

this action without adjudication or admission of any facts or law and without Defendants admitting liability for any of the violations alleged in the complaint or for any wrongdoing whatsoever, and in reliance upon Rule 408 of the Federal Rules of Evidence, therefore, on the joint motion of the parties, it is hereby ORDERED, ADJUDGED, and DECREED as follows.

FINDINGS

1. This Court has jurisdiction over the subject matter of this case and over the parties consenting hereto.
2. Venue is proper as to all parties in the Northern District of Illinois under 28 U.S.C. §§ 1391(b) and (c), and 15 U.S.C. § 13(b).
3. The activities of the Defendants are in or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
4. Plaintiff's complaint states a claim upon which relief may be granted against Defendants under Sections 5(a), 13(b), and 19 of the FTC Act, 15 U.S.C. §§ 45(a), 53(b), and 57b, and Section 410(b) of CROA, 15 U.S.C. § 1679h(b).
5. All parties have waived all rights to seek appellate review of, or otherwise to challenge or contest the validity of, this Order.
6. Defendants have waived all claims under the Equal Access to Justice Act, 28 U.S.C. § 2412.
7. Defendants, without admitting the allegations set forth in the Commission's complaint, agree to entry of this Order.
8. Entry of this Order is in the public interest.

DEFINITIONS

For purposes of this Order, the following definitions shall apply:

A. “Credit repair organization” shall have the meaning ascribed to that term in CROA Section 403(3), 15 U.S.C. § 1679a(3), as presently enacted or as it may hereinafter be amended;

B. “Credit repair service” means any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of (1) improving any consumer’s credit record, credit history, or credit rating; or (2) providing advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer’s credit record, credit history, or credit rating;

C. “Defendants” means ICR Services, Inc. (“ICR”), Bernadino J. Pavone, Jr., Abood Samaan, Gloria Tactac, National Credit Education and Review (“NCER”), and Todd Renzi, and each of them, by whatever names each might be known;

D. “Material” means likely to affect a person's choice of, or conduct regarding, goods or services;

E. “Person” means a natural person, organization, or other legal entity, including a corporation, partnership, proprietorship, association, cooperative, government or governmental subdivision or agency, or any other group or combination acting as an entity;

F. “Endorsement” means as defined in 16 C.F.R. § 255.0(b); and

G. “Assisting others” means providing any of the following goods or services to any person: (1) performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; (2) formulating or providing, or arranging for the

formulation or provision of, any telephone sales script or any other marketing material; (3) providing name of, or assisting in the generation of, potential customers; (4) performing marketing services of any kind; or (5) acting as an officer or director of a business entity.

I.

PROHIBITED BUSINESS ACTIVITIES PURSUANT TO THE FTC ACT

IT IS THEREFORE ORDERED that Defendants, their successors and assigns, their officers, agents, servants, employees, and all other persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporate or other device, are hereby permanently restrained and enjoined from:

A. Misrepresenting, directly or by implication, including through the use of endorsements, any fact material to a consumer's decision to purchase any credit repair service from any defendant;

B. Misrepresenting, directly or by implication, including through the use of endorsements, that any defendant is able to improve substantially consumers' credit reports or profiles by permanently removing bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, repossessions, or other negative information from consumers' credit reports;

C. Representing, directly or by implication, that any defendant is able to improve substantially consumers' credit reports or profiles by effectuating the permanent lawful removal of bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, repossessions, or other negative information from consumers' credit reports where such information is accurate and not obsolete;

D. Misrepresenting, directly or by implication, the characteristics, value, insured value, or capabilities of any computer software, computer disk, or other intellectual property used by any defendant in connection with any credit repair service;

E. Representing, directly or by implication, in connection with the advertising, promoting, offering for sale, or sale of any credit repair service, that any defendant created, owns, licenses, utilizes, or otherwise has access to any computer software, computer disk, or other intellectual property:

1. That is used by any defendant in providing any credit repair service to consumers; *provided, however*, that this subsection shall not prohibit any person covered by this Section I from disclosing in response to a direct question from a consumer that NCER maintains individual customer files in a computer database, to the extent that continues to be true;
2. That communicates directly with the computers of any credit reporting agency or that transmits information electronically to any credit reporting agency;
3. That knows and/or recognizes the laws, rules, and/or regulations that credit reporting agencies must follow before placing any item on a consumer's credit report;
4. That identifies any violations of the laws, rules, and/or regulations that credit reporting agencies must follow before placing any item on a consumer's credit report;
5. That has any monetary value or that has been appraised as having any

monetary value, including but not limited to, representing that the proprietary intellectual property or computer software has been appraised for or valued at \$15 million or at some amount between \$215.8 million and \$247.7 million;

6. That is currently or ever was insured for any amount, including but not limited to, representing that the proprietary intellectual property or computer software currently is or ever was insured for \$15 million by Lloyd's of London, by a broker associated with Lloyd's of London, or by any other person; or
7. That Equifax, Experian, Transunion, or any other person ever offered to purchase the proprietary intellectual property or computer software, or to purchase any entity that owned or licensed that intellectual property or computer software;

F. Misrepresenting, directly or by implication, including through the use of endorsements, any material fact regarding any item, product, good, or service related to the performance of any credit-related function for consumers, including but not limited to, improving consumers' credit reports or profiles, consolidating debt, obtaining or arranging a loan, or obtaining or arranging an extension of credit;

G. Misrepresenting, directly or by implication, any material term or condition of any refund or cancellation policy, or of any guarantee, offered in connection with any credit repair service;

H. Misrepresenting, directly or by implication, including through the use of

endorsements, any material fact regarding any item, product, good, or service sold or offered for sale by any defendant;

I. Misrepresenting, directly or by implication, any term or provision of this Order;

J. Representing, directly or by implication, that the FTC has in any way approved or authorized any practice of any defendant; and

K. Assisting others who violate any provision of Subsections A through J of this Section.

II.

PROHIBITED BUSINESS ACTIVITIES PURSUANT TO THE CREDIT REPAIR ORGANIZATIONS ACT

IT IS FURTHER ORDERED that Defendants, their successors and assigns, their officers, agents, servants, employees, and all other persons in active concert and participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporate or other device, are hereby permanently restrained and enjoined from violating CROA, 15 U.S.C. §§ 1679 *et seq.*, as presently enacted or as it may hereinafter be amended, including but not limited to:

A. Violating 15 U.S.C. § 1679b(a)(3) by making or using any untrue or misleading representation of the services of a credit repair organization;

B. Violating 15 U.S.C. § 1679b(a)(1) by making any statement, or counseling or advising any consumer to make any statement, which is untrue or misleading, or which Defendants should have known to be untrue or misleading upon the exercise of reasonable care, about consumers' credit worthiness, credit standing, or credit capacity to any credit reporting agency;

C. Violating 15 U.S.C. § 1679b(b) by charging or receiving any money or other valuable consideration for the performance of any service which a credit repair organization has agreed to perform for any consumer before such service is fully performed; and

D. Violating 15 U.S.C. § 1679c(a) by failing to provide a consumer with a written statement containing prescribed language concerning consumer credit file rights under state and federal law before any contract or agreement between the consumer and the credit repair organization is executed. *Provided, however,* that the final paragraph of the written statement required of Defendants by 15 U.S.C. § 1679c(a) shall read as follows:

The Federal Trade Commission regulates credit bureaus and credit repair organizations. For more information or to submit a complaint, please contact the Federal Trade Commission's Consumer Response Center at 1-877-382-4357, or access the Commission's website at www.ftc.gov.

III.

CONSUMER REDRESS

IT IS FURTHER ORDERED that a judgment in the amount of one million, one hundred fifty thousand dollars (\$1,150,000) shall be entered in favor of the Commission and against Defendants, jointly and severally, which judgment shall be payable in two installments as described in this Section. In addition, a judgment in the amount of seven thousand five hundred dollars (\$7,500) shall be entered in favor of the Commission and against defendant Todd Renzi, as described in Subsection C of this Section.

A. First, Defendants, jointly and severally, shall pay to the Commission the sum of three hundred fifty thousand dollars (\$350,000) within seven (7) days of the date of entry of this Order. Payment shall be made to the Commission by certified check or other guaranteed funds

payable to and delivered to the Commission, or by wire transfer in accord with directions provided by the Commission. *Provided, however,* that if any defendant receives written notice from the Commission or its designated agent that the cost of distributing Appendix C of this Order to all existing sales personnel, as required by Section VII.B. of this Order, exceeds \$350,000, then Defendants shall pay to the Commission within three (3) days an additional amount sufficient to cover the entire cost of the distribution of Appendix C to existing sales personnel.

As security for the first installment payment of \$350,000 required by this Subsection A, as well as Defendants' obligation to make the second installment payment required under Subsection B of this Section, Defendants and related persons, individually and on behalf of their respective successors and assigns, hereby grant to the Commission a first priority lien on and security interest in the following real and personal property:

1. Defendant Bernadino J. Pavone, Jr., together with his wife Lisa Pavone, hereby grant to the Commission a first priority lien and security interest in that certain real property, together with the dwelling house, other structures, improvements, appurtenances, hereditaments, and other rights appertaining or belonging thereto, situated at 8986 Hackberry, Plymouth, Michigan 48170 ("the Pavone home"), also known as Assessor's Parcel Number 78-061-06-0019-000; the legal description of which is City: Plymouth Township, Census Tract: 5621.00; and whose Brief Description is K75.69 35J19 Plymouth-Joy SUB T1S R8E L97 P18 19 WCR Lot 19. Defendant Pavone represents and acknowledges that the Commission is relying on the material representations that Bernadino J. Pavone, Jr. and Lisa Pavone are the sole owners in fee simple of the Pavone home, title to the Pavone home is marketable, and the Pavone home

currently is not encumbered by any other lien, mortgage, deed of trust, security interest, or other interest. Defendant Pavone agrees that, as of the date on which he signs this Order, he and his wife shall refrain from transferring, converting, encumbering, selling, assigning, or otherwise disposing of the Pavone home, except with the express prior written permission of counsel for the Federal Trade Commission; and

2. Defendant Bernadino J. Pavone, Jr., his wife Lisa Pavone, his father Bernadino J. Pavone, Sr., and any other owners of record hereby grant to the Commission a first priority lien on and security interest in that certain real property, together with the buildings, other structures, improvements, appurtenances, hereditaments, and other rights appertaining or belonging thereto, situated at 30001 and 30027 Eureka Road, Romulus, Michigan 48174 (“the Romulus property”). The property at 30001 Eureka Road is also known as Assessor’s Parcel No. 80-137-99-0021-000; the legal description of which is City: Romulus City, Census Tract: 5862.00; and whose Brief Description is 35 K the W ½ of the E ½ of the E ½ of the NW 1/4 of the NE 1/4 of Section 35, Town 3 South, Range 9 East, Except the N 60.0 FT thereof. The property located at 30027 Eureka Road is also known as Assessor’s Parcel No. 80-137-99-0022-000; the legal description of which is City: Romulus City, Census Tract: 5862.00; and whose Brief Description is 35 L the E ½ of the W ½ of the E ½ of the NW 1/4 of the NE 1/4 of Section 35, Except the N 60.0 FT thereof. Defendant Pavone represents and acknowledges that the Commission is relying on the material representations that Defendant Bernadino J. Pavone, Jr., his wife Lisa Pavone, and his father Bernadino J. Pavone, Sr., are owners in fee simple of the Romulus property, title to the Romulus property is marketable, and the Romulus property currently is not encumbered by any other lien, mortgage, deed of trust, security interest, or other

interest. Defendant Pavone agrees that, as of the date on which he signs this Order, he, his wife Lisa Pavone, his father Bernadino J. Pavone, Sr., and the other owners of record of the Romulus property shall refrain from transferring, converting, encumbering, selling, assigning, or otherwise disposing of the Romulus property, except with the express prior written permission of counsel for the Federal Trade Commission.

Defendants shall cooperate fully with the Commission and be responsible for preparing, executing and recording the necessary documents and doing whatever else the Commission deems necessary or desirable to perfect and evidence its liens on and security interests in the Pavone home and the Romulus property. No later than five (5) days after the date on which the Commission authorizes staff to sign this Order, Defendant Pavone, his wife Lisa Pavone, his father Bernadino J. Pavone, Sr., and the other owners of record of the Romulus property shall prepare (at their expense), execute, and deliver to the Commission mortgages, security agreements, UCC-1 Financing Statements, and other documents in form and substance satisfactory to the Commission and take such other steps as the Commission may require to perfect its liens on and security interests in the Pavone home and the Romulus property and to carry out the purposes of this Order. Upon Defendants' payment to the Commission of the first installment payment of \$350,000 required by this Subsection A, as well as Defendants' satisfaction of their obligation to make the second installment payment required under Subsection B of this Section, and at Defendants' written request, the Commission agrees to release the liens and security interests granted herein. Defendants shall be responsible for preparing and filing any termination statements reasonably required in connection therewith, provided that the Commission shall cooperate with Defendants and shall not unreasonably

withhold its consent and acknowledgment of the same. Defendants shall be responsible for paying all costs relating to the preparation, execution, delivery, filing, recording, and termination of the liens and security interests granted herein.

B. In addition to the payment required by Subsection A of this Section, Defendants, jointly and severally, shall pay to the Commission the additional sum of \$800,000 on or before December 1, 2003. *Provided, however*, that in the event that the Order of Sequestration entered by the district court in *Carter v. ICR Services, Inc.*, No. 00 C 2666-W (N.D. Ala.), on November 1, 2002, as modified and reaffirmed on January 24, 2003 (“the Order of Sequestration”), remains in effect as of December 1, 2003, then the payment required by this subsection shall be made within thirty (30) days of the date on which the Order of Sequestration is lifted. Defendants shall receive credits against the payment required by this subsection for the following payments made in connection with the settlement in *Carter v. ICR Services, Inc.*, *supra*, which was approved by a final judgment entered by the Honorable U.W. Clemon, Chief United States District Judge, on September 6, 2002:

1. Any amounts paid by Defendants after the date on which all Defendants have signed this Order into the claims fund or the fee and expense fund established by that settlement;
2. Any amounts paid by Defendants to Rust Consulting, Inc., 501 Marquette Avenue, Suite 700, Minneapolis, Minnesota 55402, after the date on which all Defendants have signed this Order as compensation for its services as claims administrator of that settlement; and

3. Any amounts paid by Defendants to A New Horizon Credit Counseling Service, Inc., 500 Fairway Drive, Suite 208, Deerfield Beach, Florida 33441, after the date on which all Defendants have signed this Order as compensation for credit counseling services provided to members of the plaintiff class as required by that settlement.

In order for Defendants to receive a credit for any of the above payments, Defendants must provide the Commission with written proof in a form acceptable to the Commission that any amount for which a credit is sought actually was paid to the enumerated settlement funds or entities by the date on which the payment to the Commission required by this subsection is due. Defendants shall not receive a credit for any amounts that are owed but not paid to any of the above funds or entities on the date the payment required by this subsection is due. *Provided, further,* that no credit shall be allowed for any amounts paid to any of the above funds or entities from the proceeds of the sale, refinancing, or any other transaction involving any of the following properties: the property located at 6175 Via Madrid, Granite Bay, California 95746, or the two parcels of property commonly referred to as “Villa Flore,” located at 9085 & 9105 Vista de Lago Court, Granite Bay, California 95746.

As further security for the second installment payment of \$800,000 required by this Subsection B, and in addition to the liens and security interests granted in Subsection A of this Section, Defendants hereby pledge to the Commission their reversionary interests in all real and personal property and other assets that are subject to the Order of Sequestration as of the date Defendants sign this Order, including but not limited to the following:

1. The Merrill Lynch account of Bernadino Pavone, Jr., Acct. No. 622-34N35;
2. The Wilmington Trust account of Bernadino Pavone, Jr., Acct. No. 53159;
3. The Merrill Lynch account of Gloria Tactac, Acct. No. 622-34N36;
4. The Merrill Lynch account of Abood Samaan, Acct. No. 622-34N37;
5. The real property owned by Gloria Tactac located at 3995 Lakeland Lane, Bloomfield Hills, Michigan 48302, Assessor's Parcel No. 19-18-426-003;
6. The real property owned by Abood Samaan and Samira Samaan located at 718 Cornell, Ypsilanti, Michigan 48197, Assessor's Parcel No. 11-11-05-310-010;
7. The real property owned by Vision Group Holdings LLC, or its successor or assign, at 6175 Via Madrid, Granite Bay, California 95746, Assessor's Parcel No. 035-340-071;
8. The real property owned by Gloria Tactac and Bernadino J. Pavone, Jr., or their successors or assigns, at 9085 & 9105 Vista de Lago Court, Granite Bay, California 95746, Assessor's Parcel Nos. 035-360-010 and 035-360-011;
9. The 1999 Bentley Arnage automobile owned by ICR Services, Inc., or its successor or assign, Registration No. SCBLB51E1XCX02600;
10. The 1999 Bentley Arnage automobile owned by ICR Services, Inc., or its successor or assign, Registration No. SCBLB51E4XCX01750;
11. The 1999 Rolls Royce automobile owned by ICR Services, Inc., or its successor or assign, Registration No. SCAZN19E6XCX66554;
12. The 1999 Jaguar XJ8 automobile owned by ICR Services, Inc., or its

successor or assign, Registration No. SAJHD6042XC875877; and

13. Personal property such as jewelry, furs, fine art, furniture, electronics, china, silverware, and clothing owned by any of the following: Bernadino J. Pavone, Jr., Gloria Tactac, or Abood Samaan.

Defendants acknowledge and agree that so long as the Order of Sequestration remains in effect, they are enjoined from transferring, converting, encumbering, selling, assigning, or otherwise disposing of any asset that is subject to the Order of Sequestration, including but not limited to the assets described above (“the Sequestered Assets”). To the extent that any such asset or portion thereof reverts to any defendant upon the lifting of the Order of Sequestration, Defendants shall continue to refrain from transferring, converting, encumbering, selling, assigning, or otherwise disposing of the asset until such time as Defendants have paid to the Commission the second installment of \$800,000 required by this Subsection B.

Time is of the essence for the payments required by Subsections A and B of this Section. In the event that Defendants do not timely fulfill, or only partially fulfill, the payment obligations set forth in Subsections A or B of this Section, then the Commission shall be entitled to immediately enforce the liens and security interests granted herein and collect the then unpaid portion of its judgment, including the power to sell the Pavone home, the Romulus property, and any Sequestered Asset that has reverted to any defendant upon the lifting of the Order or Sequestration.

C. In addition to the payments required by Subsections A and B of this Section, defendant Todd Renzi shall pay to the Commission the sum of seven thousand five hundred dollars (\$7,500) within seven (7) days of the date of entry of this Order. Payment shall be made

to the Commission by certified check or other guaranteed funds payable to and delivered to the Commission, or by wire transfer in accord with directions provided by the Commission.

D. In the event that any amount remains in either the claims fund or the fee and expense fund established pursuant to the settlement in *Carter v. ICR Services, Inc., supra*, that would be returned to any defendant under the terms of that settlement, then that amount also shall be transferred to the Commission, rather than returned to Defendants. Defendants hereby assign to the Commission their interest in any such remaining amounts in either the claims fund or the fee and expense fund, which funds are currently being held by Rust Consulting, Inc. as claims administrator of the *Carter* settlement. Defendants agree that the Commission may make demand on Rust Consulting, Inc. directly for transfer of any such remaining funds by providing Rust Consulting, Inc. with a copy of this Order. This payment to the Commission also shall be made by certified check or other guaranteed funds payable to and delivered to the Commission, or by wire transfer in accord with directions provided by the Commission. Any amount paid to the Commission under this Subsection D shall be in addition to the payments required under Subsections A, B, and C of this Section.

E. All funds paid pursuant to this Section shall be deposited into a redress fund, administered by the Commission or its agent, to be used for equitable relief, including but not limited to, the distribution of Appendix C of this Order to existing sales personnel as required by Section VII.B. of this Order, as well as consumer redress and any attendant expenses for the administration of any redress fund. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the Commission may apply any remaining funds for such other equitable relief (including consumer information remedies)

as it determines to be reasonably related to the Defendants' practices alleged in the Complaint. Any funds not used for such equitable relief shall be deposited to the United States Treasury as disgorgement. Defendants shall have no right to challenge the Commission's choice of remedies under this Section. The Commission, in its sole discretion, may use a designated agent to administer consumer redress. The Commission and Defendants acknowledge and agree that this judgment for equitable monetary relief is solely remedial in nature and is not a fine, penalty, punitive assessment, or forfeiture.

F. In the event of any default on any obligation to make payment under this Section, interest, computed pursuant to 28 U.S.C. § 1961(a), shall accrue from the date of default to the date of payment, and shall immediately become due and payable.

G. Defendants are hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the Commission their respective taxpayer identifying numbers (social security numbers or employer identification numbers), which shall be used for purposes of collecting and reporting on any delinquent amount arising out of such persons' relationship with the government.

H. Notwithstanding any other provision of this Order, Defendants agree that if they fail to meet the payment obligations set forth in this Order, then they shall pay the costs and attorney's fees incurred by the Commission or its agents in any attempts to collect amounts due pursuant to this Order. Defendants further agree that the facts as alleged in the Commission's complaint in this action shall be taken as true in any subsequent litigation filed by the Commission to enforce its rights under this Order, including but not limited to a nondischargeability complaint in any subsequent bankruptcy case.

IV.

RIGHT TO REOPEN

IT IS FURTHER ORDERED that Defendants, within five (5) business days after the date of entry of this Order, shall each submit to the Commission a truthful sworn statement, in the form shown in **Appendix A** of this Order, that shall reaffirm and attest to the truthfulness, accuracy, and completeness of their respective financial statements, namely the financial statement of ICR dated January 8, 2003, the financial statement of NCER dated January 8, 2003, the financial statement of Bernard Joseph Pavone, Jr., dated January 8, 2003, the financial statement of Abood Samaan dated January 8, 2003, the financial statement of Gloria T. Tactac dated January 8, 2003, and the financial statement of Todd Francis Renzi dated January 8, 2003. The Commission's agreement to this Order is expressly premised upon the financial condition of Defendants, as represented in their respective financial statements, which contain material information upon which the Commission relied in negotiating and agreeing upon this Order.

If, upon motion of the Commission, the Court finds that any defendant failed to file the sworn statement required by this Section, or that any defendant failed to disclose any material asset, materially misrepresented the value of any asset, or made any other material misrepresentation in or omission from the financial statement, the Court shall enter judgment against Defendants, in favor of the Commission, in the amount of \$50,000,000 (an approximation of the total amount of consumer injury in this matter), and the entire amount of the judgment shall become immediately due and payable, less any amount already paid.

Provided, however, that in all other respects, this judgment shall remain in full force and effect, unless otherwise ordered by the Court; and *provided further,* that proceedings instituted

under this Section are in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law, including but not limited to, contempt proceedings, or any other proceedings that the Commission or the United States might initiate to enforce this Order.

V.

PROTECTION OF CONSUMERS' PERSONAL INFORMATION

IT IS FURTHER ORDERED that Defendants, their successors and assigns, their officers, agents, servants, employees, and all other persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporate or other device, are hereby permanently restrained and enjoined from providing or disclosing to any person, whether or not in exchange for payment or other consideration, any of the following information relating to a consumer:

1. Name, address, and telephone number;
2. Billing information, such as credit card and bank account numbers;
3. Unique identifying information, such as social security number, date of birth, place of birth, and mother's maiden name;
4. Credit information;
5. Income information; and
6. Asset and liability information;

Provided, however, that this Section shall not apply to the disclosure by any person covered by this Section of consumer information: (1) necessary to effectuate or administer a transaction or proposed transaction for which Defendants have obtained the consumer's express verifiable authorization; (2) pursuant to Section 623 of the Fair Credit Reporting Act ("FCRA"), 15 U.S.C.

§ 1681s-2, to a “consumer reporting agency” as defined by Section 603(f) of the FCRA, 15 U.S.C. § 1681a(f); or (3) to a law enforcement agency either voluntarily, or as required by any law, regulation, or court order.

VI.

ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANTS

IT IS FURTHER ORDERED that, within five (5) business days after receipt by each defendant of this Order as entered by the Court, each defendant shall submit to the Commission a truthful sworn statement, in the form shown on **Appendix B**, that shall acknowledge receipt of this Order.

VII.

DISTRIBUTION OF ORDER BY DEFENDANTS

IT IS FURTHER ORDERED that:

A. For a period of five (5) years from the date of entry of this Order, defendants ICR and NCER, and their successors and assigns, shall provide a copy of this Order to, and obtain a signed and dated acknowledgment of receipt of same from, each officer or director and each individual serving in a management capacity of ICR and/or NCER, whether designated as employees, consultants, independent contractors or otherwise, immediately upon the entry of this Order or immediately upon employing or retaining any such person;

B. For a period of five (5) years from the date of entry of this Order, defendants ICR and NCER, and their successors and assigns, shall provide a summary of this Order in the form shown at **Appendix C** to, and obtain a signed and dated acknowledgment of receipt of same from, all personnel involved in responding to consumer complaints or inquiries, and all sales

personnel (including, but not limited to, independent sales representatives under contract with ICR and/or NCER), whether designated as employees, consultants, independent contractors, or otherwise, immediately upon the entry of this Order or immediately upon employing or retaining any such person. *Provided, however,* that the distribution of **Appendix C** to all existing sales personnel (including, but not limited to, all independent sales representatives under contract with ICR and/or NCER at the time of the entry of this Order) shall be made by a designated agent of the Commission. Defendants shall be solely responsible for distributing **Appendix C** to all other persons covered by this Subsection, including, but not limited to, sales personnel employed or retained by any defendant after the entry of this Order.

Within three (3) days of the entry of this Order, Defendants, at their own cost, shall provide to the Commission, or its designated agent, the name, last known address, and telephone number of all existing sales personnel covered by this Subsection, as well as any further information the Commission deems necessary to the distribution of **Appendix C**. The cost incurred by the Commission's designated agent in distributing **Appendix C** to all existing sales personnel shall be covered from the amount paid to the Commission by Defendants under Section III of this Order. The Commission's designated agent shall not proceed to distribute **Appendix C** to all existing sales personnel until the amount paid to the Commission by Defendants under Section III of this Order is sufficient to cover the entire cost of that distribution.

ICR and NCER, and their successors and assigns, shall prohibit all sales personnel who fail to provide ICR or NCER with the signed and dated acknowledgment of receipt within four weeks of the date of mailing of **Appendix C**, or for new sales personnel, upon immediately

employing or retaining such persons, from in any way marketing, offering for sale, or selling the products or services of any defendant until the signed and dated acknowledgment of receipt is provided. ICR and NCER, and their successors and assigns, shall refuse to process any sale made by any person who has failed to provide ICR or NCER with the signed and dated acknowledgment of receipt as required by this Subsection. ICR and NCER, and their successors and assigns, shall instead return all materials relating to such sales, including, but not limited to, any money or other consideration paid for the product or service, to the person who made the unauthorized sale.

If **Appendix C** has not been distributed to all existing sales personnel within four weeks of the date of entry of this Order either because Defendants failed to provide to the Commission, or its designated agent, the name, last known address, and telephone number of all existing sales personnel, or because Defendants failed to pay to the Commission pursuant to Section III of this Order an amount sufficient to cover the entire cost of distributing **Appendix C** to all existing sales personnel, then Defendants, their employees, agents, and independent contractors shall be prohibited from engaging in the marketing, offering for sale, or sale of any product or service of any defendant until such time as **Appendix C** has been distributed to all existing sales personnel and the acknowledgment of receipt has been provided as required by this Subsection;

C. For a period of five (5) years from the date of entry of this Order, defendants Bernadino J. Pavone, Jr., Abood Samaan, Gloria Tactac, and Todd Renzi shall provide a copy of this Order to, and obtain a signed and dated acknowledgment of receipt of same from, each officer or director, each individual serving in a management capacity, all personnel involved in responding to consumer complaints or inquiries, and all sales personnel, whether designated as

employees, consultants, independent contractors or otherwise, immediately upon the entry of this Order or immediately upon employing or retaining any such person, for any business other than ICR or NCER in which Pavone, Samaan, Tactac, or Renzi is an owner of the business, or directly or indirectly manages or controls the business, and where the business is engaged in, or assists others engaged in, the advertising, promoting, offering for sale, sale, performance, or distribution of any credit-related goods or services, including but not limited to credit repair services; and

D. The person(s) covered by Subsection A, B, or C of this Section shall retain the original signed and dated acknowledgments of receipt of copies of this Order or of summaries of this Order for the duration of the relationship which required distribution of this Order or summaries of this Order under this Section, and for three (3) years thereafter. Upon reasonable notice, Defendants shall make those acknowledgments available to representatives of the Commission.

VIII.

MONITORING COMPLIANCE OF SALES PERSONNEL

IT IS FURTHER ORDERED that: (1) Defendants ICR and NCER, and their successors and assigns; and (2) Defendants Bernadino J. Pavone, Jr., Abood Samaan, Gloria Tactac, and Todd Renzi, in connection with any business other than ICR or NCER in which Pavone, Samaan, Tactac, or Renzi is an owner of the business, or directly or indirectly manages or controls the business, and where the business is engaged in, or assists others engaged in, the advertising, promoting, offering for sale, sale, performance, or distribution of any credit-related goods or services, including but not limited to credit repair services, are hereby permanently

restrained and enjoined from:

- A. Failing to take reasonable steps sufficient to monitor and ensure that all employees, agents, and independent contractors engaged in sales or other customer service functions comply with Sections I and II of this Order. Such steps shall include adequate monitoring of sales presentations or other contacts with customers, and shall include, at a minimum, the following: (1) periodically listening to the oral representations made by persons engaged in sales or other customer service functions; (2) establishing and following a procedure for receiving and responding to consumer complaints; and (3) ascertaining the number and nature of consumer complaints regarding transactions in which each employee or independent contractor is involved;
- B. Failing to take reasonable steps sufficient to monitor and ensure that all employees, agents, and independent contractors who fail to provide the signed and dated acknowledgment of receipt required by Section VII.B. of this Order do not engage in the marketing, offering for sale, or sale of the products or services of any defendant until the signed and dated acknowledgment is provided;
- C. Failing promptly to investigate fully any consumer complaint received by any business to which this Section applies; and
- D. Failing to terminate and/or discontinue dealing with any employee, agent, or independent contractor who engages in any act or practice prohibited by Section I or II of this Order, or who fails to provide the signed and dated acknowledgment of receipt required by Section VII.B. of this Order but who continues to market,

offer for sale, or sell the products or services of any defendant.

IX.

RECORD KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of this Order:

A. Defendants ICR and NCER, their successors and assigns, their officers, agents, servants, employees, and all other persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporate or other device, are hereby restrained and enjoined from failing to create and retain the following records:

- (1) Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;
- (2) Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
- (3) Customer files containing the names, addresses, telephone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;
- (4) Complaint and refund requests (whether received directly, indirectly, or through

any third party) and any responses to those complaints or requests; and

- (5) Copies of all sales scripts, training materials, advertisements, or other marketing materials utilized;

B. Defendants Bernadino J. Pavone, Jr., Abood Samaan, Gloria Tactac, and Todd Renzi, in connection with any business other than ICR or NCER in which Pavone, Samaan, Tactac, or Renzi is an owner of the business, or directly or indirectly manages or controls the business, and where the business is engaged in, or assists others engaged in, the advertising, promoting, offering for sale, sale, performance, or distribution of any goods or services, including but not limited to credit repair services, are hereby restrained and enjoined from failing to create and retain the following records:

- (1) Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;
- (2) Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
- (3) Customer files containing the names, addresses, telephone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;
- (4) Complaint and refund requests (whether received directly, indirectly, or through

- any third party) and any responses to those complaints or requests; and
- (5) Copies of all sales scripts, training materials, advertisements, or other marketing materials utilized.

X.

ACCESS TO BUSINESS PREMISES

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, for the purpose of determining compliance with this Order, (1) Defendants ICR and NCER, and their successors and assigns, and (2) Defendants Bernadino J. Pavone, Jr., Abood Samaan, Gloria Tactac, and Todd Renzi, in connection with any business other than ICR or NCER in which Defendant Pavone, Samaan, Tactac, or Renzi is an owner of the business, or directly or indirectly manages or controls the business, and where the business is engaged in, or assists others engaged in, the advertising, promoting, offering for sale, sale, performance, or distribution of any credit-related goods or services, including but not limited to credit repair services, shall permit representatives of the Commission, within three (3) business days of receipt of written notice from the Commission:

A. Access during normal business hours to any office or facility storing documents of a business covered by this Section. In providing such access, Defendants shall permit representatives of the Commission to inspect and copy all documents relevant to any matter contained in this Order; and shall permit Commission representatives to remove documents relevant to any matter contained in this Order for a period not to exceed five (5) business days so that the documents may be inspected, inventoried, and copied; and

B. To interview officers, directors, and employees, including all personnel involved

in responding to consumer complaints or inquiries, and all sales personnel, whether designated as employees, consultants, independent contractors, or otherwise, of any business to which this Section applies, concerning matters relating to compliance with the terms of this Order. The persons interviewed may have counsel present.

Provided that, upon application of the Commission and for good cause shown, the Court may enter an *ex parte* order granting immediate access to the business premises of any business covered by this Section for the purposes of inspecting and copying all documents relevant to any matter contained in this Order.

XI.

COMPLIANCE REPORTING BY DEFENDANTS

IT IS FURTHER ORDERED that, in order that compliance with the provisions of this Order may be monitored:

- A. For a period of five (5) years from the date of entry of this Order, each defendant shall notify the Commission of the following:
 1. Any changes in that defendant's residence, mailing addresses, and telephone numbers, within ten (10) days of the date of such change;
 2. Any changes in that defendant's employment status (including self-employment) within ten (10) days of such change. Such notice shall include the name and address of each business that defendant is affiliated with or employed by, a statement of the nature of the business, and a statement of defendant's duties and responsibilities in connection with the business or employment; and

3. Any proposed change in the structure of Defendants ICR or NCER; or any proposed change in the structure of any business entity owned or controlled by Defendants Bernadino J. Pavone, Jr., Abood Samaan, Gloria Tactac, or Todd Renzi, such as creation, incorporation, dissolution, assignment, sale, creation or dissolution of subsidiaries, or any other similar change that may affect compliance obligations arising out of this Order, thirty (30) days prior to the effective date of any proposed change;
- B. One hundred eighty (180) days after the date of entry of this Order, each defendant shall provide to the Commission a written report, sworn to under penalty of perjury, setting forth in detail the manner and form in which that defendant has complied and is complying with this Order. This report shall include but not be limited to:
1. Defendant's then current residence address and telephone number;
 2. Defendant's then current employment, business addresses and telephone numbers, a description of the business activities of each such employer, and defendant's title and responsibilities for each employer;
 3. A copy of each acknowledgment of receipt of this Order obtained by defendant pursuant to Section VII of this Order; and
 4. A statement describing the manner in which defendant has complied and is complying with Sections I, II, III, & VIII of this Order.
- C. Upon written request by a representative of the Commission, each defendant shall submit additional written reports (under oath, if requested) and produce

documents on fifteen (15) days' notice with respect to any conduct subject to this Order; and

- D. For purposes of this Order, Defendants shall, unless otherwise directed by the Commission's authorized representative, mail all written notifications to the Commission to:

Regional Director
Federal Trade Commission
55 East Monroe Street, Suite 1860
Chicago, Illinois 60603
Re: ICR Services, Inc.

- E. For purposes of this Section, "employment" includes the performance of services as an employee, consultant, or independent contractor; and "employers" include any individual or entity for whom any defendant performs services as an employee, consultant, or independent contractor.
- F. For purposes of the compliance reporting required by this Section, the Commission is authorized to communicate directly with Defendants Bernadino J. Pavone, Jr., Abood Samaan, Gloria Tactac, and Todd Renzi.

XII.

COMMISSION'S AUTHORITY TO MONITOR COMPLIANCE

IT IS FURTHER ORDERED that the Commission is authorized to monitor Defendants' compliance with this Order by all lawful means, including but not limited to the following means:

- A. The Commission is authorized, without further leave of court, to obtain discovery from any person in the manner provided by Chapter V of the Federal Rules of

Civil Procedure, Fed. R. Civ. P. 26-37, including the use of compulsory process pursuant to Fed. R. Civ. P. 45, for the purpose of monitoring and investigating Defendants' compliance with any provision of this Order;

- B. The Commission is authorized to use representatives posing as consumers and suppliers to Defendants, Defendants' employees, or any other entity managed or controlled in whole or in part by any defendant, without the necessity of identification or prior notice; and
- C. Nothing in this Order shall limit the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49 & 57b-1, to investigate whether any defendant has violated any provision of this Order, Section 5 of the FTC Act, 15 U.S.C. § 45, or any provision of CROA, 15 U.S.C. §§ 1679 *et seq.*

XIII.

RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for all purposes, including construction, modification, and enforcement of this Order. The parties agree and stipulate to entry of the foregoing Order, which shall constitute a final judgment in this action.

FEDERAL TRADE COMMISSION

Dated: _____

TODD M. KOSSOW
NICHOLAS J. FRANCIZYK
Attorneys for Plaintiff

Federal Trade Commission

ICR SERVICES, INC.

Dated: _____

By: _____
BERNADINO J. PAVONE, JR., President

Dated: _____

BERNADINO J. PAVONE, JR., Individually

Dated: _____

ABOOD SAMAAAN, Individually

Dated: _____

GLORIA TACTAC, Individually

NATIONAL CREDIT EDUCATION
AND REVIEW

Dated: _____

By: _____
TODD RENZI, President

Dated: _____

TODD RENZI, Individually

IT IS SO ORDERED.

Dated: _____

United States District Judge

APPENDIX A
 to Federal Trade Commission v. ICR Services, Inc., et al.
 Stipulated Final Judgment and Order for Permanent Injunction and Consumer Redress

**IN THE UNITED STATES DISTRICT COURT
 FOR THE NORTHERN DISTRICT OF ILLINOIS
 EASTERN DIVISION**

FEDERAL TRADE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	CIVIL NO.
)	
ICR SERVICES, INC., a Michigan corporation,)	
)	
BERNADINO J. PAVONE, JR., individually and as an officer and director of ICR Services, Inc.,)	
)	
ABOOD SAMAAN, individually and as an officer and director of ICR Services, Inc.,)	
)	
GLORIA TACTAC, individually and as an officer and director of ICR Services, Inc.,)	
)	
NATIONAL CREDIT EDUCATION AND REVIEW, a Michigan corporation, and)	
)	
TODD RENZI, individually and as an officer and director of National Credit Education and Review,)	
)	
Defendants.)	
)	

I, _____, hereby state that the information contained in the
 Financial Statement of Defendant _____ and related papers provided to
 the Federal Trade Commission on _____ [and as amended on _____
 _____, if applicable] was [were] true, accurate, and complete at such time.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: _____

APPENDIX B
to Federal Trade Commission v. ICR Services, Inc., et al.,
Stipulated Final Judgment and Order for Permanent Injunction and Consumer Redress

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

FEDERAL TRADE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	CIVIL NO.
)	
ICR SERVICES, INC., a Michigan corporation,)	
)	
BERNADINO J. PAVONE, JR., individually and as an officer and director of ICR Services, Inc.,)	
)	
ABOOD SAMAAAN, individually and as an officer and director of ICR Services, Inc.,)	
)	
GLORIA TACTAC, individually and as an officer and director of ICR Services, Inc.,)	
)	
NATIONAL CREDIT EDUCATION AND REVIEW, a Michigan corporation, and)	
)	
TODD RENZI, individually and as an officer and director of National Credit Education and Review,)	
)	
Defendants.)	
)	

[Name of defendant], being duly sworn, hereby states and affirms as follows:

1. My name is _____. My current residence address is _____
_____. I am a citizen of the

United States and am over the age of eighteen. I have personal knowledge of the facts set forth in this Affidavit.

- 2. I am a defendant in Federal Trade Commission v. ICR Services, Inc., et al. (United States District Court for the Northern District of Illinois, Eastern Division).
- 3. On [date], I received a copy of the Stipulated Final Judgment and Order for Permanent Injunction and Consumer Redress, which was signed by the Honorable [name of U.S. District Judge] and entered by the Court on [date of entry of Order]. A true and correct copy of the Order I received is appended to this Affidavit.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed on [date], at [city and state].

[Full name of defendant]

State of _____, City of _____

Subscribed and sworn to before me
this ____ day of _____, 200__.

Notary Public
My Commission Expires:

APPENDIX C
to Federal Trade Commission v. ICR Services, Inc., et al.
Stipulated Final Judgment and Order for Permanent Injunction and Consumer Redress

[To be printed on FTC letterhead]

**Important Notice to Employees and Independent Sales Representatives
of ICR Services, Inc. and National Credit Education and Review**

YOU MUST READ AND ACKNOWLEDGE RECEIPT OF THIS NOTICE

The Federal Trade Commission (“FTC”) has settled an investigation into the business practices of ICR Services, Inc. (“ICR”) and National Credit Education and Review (“NCER”). The FTC alleged that ICR, NCER, Bernadino J. Pavone, Jr., Abood Samaan, Gloria Tactac, and Todd Renzi made deceptive claims about key aspects of the credit repair business they operate under the Consumer Advantage and/or National Credit Repair names. The FTC and the defendants have agreed to a settlement without the adjudication, trial, or admission of any facts or law and without defendants admitting or denying liability for any of the violations alleged by the FTC.

As an employee or agent of ICR or NCER, *you are required to sign and return the attached Acknowledgment of Receipt of the Summary of Order to NCER by [date four weeks after the date of mailing of the notice under Section VII.B. of the Order].* **If you do not return the Acknowledgment by [date], you will not be permitted to engage in any marketing or sales of ICR or NCER products or services.** ICR and/or NCER will not process any sales you make during the time you are not permitted to make sales, and they will return any paperwork on unauthorized sales to you. New representatives must return the Acknowledgment before engaging in any marketing or sales activity.

Federal Court Order

As part of the settlement, the defendants have agreed to the entry of a Federal Court Order. **This Order is binding on you as an employee or agent of ICR and/or NCER. If you**

violate the Order, you may be found in contempt of court, and you may be subject to fines or imprisonment. Key terms of the Order are attached to this notice. You can read the Order and the FTC's Complaint at www.ftc.gov/_____ . Here is a summary of your obligations under the Order:

- You may not represent that ICR, NCER, or any other entity is able to have accurate and non-obsolete negative information, such as bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, or repossessions, removed from consumers' credit reports. The Fair Credit Reporting Act allows a credit reporting agency to report an accurate, negative item for up to seven years – or ten years in the case of a bankruptcy.
- You may not refer to any computer software or computer disk that the defendants claim to use in the credit repair process. You also may not claim that the software or disk:
 - is programmed to recognize violations of the laws, rules, and/or regulations that the credit reporting agencies are required to follow before placing an item on a consumer's credit report;
 - is able to communicate directly with the computers of the credit reporting agencies;
 - has a value of \$15 million, \$215 million, \$250 million, or any other figure;
 - is insured for \$15 million or any other amount by Lloyd's of London or another company; and
 - is sought-after by any of the three major credit reporting agencies, or that any of those agencies ever offered to buy the software or disk for \$10 million or any other amount of money.
- In addition, you may not misrepresent the defendants' "110 percent money-back guarantee" or any other guarantee or refund policy.
- You also may not misrepresent any term or provision of the Order, or state or imply that the FTC has approved, or in any way authorized, any of the defendants' business practices.

You may not violate the Order. If you do, the defendants are obligated to terminate your relationship with ICR and NCER, and the FTC could bring a contempt action in

federal court against you.

Information About Credit Repair

For additional information on credit repair and other credit-related issues, please see www.ftc.gov/bcp/online/edcams/repair/index.html, and the links provided there.

Attachments:

- Acknowledgment Form
- Key Order Provisions

**APPENDIX C
ATTACHMENT 1**

ACKNOWLEDGMENT OF RECEIPT OF THE SUMMARY OF ORDER

To attest that you have received a copy of this notice, please sign and date this notice in the space provided below. Then return a copy to [NCER or ICR] at the following address: _____. [NCER or ICR] must receive a copy of the signed and dated notice by [date four weeks after the date of mailing of the notice]. If the notice is not returned by [date], you will not be permitted to engage in any marketing or sales of ICR or NCER products until such time as the signed and dated notice is returned. ICR and/or NCER will not process any sales made during the period that you are not authorized to make sales. They will instead return all paperwork on any unauthorized sale to you.

For new representatives, NCER must receive the signed and dated notice prior to the time that you engage in any marketing or sales activity.

Please retain a copy of this notice for your records.

DATED: _____

Signed Name

Typed or Printed Name

**APPENDIX C
ATTACHMENT 2**

KEY ORDER PROVISIONS

Specific provisions of the Order of which you should be aware include the following:

PROHIBITED BUSINESS ACTIVITIES PURSUANT TO THE FTC ACT

IT IS THEREFORE ORDERED that Defendants, their successors and assigns, their officers, agents, servants, employees, and all other persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporate or other device, are hereby permanently restrained and enjoined from:

- A. Misrepresenting, directly or by implication, including through the use of endorsements, any fact material to a consumer's decision to purchase any credit repair service from any defendant;
- B. Misrepresenting, directly or by implication, including through the use of endorsements, that any defendant is able to improve substantially consumers' credit reports or profiles by permanently removing bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, repossessions, or other negative information from consumers' credit reports;
- C. Representing, directly or by implication, that any defendant is able to improve substantially consumers' credit reports or profiles by effectuating the permanent lawful removal of bankruptcies, liens, judgments, charge-offs, late payments, foreclosures, repossessions, or other negative information from consumers' credit reports where such information is accurate and not obsolete;
- D. Misrepresenting, directly or by implication, the characteristics, value, insured value, or capabilities of any computer software, computer disk, or other intellectual property used by any defendant in connection with any credit repair service;
- E. Representing, directly or by implication, in connection with the advertising, promoting, offering for sale, or sale of any credit repair service, that any defendant created, owns, licenses, utilizes, or otherwise has access to any computer software, computer disk, or other intellectual property:
 - 1. That is used by any defendant in providing any credit repair service to consumers; *provided, however*, that this subsection shall not prohibit any person covered by this Section I from disclosing in response to a direct question from a consumer that NCER maintains individual customer files

in a computer database, to the extent that continues to be true;

2. That communicates directly with the computers of any credit reporting agency or that transmits information electronically to any credit reporting agency;
3. That knows and/or recognizes the laws, rules, and/or regulations that credit reporting agencies must follow before placing any item on a consumer's credit report;
4. That identifies any violations of the laws, rules, and/or regulations that credit reporting agencies must follow before placing any item on a consumer's credit report;
5. That has any monetary value or that has been appraised as having any monetary value, including but not limited to, representing that the proprietary intellectual property or computer software has been appraised for or valued at \$15 million or at some amount between \$215.8 million and \$247.7 million;
6. That is currently or ever was insured for any amount, including but not limited to, representing that the proprietary intellectual property or computer software currently is or ever was insured for \$15 million by Lloyd's of London, by a broker associated with Lloyd's of London, or by any other person; or
7. That Equifax, Experian, Transunion, or any other person ever offered to purchase the proprietary intellectual property or computer software, or to purchase any entity that owned or licensed that intellectual property or computer software;

F. Misrepresenting, directly or by implication, including through the use of endorsements, any material fact regarding any item, product, good, or service related to the performance of any credit-related function for consumers, including but not limited to, improving consumers' credit reports or profiles, consolidating debt, obtaining or arranging a loan, or obtaining or arranging an extension of credit;

G. Misrepresenting, directly or by implication, any material term or condition of any refund or cancellation policy, or of any guarantee, offered in connection with any credit repair service;

H. Misrepresenting, directly or by implication, including through the use of endorsements, any material fact regarding any item, product, good, or service sold or offered for sale by any defendant;

- I. Misrepresenting, directly or by implication, any term or provision of this Order;
- J. Representing, directly or by implication, that the FTC has in any way approved or authorized any practice of any defendant; and
- K. Assisting others who violate any provision of Subsections A through J of this Section.

**PROHIBITED BUSINESS ACTIVITIES
PURSUANT TO THE CREDIT REPAIR ORGANIZATIONS ACT**

IT IS FURTHER ORDERED that Defendants, their successors and assigns, their officers, agents, servants, employees, and all other persons in active concert and participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporate or other device, are hereby permanently restrained and enjoined from violating CROA, 15 U.S.C. §§ 1679 *et seq.*, as presently enacted or as it may hereinafter be amended, including but not limited to:

- A. Violating 15 U.S.C. § 1679b(a)(3) by making or using any untrue or misleading representation of the services of a credit repair organization;
- B. Violating 15 U.S.C. § 1679b(a)(1) by making any statement, or counseling or advising any consumer to make any statement, which is untrue or misleading, or which Defendants should have known to be untrue or misleading upon the exercise of reasonable care, about consumers' credit worthiness, credit standing, or credit capacity to any credit reporting agency;
- C. Violating 15 U.S.C. § 1679b(b) by charging or receiving any money or other valuable consideration for the performance of any service which a credit repair organization has agreed to perform for any consumer before such service is fully performed; and
- D. Violating 15 U.S.C. § 1679c(a) by failing to provide a consumer with a written statement containing prescribed language concerning consumer credit file rights under state and federal law before any contract or agreement between the consumer and the credit repair organization is executed. *Provided, however*, that the final paragraph of the written statement required of Defendants by 15 U.S.C. § 1679c(a) shall read as follows:

The Federal Trade Commission regulates credit bureaus and credit repair organizations. For more information or to submit a complaint, please contact the Federal Trade Commission's Consumer Response Center at 1-877-382-4357, or access the Commission's website at www.ftc.gov.

The following definitions apply to this Appendix C:

A. “Credit repair organization” shall have the meaning ascribed to that term in CROA Section 403(3), 15 U.S.C. § 1679a(3), as presently enacted or as it may hereinafter be amended;

B. “Credit repair service” means any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of (1) improving any consumer’s credit record, credit history, or credit rating; or (2) providing advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer’s credit record, credit history, or credit rating;

C. “Defendants” means ICR Services, Inc., Bernadino J. Pavone, Jr., Aboud Samaan, Gloria Tactac, National Credit Education and Review, and Todd Renzi, and each of them, by whatever names each might be known;

D. “Material” means likely to affect a person's choice of, or conduct regarding, goods or services;

E. “Person” means a natural person, organization, or other legal entity, including a corporation, partnership, proprietorship, association, cooperative, government or governmental subdivision or agency, or any other group or combination acting as an entity;

F. “Endorsement” means as defined in 16 C.F.R. § 255.0(b); and

G. “Assisting others” means providing any of the following goods or services to any person: (1) performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; (2) formulating or providing, or arranging for the formulation or provision of, any telephone sales script or any other marketing material; (3) providing name of, or assisting in the generation of, potential customers; (4) performing marketing services of any kind; or (5) acting as an officer or director of a business entity.