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**UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF CALIFORNIA  
SACRAMENTO DIVISION**

CONSUMER FINANCIAL PROTECTION BUREAU, Plaintiff,  
v.  
STUDENT FINANCIAL AID SERVICES, INC., Defendant. } Case No.:  
} COMPLAINT FOR INJUNCTIVE RELIEF AND DAMAGES

The Consumer Financial Protection Bureau ("Bureau") alleges the following against Student Financial Aid Services, Inc. ("SFAS" or "Company"):

## **JURISDICTION AND ENFORCEMENT AUTHORITY**

24 1. The Bureau brings this action against SFAS for engaging in unfair and deceptive acts  
25 or practices in violation of sections 1031 and 1036 of the Consumer Financial Protection Act  
26 of 2010 (“CFPA”), 12 U.S.C. §§ 5531 and 5536; engaging in deceptive telemarketing acts or  
27 practices under the Telemarketing and Consumer Fraud and Abuse Prevention Act, 15  
28 U.S.C. §§ 6101 et seq., and its implementing rule, the Telemarketing Sales Rule (“TSR”), 16

1 C.F.R. part 310; and initiating recurring, preauthorized electronic fund transfers from  
2 consumers' accounts without the required written authorization, in violation of the  
3 Electronic Fund Transfer Act ("EFTA"), 15 U.S.C. § 1693e(a), and Regulation E, 12 C.F.R. §  
4 1005.10(b).

5 2. The Bureau has authority to file suit to enforce the relevant provisions of the CFPA,  
6 EFTA, and TSR pursuant to sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and  
7 5565; section 918 of the EFTA, 15 U.S.C. § 1693o; and section 6 of the Telemarketing and  
8 Consumer Fraud and Abuse Prevention Act, 15 U.S.C. §§ 6102 and 6105.

9 3. This Court has subject matter jurisdiction over this action because it concerns federal  
10 consumer financial law, 12 U.S.C. § 5565(a)(1), presents a federal question, 28 U.S.C. § 1331,  
11 and is brought by an agency of the United States, 28 U.S.C. § 1345.

12 4. Venue is proper in this district because the Defendant, SFAS, maintains its principal  
13 place of business in the Eastern District of California. 28 U.S.C. § 1391(b); 12 U.S.C. §  
14 5564(f).

## 15 PARTIES

16 5. Plaintiff, the Consumer Financial Protection Bureau, is an independent agency of the  
17 United States charged with regulating the offering and provision of consumer financial  
18 products and services under federal consumer financial laws. 12 U.S.C. § 5491(a). The  
19 Bureau has independent litigating authority. 12 U.S.C. §§ 5564(a) and (b).

20 6. Defendant Student Financial Aid Services, Inc. is a Delaware corporation with its  
21 principal place of business at 9738 Lincoln Village Drive, Suite 130, Sacramento, California.

22 7. SFAS is a covered person under the CFPA because it offers and provides "financial  
23 advisory services," as that term is used in section 1002(15)(A)(viii) of the CFPA, 12 U.S.C. §  
24 5481(15)(A)(viii).

25 8. SFAS offers fee-based financial aid assistance and preparation services, including  
26 consultation, advice, and assistance preparing the federal government's Free Application for  
27 Federal Student Aid ("FAFSA"). Defendant has characterized its services as involving  
28 financial aid assistance and preparation services that include application consultation and

1 guidance on student loans.

2 9. From at least July 21, 2011 to the present (the "Relevant Period"), Defendant has  
3 operated websites, including FAFSA.com and SFAS.com, and related call centers, where it  
4 has offered FAFSA preparation services online or over the telephone, for a fee.<sup>1</sup>

5 10. Throughout the Relevant Period, SFAS's offer or provision of consultative and  
6 preparation services to consumers on their individual student financial aid applications  
7 constituted offering or providing financial advisory services.

8 11. Throughout the Relevant Period, SFAS's offer or provision of financial aid counseling  
9 to consumers about educational financing, including the source and availability of  
10 educational grants and loans, constituted providing financial advisory services.

11 12. Throughout the Relevant Period, SFAS has engaged in offering and providing  
12 consultative and preparation services to consumers on their individual student financial aid  
13 applications.

14 13. Throughout the Relevant Period, SFAS has engaged in offering or providing financial  
15 aid counseling to consumers about educational financing.

16 14. SFAS is a "person" as that term is used in Regulation E, 12 C.F.R. § 1005.2(j), and the  
17 TSR, 16 C.F.R. § 310.2(w), because it is a corporation.

18 15. SFAS is a "seller," as defined by the TSR, 16 C.F.R. § 310.2(aa), because it is a person  
19 who, in connection with a telemarketing transaction, offers or provides goods or services in  
20 exchange for a fee.

21 16. SFAS is a "telemarketer," as defined by the TSR, 16 C.F.R. § 310.2(cc), because it is a person  
22 who, in connection with telemarketing, initiates or receives telephone calls to or  
23 from consumers.

24 17. Throughout the Relevant Period, Defendant has engaged in telemarketing as a seller  
25 and as a telemarketer in connection with offering FAFSA consultation and preparation  
26 services to consumers.

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27 28 <sup>1</sup> Effective July 13, 2015, SFAS no longer offers financial aid assistance or preparation  
services at the web domain FAFSA.com.

18. Throughout the Relevant Period, Defendant has marketed its services, including the Gold and Combo Services described in paragraph 29 below, through inbound and outbound calls with consumers.

## **FACTUAL ALLEGATIONS**

## ***Overview of Free and Paid FAFSA Preparation Services***

19. The Free Application for Federal Student Aid, or FAFSA, is a free form available through the U.S. Department of Education. Students and prospective students must fill out the FAFSA to apply for federal student aid, including federal grants and loans. The FAFSA is also used by many states and colleges to determine students' eligibility for financial aid from the state or the school.

20. The FAFSA can be completed for free online at the official FAFSA website, FAFSA.ED.gov. That website is maintained by Federal Student Aid, the office of the U.S. Department of Education that administers the FAFSA. Federal Student Aid offers a telephone help line and an online chat function to assist consumers with filling out the FAFSA, for free.

21. From at least July 21, 2011 until July 13, 2015, SFAS operated the website FAFSA.com, and related call centers, where it offered FAFSA preparation services online or over the telephone, for a fee.

22. Throughout the Relevant Period, SFAS has operated the website SFAS.com, and related call centers, where it offers FAFSA preparation services online or over the telephone, for a fee.

23. On its website, SFAS has offered that its paid FAFSA-preparation services included access to "an experienced Student Aid Advisor who can . . . [a]nswer any questions you may have regarding FAFSA or the financial aid process in general [and] [w]alk you through the difficult financial sections of the FAFSA, including tax forms and estimates."

24. SFAS has also offered, as stated on its website, that: "Our team of professional Student Aid Advisors have expertise in the very specific area of applying for federal student aid. Similar to hiring a tax accountant to advise you and prepare your tax returns, our

1 Advisors will guide you through the steps needed to get you prepared to file the all-  
2 important FAFSA — from beginning to end we will be your source for information and  
3 advice."

4 25. On its website, SFAS has offered: "[O]ur unique service provides expertise, advice,  
5 and guidance throughout the student aid process. Our team of Student Aid Advisors is  
6 available to you year-round, and we will keep you informed every step of the way."

7 26. SFAS has also offered, as stated on its website, that: "If the aid package is not enough  
8 to cover educational costs parents and students could consider applying for a private loan as  
9 a last resort. Our Loan Help™ service, included with the paid FAFSA service, can offer  
10 education and guidance regarding private student loans."

11 27. Throughout the Relevant Period, SFAS has charged consumers up to \$79.99 for its  
12 online FAFSA preparation services.

13 28. Throughout the Relevant Period, SFAS has charged consumers up to \$99.99 for its  
14 telephonic FAFSA preparation services.

15 ***Automatic, Recurring Charges***

16 29. During the Relevant Period, the Company offered at least three FAFSA preparation  
17 plans subject to automatic, recurring charges: FAFSA Gold, FAFSA Gold Combo, and FAFSA  
18 + College Cost & Planning Report ("FAFSA CCPR Combo"), referred to herein as the "Gold  
19 and Combo services."

20 30. The Company offered the Gold and Combo services through at least the beginning of  
21 2015.

22 31. The Gold and Combo services operated like subscription plans, without a fixed end  
23 date.

24 32. Under the Gold and Combo services, customers were placed on a "negative option"  
25 renewal plan, meaning that their accounts were charged again, for subsequent years' FAFSA  
26 preparations, whether or not the customers made use of the Company's services in future  
27 years, unless the customers took an affirmative action to avoid the charges or the charges  
28 were otherwise terminated by the Company.

1       33. SFAS processed future charges against consumers' accounts annually, for up to four  
2 years, unless: (1) the consumer affirmatively asked the Company to cancel the service; (2)  
3 the Company identified the consumer as having been charged for two consecutive years  
4 without filing the FAFSA through the Company; (3) the Company became aware that the  
5 consumer would not be attending school the following year; (4) the Company was unable to  
6 process the recurring charge; or (5) the consumer elected to opt-out of receiving future  
7 marketing communications from the Company.

8       34. The Company characterized the Gold and Combo services as an upgrade from its  
9 "standard" service level at "no additional cost." But in fact, there were additional costs:  
10 future annual fees of \$67 to \$85 attached to the Gold and Combo Services, which were  
11 charged automatically to the consumer's card or bank account on file for up to four years.

12       35. Recurring charges to the consumer's account were not clearly explained or disclosed  
13 truthfully to the consumer at the time of the purchase.

14       36. When consumers signed up for the FAFSA online through FAFSA.com or SFAS.com,  
15 the Gold service was the default selection on the payment page.

16       37. On the payment webpage, the only reference to the fact that there were recurring,  
17 automatic fees associated with the Gold and Combo services was the statement that Gold  
18 clients received "worry-free annual billing.\*"

19       38. The asterisk on the payment page after the words "worry-free annual billing" referred  
20 to the document titled "Terms of Use."

21       39. The Terms of Use was approximately 6500 words long.

22       40. The Terms of Use discussed automatic billing, briefly, in the middle of the text.

23       41. The discussion of automatic billing in the Terms of Use did not mention the Gold or  
24 Combo services or indicate that there was a negative option feature — an obligation to  
25 cancel, or else be charged again — attached to the Gold and Combo services.

26       42. The Terms of Use did not indicate that choosing the Gold or Combo services  
27 constituted an agreement to be charged a fee of \$67 to \$85 annually for an unspecified  
28 number of years.

1       43. The Company accepted and received payments from consumers for its Gold and  
2       Combo services by credit card, debit card, and through ACH electronic check transactions.

3       44. The Company accepted and received payments from consumers for its Gold and  
4       Combo services by means of the telephone and the Internet.

5       45. The Company did not distinguish between credit card and debit card transactions on  
6       its payment webpage when receiving payment from consumers.

7       46. The Company did not ask consumers to specify whether the card provided for  
8       payment was a debit card.

9       47. The Company did not maintain procedures reasonably adapted to avoid errors in  
10      obtaining written authorization from consumers who paid by electronic funds transfer.

11      48. In certain instances, consumers affirmatively indicated to SFAS that they were  
12      making payments with a debit card or means other than by credit card, including by  
13      electronic check.

14      49. Consumers did not provide signed or electronically verified authorization to the  
15      Company authorizing recurring, annual electronic fund transfers from their accounts.

16      50. The Company did not provide consumers a copy of the consumers' authorization for  
17      electronic fund transfers in which the terms of the preauthorized transfers — including the  
18      automatic, recurring charges going forward — were clear and readily understandable.

19      51. Immediately after purchasing a Gold or Combo service, the written payment  
20      notification consumers received from SFAS was a confirmation email, which contained a  
21      link to a receipt for the original payment transaction.

22      52. The confirmation email SFAS sent to Gold and Combo purchasers did not indicate  
23      that the consumer was enrolled to pay SFAS on a recurring schedule in the future, nor did it  
24      include information about when the future charges would be processed, in what amounts, or  
25      for how long.

26      53. The confirmation email SFAS sent to Gold and Combo purchasers did not indicate  
27      that SFAS would charge the consumer for subsequent years' FAFSA preparation services  
28      regardless of whether the consumer elected to use the Company's services again.

1       54. The transaction receipt that consumers could access through the confirmation email  
2 contained the amount the consumer was being charged up front, the order number, and the  
3 consumer's billing information, but contained no information about the consumer's  
4 purported authorization for automatic, recurring charges.

5       55. The transaction receipt that consumers could access through the confirmation email  
6 did not state the dollar amount of the future charges, the dates when the charges would be  
7 processed, or for how long.

8       56. The transaction receipt that consumers could access through the confirmation email  
9 did not state that the consumer would be charged again in subsequent years regardless of  
10 whether the consumer elected to use the Company's services again.

11 ***Telemarketing and Upselling the Gold and Combo Services over the Telephone***

12       57. SFAS telemarketed the Gold and Combo services through inbound and outbound  
13 phone calls with consumers.

14       58. While on the phone with consumers, SFAS instructed its telephone agents to try to  
15 sell or upsell consumers the Gold service. The Company incentivized its telephone agents to  
16 sell or upsell consumers to the Gold and Combo services by rewarding them for sales of  
17 those plans and penalizing them when they missed an opportunity for the sale.

18       59. SFAS's training materials, call scripts, and quality control checklists required its  
19 telephone agents to offer the Gold service to "standard" clients, as an upgrade.

20       60. When offering the Gold service, however, the Company's scripts only instructed the  
21 telephone agent to mention "worry-free annual billing," using those words.

22       61. When offering or closing a sale of the Gold or Combo services, the Company's  
23 telephone agents did not clearly disclose that the consumer's credit card or debit card would  
24 be charged each year regardless of whether the consumer was still attending school or  
25 making use of the Company's FAFSA preparation service in the following application year.

26       62. The Company's scripts instructed its telephone agents to tell consumers that they  
27 would receive an "upgrade ... at no additional cost to our Gold status."

28       63. The Company's representations over the telephone did not include clear and

1 understandable information about the negative option feature of its Gold and Combo  
2 services — that is, the fact that customers' accounts would be charged again in future years,  
3 whether or not the consumer made use of the service in future years, unless customers took  
4 an affirmative action to avoid the charges or unless the charges were otherwise terminated  
5 by the Company.

6 64. The Company did not provide customers with clear and understandable information  
7 about the dates of subsequent charges, the amount of the charges, or the specific steps  
8 customers must take to avoid those charges in future years.

9 65. Consumer complaints and recorded phone calls confirm that consumers were misled  
10 by the Company's failure to adequately disclose the recurring charges and negative option  
11 feature attached to its Gold and Combo services.

12 66. At the time they signed up for the service, many consumers believed the fee to be a  
13 one-time charge, and did not authorize the Company to initiate subsequent charges,  
14 including electronic funds transfers, on an annual basis.

15 67. During the Relevant Period, SFAS processed approximately 206,000 automatic  
16 charges against the accounts of consumers who did not file a FAFSA during that application  
17 year through the Company.

18 68. The recurring annual charges ranged from approximately \$67 to \$85 per charge.  
19

20 **COUNT 1: SFAS DECEIVED CONSUMERS ABOUT AUTOMATIC FEES IT  
CHARGED FOR CERTAIN SERVICE PLANS IN VIOLATION OF THE  
CONSUMER FINANCIAL PROTECTION ACT**

21 69. The allegations in paragraphs 1 through 70 are incorporated here by reference.

22 70. Section 1036(a)(1)(B) of the CFPA prohibits covered persons from committing  
23 "deceptive" acts or practices. 12 U.S.C. § 5536(a)(1)(B).

24 71. Through the websites FAFSA.com and SFAS.com, and through telephone  
25 communications, SFAS's representations and omissions created a misleading net  
26 impression regarding the total amount and recurring nature of the fees charged under its  
27 Gold and Combo services.

1       72. Over the telephone and on the Company's website, SFAS misleadingly characterized  
2 the Gold and Combo services as a free upgrade from its standard service, without accurately  
3 disclosing, in readily understandable terms, that Gold and Combo service participants are  
4 subject to automatic, recurring charges each year for an unspecified number of years, even if  
5 they do not elect to use the Company's services in subsequent years.

6       73. The Company's representations, acts, and omissions affected or were likely to affect  
7 consumers' decisions to purchase the Company's services.

8       74. The Company's representations, acts, and omissions resulted in monetary harm to  
9 consumers, including unauthorized charges to consumer accounts and fees associated  
10 therewith.

11      75. The Company's representations, acts, and omissions were material.

12      76. Therefore, the Company's representations, acts, and omissions constituted  
13 "deceptive" acts or practices that violate sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12  
14 U.S.C. §§ 5531(a) and 5536(a)(1)(B).

15

**COUNT 2: SFAS UNFAIRLY SUBJECTED CONSUMERS TO AUTOMATIC,  
RECURRING CHARGES IN VIOLATION OF THE CONSUMER FINANCIAL  
PROTECTION ACT**

16      77. The allegations in paragraphs 1 through 70 are incorporated here by reference.

17      78. Sections 1031(a) and 1036(a)(1)(B) of the CFPA prohibit covered persons from  
18 committing "unfair" acts or practices. 12 U.S.C. §§ 5531(a) and 5536(a)(1)(B).

19      79. Under Section 1031(c)(1) of the CFPA, an act or practice is unfair if "(A) the act or  
20 practice causes or is likely to cause substantial injury to consumers which is not reasonably  
21 avoidable by consumers; and (B) such substantial injury is not outweighed by countervailing  
22 benefits to consumers or to competition." 12 U.S.C. §§ 5531(c)(1)(A) and (B).

23      80. Through the websites FAFSA.com and SFAS.com, and over the telephone, SFAS  
24 unfairly charged consumers under its Gold and Combo services on an automatic, recurring  
25 basis without their authorization for future charges.

26      81. The Company's acts and practices caused or were likely to cause substantial injury to

1 consumers.

2 82. The injuries to consumers include charges that were not authorized by the consumers  
3 and third-party fees associated with those charges.

4 83. The injuries to consumers also include being subject to billing practices for which  
5 they did not bargain.

6 84. The injuries to consumers were not reasonably avoidable because the facts of the  
7 recurring charges and negative option feature were not clearly explained or disclosed to  
8 consumers at the time of the purchase. Many consumers did not understand that there were  
9 recurring charges attached to the Gold and Combo services and, as such, did not anticipate  
10 the recurring charge and affirmatively cancel the service prior to those charges.

11 85. The injuries to consumers are not outweighed by any countervailing benefits to  
12 consumers or to competition.

13 86. Therefore, the Company's acts and practices constituted "unfair" acts or practices  
14 that violate sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a) and  
15 5536(a)(1)(B).

16

17 **COUNT 3: SFAS DECEIVED CONSUMERS ABOUT MATERIAL ASPECTS OF ITS  
SERVICES, IN VIOLATION OF THE TELEMARKETING SALES RULE, 16 C.F.R.  
§ 310.3(a)(1)(vii)**

18 87. The allegations in paragraphs 1 through 70 are incorporated here by reference.

19 88. It is a deceptive telemarketing act or practice and a violation of the TSR, 16 C.F.R. §  
20 310.3(a)(1)(vii), for any seller or telemarketer to fail to disclose truthfully, in a clear and  
21 conspicuous manner, before a customer consents to pay for goods or services, if the offer  
22 includes a negative option feature, all material terms and conditions of the negative option  
23 feature, including that a customer's account will be charged unless the customer takes an  
24 affirmative action to avoid the charges, the dates the charges will be submitted for payment,  
25 and the specific steps the customer must take to avoid the charges.

26 89. SFAS's solicitation of Gold and Combo services to consumers through outbound  
27 telephone calls constituted "telemarketing," as defined by the TSR, 16 C.F.R. § 310.2(dd).

1 90. SFAS's solicitation of Gold and Combo services to consumers over the telephone,  
2 including on inbound phone calls, constituted "upselling," as defined by the TSR, 16 C.F.R. §  
3 310.2(ee).

4 91. The automatic, recurring charges attached to the Gold and Combo services  
5 constituted a "negative option feature," as defined by the TSR, 16 C.F.R. § 310.2(u).

6 92. In numerous instances during the relevant time period, in connection with soliciting  
7 the Gold and Combo services to consumers over the telephone, SFAS requested and received  
8 payments over the phone for its Gold and Combo services and, before the consumer  
9 consented to pay, failed to disclose truthfully, in a clear and conspicuous manner, all  
10 material terms and conditions of the negative option feature of its Gold and Combo services,  
11 including that a customer's account will be charged unless the customer takes an affirmative  
12 action to avoid the charges (or unless the charges are otherwise cancelled), the dates the  
13 charges will be submitted for payment, and the specific steps the customer must take to  
14 avoid the charges. Therefore, SFAS engaged in deceptive telemarketing acts or practices in  
15 violation of the TSR, 16 C.F.R. § 310.3(a)(1)(vii).

16 93. Because SFAS is a "covered person," its conduct in violation of the TSR is also  
17 unlawful under sections 1031(a) and 1036(a)(1) of the CFPA, 12 U.S.C. §§ 5531(a) and  
18 5536(a)(1).

19

20 **COUNT 4: SFAS DECEIVED CONSUMERS ABOUT MATERIAL ASPECTS OF ITS**  
**SERVICES, IN VIOLATION OF THE TELEMARKETING SALES RULE, 16 C.F.R.**  
**§ 310.3(a)(2)(ix)**

21 94. The allegations in paragraphs 1 through 70 and 91 through 93 are incorporated here  
22 by reference.

23 95. It is a deceptive telemarketing act or practice and a violation of the TSR, 16 C.F.R. §  
24 310.3(a)(2)(ix), for any seller or telemarketer to misrepresent, directly or by implication, in  
25 the sale of goods or services, any material aspect of a negative option feature including, but  
26 not limited to, the fact that the customer's account will be charged unless the customer takes  
27 an affirmative action to avoid the charges, the dates the charges will be submitted for

1 payment, and the specific steps the consumer must take to avoid the charges.

2 96. In numerous instances during the relevant time period, in connection with soliciting  
3 the Gold and Combo services to consumers over the telephone, SFAS misrepresented the  
4 material terms and conditions of the negative option feature of its Gold and Combo services,  
5 including that a customer's account will be charged unless the customer takes an affirmative  
6 action to avoid the charges (or otherwise triggered a cancellation), the dates the charges will  
7 be submitted for payment, and the specific steps the customer must take to avoid the  
8 charges.

9 97. Therefore, SFAS engaged in deceptive telemarketing acts or practices in violation of  
10 the TSR, 16 C.F.R. § 310.3(a)(2)(ix).

11 98. Because SFAS is a "covered person," its conduct in violation of the TSR is also  
12 unlawful under sections 1031(a) and 1036(a)(1) of the CFPA, 12 U.S.C. §§ 5531(a) and  
13 5536(a)(1).

14

15 **COUNT 5: SFAS VIOLATED THE ELECTRONIC FUND TRANSFER ACT AND  
REGULATION E**

16

17 99. The allegations in paragraphs 1 through 70 are incorporated here by reference.

18 100. The Electronic Fund Transfer Act (EFTA), 15 U.S.C. § 1693e(a), states that a  
19 "preauthorized electronic fund transfer from a consumer's account may be authorized by the  
20 consumer only in writing, and a copy of such authorization shall be provided to the  
21 consumer when made."

22 101. Regulation E, 12 C.F.R. § 1005.10(b), which implements EFTA, states that  
23 "Preauthorized electronic fund transfers from a consumer's account may be authorized only  
24 by a writing signed or similarly authenticated by the consumer. The person that obtains the  
25 authorization shall provide a copy to the consumer."

26 102. SFAS accepted and received payments from consumers by, among other means, debit  
27 card and ACH electronic check transactions from consumer accounts.

28 103. Debit card and ACH electronic check transactions are electronic fund transfers

1 subject to EFTA and Regulation E. 12 C.F.R. § 1005.3(b)(1).

2 104. The Company did not distinguish between credit card and debit card transactions on  
3 its payment webpage when receiving payment from consumers, did not ask consumers to  
4 specify whether the card to be used was a debit card, and did not maintain procedures  
5 reasonably adapted to avoid errors in obtaining written authorization from consumers who  
6 paid by electronic funds transfer.

7 105. In certain instances, consumers affirmatively indicated to SFAS that they were  
8 making payments with a debit card or means other than by credit card, including by  
9 electronic check.

10 106. For online and telephone transactions involving electronic fund transfers, SFAS failed  
11 to obtain the required written authorization from consumers authorizing the Company to  
12 make recurring, periodic electronic fund transfers from consumers' accounts.

13 107. SFAS initiated recurring electronic fund transfers from consumers' accounts without  
14 the required authorization.

15 108. The recurring electronic fund transfers initiated by SFAS were "preauthorized  
16 electronic fund transfers" under 12 C.F.R. § 1005.2(k).

17 109. SFAS failed to provide copies of any written authorization to consumers involved in  
18 these recurring, preauthorized electronic fund transfers.

19 110. SFAS, by these actions, violated the Electronic Fund Transfer Act, 15 U.S.C. §  
20 1693e(a) and Regulation E, 12 C.F.R. § 1005.10(b).

21 111. Because SFAS is a "covered person," its conduct in violation of Regulation E is also  
22 unlawful under sections 1031(a) and 1036(a)(1) of the CFPA, 12 U.S.C. §§ 5531(a) and  
23 5536(a)(1).

24 **DEMAND FOR RELIEF**

25 112. The Bureau requests that the Court award the following relief against Student  
26 Financial Aid Services:

- 27 a. Redress to affected consumers;  
28 b. Injunctive relief;

- 1 c. Disgorgement;
- 2 d. Rescission;
- 3 e. Civil Money Penalties;
- 4 f. Costs; and
- 5 g. Additional relief the Court determines to be just and proper.

8 Dated: July 23, 2015

Respectfully submitted,

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11 David Rubenstein (DC Bar #458770)  
12 *Deputy Enforcement Director*

13 Frank Kulbaski (DC Bar #438917)  
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15 /s/ Maureen Elin McOwen  
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