14 officer of the company, including but not limited to, in the capacity of CFO,
15 Secretary and a director. At all times material to this Complaint, acting alone or in
16 concert with others, he has formulated, directed, controlled, had the authority to
17 control, or participated in the acts and practices of Defendants set forth in this
18 Complaint. Defendant Shafer resides in this district and in connection with the
19 matters alleged herein, transacts or has transacted business in this district.

20 8. Defendant Bernadette Perry, a.k.a. Bernadette Carr and Bernadette
21 Carr-Perry, is or has served as an officer of Synergy, including, but not limited to,
22 in the capacity of President, Vice President and Secretary, and is or has served as a
23 member of the “Operational Executive Team” of LMS. At all times material to
24 this Complaint, acting alone or in concert with others, she has formulated, directed,
25 controlled, had authority to control, or participated in the acts and practices of
26 Defendants set forth in this Complaint. Defendant Bernadette Perry resides in this
27 district and in connection with the matters alleged herein, transacts or has
28 transacted business in this district.

1 numerous major mortgage lenders and servicers, non-profit and community-based
2 organizations, the federal government, and the news media have helped publicize
3 the availability of these free mortgage loan modification programs. Lenders often
4 notify consumers of the availability of these programs, or of consumers' eligibility,
5 through their "loss mitigation" departments. Proposed defendants divert
6 consumers from these free programs and induce them to spend thousands of dollars
7 on their purported "Loss Mitigation Services."

8 **DEFENDANTS' BUSINESS PRACTICES**

9 13. Since at least late 2007, Defendants have engaged in a course of
10 conduct to advertise, market, offer to sell, and sell to homeowners purported
11 mortgage loan modification and foreclosure relief services.

12 14. Defendants typically have charged homeowners between \$2,500 and
13 \$5,500 in up-front fees and have purported that they will modify homeowners'
14 mortgages in all or virtually all cases. Defendants also have represented that they
15 can prevent foreclosure.

16 15. Defendants have marketed their services to homeowners who are in
17 financial distress, delinquent on their mortgage loans, or in danger of losing their
18 homes to foreclosure.

19 16. Defendants' primary means of making initial contact with
20 homeowners has been to send direct mail solicitations targeted to homeowners who
21 may be in financial distress, including but not limited to those with mortgage loans
22 scheduled to reset to higher payment levels, those who are late on their payments,
23 and those who have received notices of default. Defendants also have marketed to
24 such homeowners using telemarketers, email, and the internet.

25 17. Defendants Synergy and LMS have marketed mortgage loan
26 modification and foreclosure relief services both individually and together.
27 Beginning in or about late 2007, Defendant Synergy, operating through the
28 fictitious business name Direct Lender, engaged in a course of conduct to

1 advertise, market, offer to sell, and sell such services using the name “Loss
2 Mitigation Department.” Beginning in or about April 2008, Direct Lender
3 purported to transfer its loss mitigation operations to LMS. Following the
4 purported transfer, LMS remained at the same location where Direct Lender had
5 been, and maintained the same personnel and phone numbers, and used
6 substantially the same marketing material. Additionally, through at least May
7 2008, LMS corresponded with customers using stationery with emblems for both
8 LMS and Direct Lender.

9 ***Initial Contact: Direct Mail Marketing***

10 18. In numerous instances, Defendants have initiated contact with
11 homeowners by sending them direct mail solicitations that have represented,
12 expressly or by implication, that Defendants would reduce consumers’ mortgage
13 interest rates and/or loan amounts, saving consumers thousands of dollars.

14 19. Defendants have mailed their solicitations to consumers whom they
15 have had reason to believe are facing mortgage rate resets, delinquency, and/or
16 foreclosure.

17 20. In numerous instances, the design and overall presentation of
18 Defendants’ direct mail solicitations have caused consumers to believe they were
19 being contacted by their mortgage lenders or servicers, or an entity affiliated with,
20 working with, or authorized by their mortgage lenders or servicers.

21 21. In numerous instances, the solicitations arrive in a window-type
22 envelope, addressed so that showing through the window just above the
23 homeowner’s name and address, in bold print, is the name of the homeowner’s
24 mortgage lender or servicer followed by a hyphen and the phrase “Loan
25 Modification Notice.” Immediately above that notation is what appears to be a
26 serial number or account number.

27 22. Upon opening the envelope, the homeowner finds a one-page notice
28 which includes, at the top left, in bold lettering where a company name or logo

1 typically would appear, only the generic name "Loss Mitigation Services."
2 Immediately below this line, proposed defendants print the phrase "Original Loan
3 Amount," followed by the homeowner's loan amount. Immediately below that is a
4 purported "Customer Code." Below the customer code is the address block, which
5 shows through the envelope window.

6 23. At the top right of the letter, in all-capital, bold lettering, Defendants
7 have printed the phrase "FINAL NOTICE" and have indicated that the notice was
8 "FILED ON" a date that appears to reflect the mailing date of the solicitation.

9 24. In numerous instances, Defendants' initial solicitation letters have led
10 homeowners to believe they had received a communication from their mortgage
11 lender or servicer, or an entity affiliated with, working with, or authorized by, their
12 mortgage lender or servicer.

13 25. In a typical and illustrative solicitation, the top portion of the initial
14 solicitation letter has appeared as follows:

15
16 **LOSS MITIGATION SERVICES**
17 Original Loan Amount: \$xxx,xxx
18 Customer Code: [-----]

FINAL NOTICE
FILED ON:

[DATE]

For Your Information
Call (866) 371-1046

19
20 **[SERIAL NUMBER]**

Re: [Lender/Servicer Name] - Loan Modification Notice

[Consumer's Name]

[Consumer's Address]

21
22 26. The body of the solicitation letter has begun by instructing consumers
23 to "Please contact us today regarding your existing mortgage. Our records indicate
24 that **you may be eligible for a loan modification** which could include a **rate**
25 **reduction and loan amount reduction** on your existing loan." (Emphasis in
26 original.)
27
28

1 27. The letter has instructed homeowners to call a toll-free number, and
2 that “[t]his offer is good until” a date typically approximately three weeks after the
3 date of the letter, and that “[n]o other notices will be issued and no
4 **representatives will call you.**” (Emphasis in original.)

5 28. The letter has further represented that “[o]ur loan modification team
6 has searched existing records to make you this comparison offer as it relates to
7 your existing loan.” The letter has advised consumers that “[t]his offer to negotiate
8 your mortgage could **save you thousands of dollars,**” and that “[a] **Senior Loan**
9 **Modification Specialist is waiting to assist you.**” (Emphasis original.)

10 29. At the bottom of the page, in a large but generic font, Defendants
11 again have printed their name, “Loss Mitigation Services.” Below that, in a font
12 no larger than 8-point, and smaller than any other text in the letter, Defendants
13 have included several disclaimers, stating, “Loss Mitigation Services, Inc. is a
14 California Corporation. This information was obtained thru public record. We are
15 not an affiliate of, nor endorsed by, nor associated with your lender.”

16 30. This disclaimer has not been presented in a clear or prominent
17 manner, is not connected to any representation in the text by a footnote or asterisk,
18 and does not remedy the deceptive representations made in the letter.

19 31. Defendants have further reinforced their deceptive representations
20 throughout the marketing process.

21 *Defendants’ Website*

22 32. Defendants also have marketed their services via the website
23 www.lmslossmit.com. The website urges consumers to “[g]et started” by calling
24 Loss Mitigation Services at a toll-free number. Alternatively, the website requests
25 that homeowners provide their name, email address and phone number to
26 Defendants, presumably so that a telemarketer can call the homeowner.

27 33. Defendants’ website has warned homeowners that “Representing
28 Yourself Can Be Hazardous!” and has cautioned them that “you will be offered

1 less of a modification or short sale than you could really get.” The website further
2 has claimed that “[m]any times we can substantially improve your loan
3 modification or short sale. We know how to communicate with your lender.”

4 ***Inbound Telemarketing Sales***

5 34. In numerous instances, when homeowners have called Defendants’
6 toll-free number, Defendants’ telemarketers have answered the phones,
7 “modification department, can I help you?” Defendants’ telemarketers
8 immediately have requested the homeowner’s phone number and address, and have
9 told the homeowner he or she would be put on hold while the telemarketer pulled
10 up the property record.

11 35. In numerous instances, Defendants’ telemarketers have returned to the
12 line and reported back to homeowners information about their mortgage loans,
13 further leading homeowners to believe Defendants were their lenders or servicers
14 or were affiliated with, working with or authorized by their lenders or servicers.

15 36. In numerous instances, without having communicated with the
16 homeowner’s lender or servicer, Defendants’ telemarketers have advised
17 homeowners that Defendants could obtain specific loan modification results,
18 including conversion of variable-rate loans to fixed rate loans, interest rate
19 reductions and principal reductions.

20 37. In numerous other instances, without having communicated with the
21 homeowner’s lender or servicer, Defendants’ telemarketers have told homeowners
22 they were prime candidates for a loan modification.

23 38. In numerous instances, to further gain homeowners’ confidence,
24 Defendants’ telemarketers have made one or more of the following typical and
25 illustrative representations:

- 26 ● “We have a 93 percent success rate on loan modifications and a full
27 money back guarantee.”

- 1 ● “[W]e have a team of lawyers here and we have over 300 employees
- 2 that do this. I mean, it’s a major, major operation here.”
- 3 ● “[E]ach modification is approximately 100 man-hours.”
- 4 ● “It is our experience that there is not a nonprofit organization that
- 5 could ever get as much out of a lender as we can.”
- 6 ● “You can’t lose using our team.”
- 7 ● “This is not something people should be trying on their own.”

8 39. In numerous instances, Defendants have told homeowners that their
9 success rate is above ninety percent. Defendants also have represented that they
10 screen consumers to determine eligibility for a modification, that they only accept
11 homeowners who are qualified and whose applications have passed a review, and
12 that for such consumers, the loan modification process is guaranteed.

13 40. In numerous instances, Defendants have represented that they can
14 quickly obtain loan modifications for homeowners, in some instances in as few as
15 30-45 days, in other instances in as few as one to three months.

16 41. In numerous instances, Defendants’ telemarketers have represented
17 that homeowners will be “disqualified” if they do not provide Defendants with
18 detailed personal and financial information under a strict but artificial deadline. In
19 other instances, Defendants’ telemarketers have told consumers that if they do not
20 act quickly, they risk losing the opportunity to modify their loans.

21 42. In numerous instances, at the conclusion of the telemarketing sales
22 call, Defendants have sent consumers worksheets that request detailed personal and
23 financial information by email or overnight delivery.

24 43. In numerous instances, after receiving detailed personal and financial
25 information from homeowners, but without having contacted the homeowners’
26 lender or servicer, Defendants have sent letters or emails advising homeowners:

1 Your loan modification was approved. **I have attached**
2 **the payment form to process the fee for your loan**
3 **modification.** The fee for your loan modification is
4 \$5,500. (Emphasis original.)

5 * * *

6 Your application has passed our underwriting
7 department. The fee required to handle your
8 modification is \$3700.

9 * * *

10 Congratulations! Your application has been accepted for
11 a loan modification. I have attached the payment forms
12 to process the fee for your loan modification. The
13 processing fee for your loan modification is \$3500.

14 * * *

15 Your loan modification application was reviewed and
16 accepted. I have attached the payment form to process
17 the fee for your loan modification. The fee for your loan
18 modification is \$3,500.

19
20 44. In at least one such letter, Defendants represented to the homeowner:

21
22 “We have a proven track record with a 97% success rate
23 in modifying our customer’s loans.”

24
25 45. In numerous instances, Defendants have instructed consumers that
26 they must pay all, or a substantial portion of, Defendants’ fee up-front, before
27 Defendants will begin working on their modifications.

1 46. In other instances, Defendants have told consumers that they would
2 not charge them a fee until their loan modification was complete. However, after
3 receiving consumers' payment information, Defendants nevertheless have
4 processed payment before performing the promised services.

5 47. In numerous instances, Defendants have told homeowners that if they
6 are not satisfied with Defendants' service they are entitled to a full refund of the
7 fees paid.

8 48. In numerous instances, Defendants have encouraged consumers to
9 stop paying their mortgages while their loan modification was being processed.

10 49. In numerous instances, Defendants have told homeowners not to
11 speak to their mortgage lenders or servicers while their loan modification was
12 being processed, and have told homeowners that Defendants would provide them
13 with regular updates.

14 ***Tactics to Gain Consumers' Confidence***

15 50. In furtherance of their deceptive marketing scheme, Defendants
16 directly, and indirectly through related entities, have made representations to instill
17 consumers with a false sense of confidence about Defendants' purported services.

18 51. Defendant LMS's telemarketers have told consumers that Defendants
19 are part of a watchdog committee supported by the state of California to protect
20 homeowners. LMS has further identified this organization by sending
21 homeowners a link by email to the URL of an organization called The National
22 Loss Mitigation Association, www.tnlma.com.

23 52. Defendants' website also tells homeowners that LMS is a "Proud
24 Premier Member of The National Loss Mitigation Association ("TNLMA"™),"
25 and that LMS is "Certified" by TNLMA as a "Loan Modification Specialist." Two
26 seals, one blue and one gold, apparently signify this purported premier membership
27 and certification. The seals also appear on correspondence LMS sends consumers.
28

1 53. In fact, TNLMA is not an independent organization, but is
2 substantially under the control and direction of Defendants LMS and Synergy. The
3 organization is incorporated at the same address as LMS; its bank account was
4 opened by the president of LMS; its president is Aaron Cuha, founder of Direct
5 Lender; and its URL is registered to Synergy Capital Management Corporation, an
6 apparent affiliate of Defendant Synergy, listing Mr. Cuha as the administrative
7 contact.

8 54. Among other things, TNLMA has published a “consumer alert”
9 advising that “FREE Loan Modifications May Be Hazardous To Your Mortgage,”
10 and has advised consumers in its “Education Center” to disregard Better Business
11 Bureau ratings of mortgage loan modification companies.

12 55. Also as a tactic to gain consumers’ confidence, Defendants have
13 provided homeowners with a “Credibility & Legitimacy Report” for LMS. The
14 report includes three sections: “The Facts About the Better Business Bureau
15 (BBB)”; a “Corporate Bio”; and “Real Life Testimonials.” The report includes a
16 number of misrepresentations about LMS’s rating with the BBB and its corporate
17 good standing, as well as purported consumer endorsements from consumers
18 whose full identities are not provided.

19 56. In addition, in numerous instances, LMS has described its services as
20 “attorney assisted.” However, LMS has refused to provide consumers with the
21 identity, contact information or work product of the attorney who purportedly is
22 working on their account.

23 ***Consumer Harm***

24 57. In numerous instances, after homeowners have paid Defendants’ fee,
25 Defendants have failed to answer or return homeowners’ telephone calls or provide
26 updates about the status of Defendants’ purported communications with the
27 homeowners’ lenders or servicers. Homeowners who have called Defendants often
28 are transferred from one “mitigator” to another. In many instances, Defendants

1 have misrepresented that negotiations were underway, although Defendants had
2 not yet contacted the lender or had only left messages or had non-substantive
3 contacts. In other instances, Defendants have misrepresented that the lender was
4 the cause for delay when, in reality, Defendants have made little, if any, effort to
5 contact the lender. In other instances, Defendants have misrepresented that the
6 process has been delayed because of incomplete information from the homeowner,
7 although LMS had made no attempt to obtain the purportedly missing information
8 before being reached by the homeowner. In other instances, homeowners who
9 have contacted their lenders have been told that the lenders had never heard of
10 Defendants or refused to work with third-party negotiators. In other instances,
11 homeowners who have contacted their lenders have learned that Defendants sent
12 the lenders incomplete information.

13 58. In numerous instances, Defendants have failed to obtain mortgage
14 loan modifications. Some homeowners who have paid for Defendants' services
15 have been able to obtain mortgage loan modifications and avoid foreclosure only
16 through their own efforts and not because of any service provided by Defendants.

17 59. In numerous instances, Defendants have denied refunds to
18 homeowners for whom they failed to obtain modifications. In other instances,
19 Defendants have made it difficult for homeowners to obtain promised refunds, or
20 have given refunds only after homeowners made repeated requests or complained
21 to entities such as the BBB or a state attorney general. In numerous instances,
22 Defendants have purported to require homeowners to remove complaints posted to
23 the BBB, or sign a document purporting to hold Defendants free from all liability
24 and responsibility as a condition of receiving a refund, but then still have not
25 provided the refund.

1 **VIOLATIONS OF SECTION 5 OF THE FTC ACT**

2 60. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or
3 deceptive acts and practices in or affecting commerce.”

4 61. Misrepresentations or deceptive omissions of material fact constitute
5 deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

6 **Count I**

7 62. In numerous instances in connection with the advertising, marketing,
8 promotion, offering for sale, or sale of mortgage loan modification or foreclosure
9 relief services, Defendants have represented directly or indirectly, expressly or by
10 implication, that Defendants will obtain a mortgage loan modification or stop
11 foreclosure in all or virtually all instances.

12 63. In truth and in fact, Defendants do not obtain a mortgage loan
13 modification or stop foreclosure in all or virtually all instances.

14 64. Therefore, Defendants’ representation as set forth in Paragraph 62 of
15 this Complaint is false and misleading and constitutes a deceptive act or practice in
16 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

17
18 **Count II**

19 65. In numerous instances in connection with the advertising, marketing,
20 promotion, offering for sale, or sale of mortgage loan modification or foreclosure
21 relief services, Defendants have represented directly or indirectly, expressly or by
22 implication, that Defendants will give refunds to consumers if Defendants fail to
23 obtain a mortgage loan modification or stop foreclosure.

24 66. In truth and in fact, in numerous instances in which Defendants have
25 made the representations set forth in Paragraph 65 of this Complaint, Defendants
26 do not give refunds to consumers when Defendants fail to obtain a mortgage loan
27 modification or stop foreclosure.

1 67. Therefore, Defendants' representations as set forth in Paragraph 65 of
2 this Complaint are false and misleading and constitute deceptive acts or practices
3 in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

4 **Count III**

5 68. In numerous instances in connection with the advertising, marketing,
6 promotion, offering for sale, or sale of mortgage loan modification or foreclosure
7 relief services, Defendants have represented directly or indirectly, expressly or by
8 implication, that Defendants are consumers' mortgage lenders or servicers, or are
9 affiliated with, working with, or authorized by consumers' mortgage lenders or
10 servicers.

11 69. In numerous instances in which Defendants have made the
12 representations set forth in Paragraph 68 of this Complaint, Defendants have failed
13 to disclose or disclose adequately that they are not consumers' mortgage lenders or
14 servicers, and are not affiliated with, working with, or authorized by consumers'
15 mortgage lenders or servicers.

16 70. Defendants' failure to disclose or disclose adequately the material
17 information described in Paragraph 69, above, in light of the representations
18 described in Paragraph 68, above, constitutes a deceptive act or practice in
19 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

20 **CONSUMER INJURY**

21 71. Consumers have suffered and will continue to suffer substantial injury
22 as a result of Defendants' violations of the FTC Act. In addition, Defendants have
23 been unjustly enriched as a result of their unlawful acts or practices. Absent
24 injunctive relief by this Court, Defendants are likely to continue to injure
25 consumers, reap unjust enrichment, and harm the public interest.

26 **THIS COURT'S POWER TO GRANT RELIEF**

27 72. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court
28 to grant injunctive and such other relief as the Court may deem appropriate to halt

1 and redress violations of the FTC Act. The Court, in the exercise of its equitable
2 jurisdiction, may award ancillary relief, including rescission or reformation of
3 contracts and restitution, the refund of monies paid, and the disgorgement of ill-
4 gotten monies, to prevent and remedy any violation of any provision of law
5 enforced by the FTC.

6 **PRAYER FOR RELIEF**

7 Wherefore, Plaintiff Federal Trade Commission, pursuant to Section 13(b)
8 of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests
9 that the Court:

10 A. Award Plaintiff such preliminary injunctive and ancillary relief as
11 may be necessary to avert the likelihood of consumer injury during the pendency
12 of this action and to preserve the possibility of effective final relief, including but
13 not limited to temporary and preliminary injunctions;

14 B. Enter a permanent injunction to prevent future violations of the FTC
15 Act by Defendants;

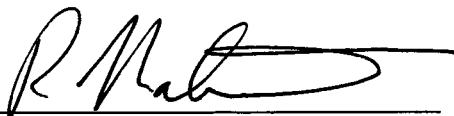
16 C. Award such relief as the Court finds necessary to redress injury to
17 consumers resulting from Defendants' violations of the FTC Act, including but not
18 limited to, rescission or reformation of contracts, restitution, the refund of monies
19 paid, and the disgorgement of ill-gotten monies; and

20 D. Award Plaintiff the costs of bringing this action, as well as such other
21 and additional relief as the Court may determine to be just and proper.

1 Dated: June 16, 2009

Respectfully submitted,

3 Willard K. Tom
4 General Counsel

5 
6

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Attorneys for Plaintiff FTC

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/> Federal Trade Commission	DEFENDANTS Loss Mitigation Services, Inc.; Synergy Financial Management Corporation, also d/b/a Direct Lender and Direct Lender.com; Dean Shafer; Bernadette Perry (a.k.a. Bernadette Carr and Carr-Perry); Marion Anthony (a.k.a. "Tony") Perry
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) John D. Jacobs; Mark L. Glassman; Robert B. Mahini; Bevin T. Murphy 600 Pennsylvania Ave., NW, Mail Drop NJ-3158 Washington, DC 20580	Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an X in one box only.) <input checked="" type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> <td style="width:40%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> </tr> <tr> <td>Citizen of This State</td> <td style="text-align: center;"><input type="checkbox"/> 1</td> <td style="text-align: center;"><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td style="text-align: center;"><input type="checkbox"/> 4</td> <td style="text-align: center;"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td style="text-align: center;"><input type="checkbox"/> 2</td> <td style="text-align: center;"><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td style="text-align: center;"><input type="checkbox"/> 5</td> <td style="text-align: center;"><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td style="text-align: center;"><input type="checkbox"/> 3</td> <td style="text-align: center;"><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td style="text-align: center;"><input type="checkbox"/> 6</td> <td style="text-align: center;"><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	PTF	DEF		PTF	DEF																				
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4																				
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5																				
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

IV. ORIGIN (Place an X in one box only.)

1 Original Proceeding
 2 Removed from State Court
 3 Remanded from Appellate Court
 4 Reinstated or Reopened
 5 Transferred from another district (specify):
 6 Multi-District Litigation
 7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: JURY DEMAND: Yes No (Check 'Yes' only if demanded in complaint.)

CLASS ACTION under F.R.C.P. 23: Yes No **MONEY DEMANDED IN COMPLAINT:** \$ TRO/PI/other equitable remedies

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
 15 U.S.C. Section 45(a)

VII. NATURE OF SUIT (Place an X in one box only.)

OTHER STATUTES <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input checked="" type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	CONTRACT <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	TORTS PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	TORTS PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability BANKRUPTCY <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 Habeas Corpus <input type="checkbox"/> 535 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition FORFEITURE/PENALTY <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
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ORIGINAL

FOR OFFICE USE ONLY: Case Number: SACV09-800 DOC(ANX)

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? No Yes
If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? No Yes
If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
 B. Call for determination of the same or substantially related or similar questions of law and fact; or
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named plaintiff resides.
 Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named defendant resides.
 Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

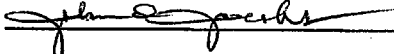
County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Orange	

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH claim arose.
Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Orange	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER):  Date July 13, 2009

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))

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

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge David O. Carter and the assigned discovery Magistrate Judge is Arthur Nakazato.

The case number on all documents filed with the Court should read as follows:

SACV09- 800 DOC (ANx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

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NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

Western Division
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

Southern Division
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

Eastern Division
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.