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

10 Consumer Financial Protection Bureau,

11 Plaintiff,

12 v.

13 Park View Law, Inc. (f.k.a. Prime Law Experts,  
14 Inc.), and Arthur Barens,

15 Defendants.

Case No. 2:17-cv-4721

**COMPLAINT FOR  
PERMANENT  
INJUNCTION AND  
OTHER RELIEF**

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## **INTRODUCTION**

1. Plaintiff, the Consumer Financial Protection Bureau (“Bureau”), brings this action against Park View Law, Inc. (a.k.a. Park View Legal, a.k.a. Prime Law Experts, Inc.) and Arthur Barends under Sections 1031(a), 1036(a), and 1054(a) of the Consumer Financial Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531(a), 5536(a), and 5564(a), and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and its implementing regulation, the Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, to obtain permanent injunctive relief, civil money penalties, and other appropriate relief in connection with Defendants’ offer and sale of credit repair services to consumers.

## **JURISDICTION AND VENUE**

2. This Court has subject-matter jurisdiction over this action because it is “brought under Federal consumer financial law,” 12 U.S.C. § 5565(a)(1), presents a federal question, 28 U.S.C. § 1331, and is brought by an agency of the United States, 28 U.S.C. § 1345.

17       3.     Venue is proper in this District under 28 U.S.C. § 1391(b)(2), because  
18 a substantial part of the events or omissions giving rise to the claims herein  
19 occurred in this District, and under 12 U.S.C. § 5564(f), because Defendants did  
20 business in this District.

## PARTIES

4. The Bureau is an independent agency of the United States. 12 U.S.C. § 5491. The Bureau is charged with enforcing Federal consumer financial laws. 12 U.S.C. §§ 5563, 5564. The Bureau has independent litigating authority, 12 U.S.C. § 5564(a)-(b), including the authority to enforce the TSR as it applies to persons subject to the CFPA, 15 U.S.C. § 6105(d).

5. Defendant Park View Law, Inc. (f.k.a. Prime Law Experts, Inc.) (“PVL”) was a registered California corporation with a place of business in Los Angeles, California.

6. PVL offered or provided credit repair, which is a consumer financial product or service covered by the CFPB, 12 U.S.C. § 5481(15)(A)(viii),(ix), and therefore is a covered person within the meaning of the CFPB, *id.* § 5481(6).

7. PVL is a seller, as defined by the TSR, 16 C.F.R. § 310.2(dd), because, in connection with a telemarketing transaction, it arranged for others to provide goods or services to customers in exchange for consideration.

8. Defendant Arthur Barens (“Barens”) is a California resident.

9. Barends incorporated Prime Law Experts in December 2012, and amended the name to Park View Law in 2013. Barends registered PVL as a credit repair company with the state of California, and served as PVL's sole owner, officer, and employee.

1       10. From at least March 2013 until as late as June 29, 2015, Barends—as  
2 the sole owner and employee of PVL—engaged in the acts and practices of PVL  
3 set forth in this Complaint.

4       11. Because of his status as a director, officer, or employee charged with  
5 managerial responsibility for PVL, and because of his status as the controlling  
6 shareholder of PVL who materially participated in its affairs, Barends was a “related  
7 person” deemed to be a “covered person” under the CFPA with respect to PVL. 12  
8 U.S.C. §§ 5481(25)(B), (C)(i), (ii).

9       12. Barends was a “seller” within the meaning of the TSR because, in  
10 connection with a telemarketing transaction, he arranged for others to provide  
11 services to customers in exchange for consideration. 16 C.F.R. § 310.2(dd).

12       **DEFENDANTS PROVIDED CREDIT REPAIR SERVICES THROUGH**  
13       **PARTNERSHIPS WITH PRIME AND PMH**

14       13. Defendants provided credit repair services to consumers through  
15 partnerships with two other companies: Prime Credit, L.L.C. (a.k.a. Prime  
16 Marketing, L.L.C.; d.b.a. Prime Credit Consultants) (“Prime”) and Prime  
17 Marketing Holdings, L.L.C. (“PMH”).

18       14. In March 2013, Defendants entered into an agreement with Prime,  
19 which enabled Prime to offer, sell, and provide credit repair services using PVL’s  
20 name.

1       15. Defendants authorized Prime to provide credit repair services to  
2 consumers under PVL's name and to execute contracts with consumers on PVL's  
3 behalf.

4       16. Defendants also authorized Prime to market credit repair services to  
5 consumers under PVL's name.

6       17. Barens, who served as PVL's sole owner and employee, was aware of  
7 the contents of the telemarketing scripts that Prime's telemarketers used in sales  
8 calls with consumers.

9       18. As the sole owner and employee of PVL, Barens was responsible for  
10 Prime's telemarketing, including representations contained in those scripts while  
11 marketing credit repair services to consumers under PVL's name.

12       19. Barens was aware of and authorized the types of fees that customers  
13 were charged for credit repair services and the timing of those fees.

14       20. At times, Barens responded to consumer complaints about the credit  
15 repair services PVL and Prime offered.

16       21. Defendants continued working with Prime until Prime sold its assets  
17 to PMH on September 30, 2014.

18       22. From October 1, 2014 until as late as June 29, 2015, Defendants  
19 worked with PMH to offer and provide credit repair services pursuant to an  
20 agreement that operated similarly to PVL's agreement with Prime.

23. Pursuant to that agreement, Defendants authorized PMH to market and provide credit repair services under PVL's name, authorized PMH to execute contracts with consumers on PVL's behalf, and responded to certain consumer complaints about their agreements with PVL.

24. Barends was aware of the contents of the telemarketing scripts that PMH's telemarketers used in sales calls with consumers.

25. Defendants were responsible for representations contained in scripts that PMH's telemarketers used while marketing credit repair services to consumers under PVL's name.

26. Defendants caused harm to consumers who paid fees for credit repair services offered under PVL's name.

**DEFENDANTS PARTICIPATED IN THE CHARGING OF UNLAWFUL  
ADVANCE FEES**

27. Through partnerships with Prime and PMH, Defendants participated in the charging of unlawful advance fees

28. Defendants authorized Prime and PMH to market credit repair services under PVL's name to consumers nationwide through telemarketing

29. Consumers who contracted with PVL through Prime and PMH included individuals who were seeking to obtain a mortgage, loan, refinancing or other extension of credit.

1       30. Defendants authorized Prime and PMH to request and receive  
2 payments for credit repair services under PVL's name.

3       31. Consumers were typically charged three types of fees in the first six  
4 months of service: (1) an initial consultation fee; (2) a one-time set-up fee; and (3)  
5 monthly fees.

6       32. During sales calls with these consumers, telemarketers represented  
7 that a consultation regarding the consumer's credit report was the first step in the  
8 credit repair process.

9       33. Consumers paid an initial fee that was typically \$59.95 for the  
10 consultation and for a copy of their credit report.

11       34. If the consumer agreed to receive services beyond the consultation,  
12 the consumer's contract with PVL required that the consumer pay a set-up fee that  
13 was typically hundreds of dollars.

14       35. Beginning in the third month of service, consumers were charged  
15 monthly fees, which were typically \$89.99 per month.

16       36. During the service period, Prime or PMH mailed dispute letters to the  
17 credit reporting agencies, challenging much of the negative information in the  
18 consumers' reports, even if that information was accurate and not obsolete.

19       37. Consumers continued to receive charges for monthly fees until they  
20 affirmatively cancelled their contracts.

38. Defendants, Prime, and PMH typically did not obtain credit reports or credit scores while customers received services or after consumers completed services to determine whether negative items had been removed from consumers' credit reports or whether consumers' credit scores had increased.

39. Barends, PVL's sole owner and employee, was aware of and authorized Prime's and PMH's practices concerning the fees charged in PVL's name.

## **DEFENDANTS PARTICIPATED IN MAKING MISREPRESENTATIONS**

## **REGARDING THE EFFICACY OF CREDIT REPAIR SERVICES**

40. Defendants participated in the making of misrepresentations to consumers regarding the efficacy of the credit repair services offered and provided in PVL's name.

## Removal of Negative Items

41. With Defendants' participation and authorization, Prime and PMH misrepresented their ability to remove negative items from consumers' credit reports on PVL's behalf by failing to make clear the limited circumstances in which they could do so.

42. Pursuant to the Fair Credit Reporting Act, a consumer reporting agency typically may not report negative items that are more than seven years old, or bankruptcies that are more than ten years old. 15 U.S.C. § 1681c.

43. A consumer reporting agency may continue reporting a disputed item unless after an investigation the disputed item is found to be inaccurate, incomplete, or cannot be verified. 15 U.S.C. § 1681i(a)(5)(A).

44. Following a reinvestigation, consumer reporting agencies only have to remove inaccurate, incomplete, or unverifiable information from consumers' credit reports. 15 U.S.C. § 1681i(a)(1)(A), (5)(A).

45. In numerous instances, Prime's and PMH's marketing created the net impression that credit repair services provided in PVL's name would or likely would result in the removal of material negative entries on consumers' credit reports, regardless of whether the negative entries were inaccurate or obsolete.

46. Barends was aware of the representations made by Prime's and PMH's telemarketers to consumers when offering credit repair services under PVL's name.

47. Defendants were responsible for the representations made by Prime and PMH when offering credit repair services to consumers under PVL's name.

48. Defendants, Prime, and PMH lacked a reasonable basis for representing that their credit repair services could remove negative items when they did not have information indicating that such items were inaccurate or obsolete.

1       49. Because Defendants, Prime, and PMH typically did not track whether  
2 negative items were removed from consumers' credit reports, they lacked a  
3 reasonable basis for representing without qualification that their services would or  
4 likely would result in the removal of negative items.

5 **Ability to Improve Consumers' Credit Scores**

6       50. With Defendants' participation and authorization, Prime and PMH  
7 misrepresented, explicitly and implicitly, PVL's and their ability to increase  
8 consumers' credit scores.

9       51. Defendants authorized Prime and PMH to use telemarketers to market  
10 credit repair services under PVL's name.

11       52. In numerous instances, those telemarketers represented during sales  
12 calls that credit repair services offered in PVL's name substantially raised  
13 customers' credit scores, often stating that their customers' scores increased by an  
14 average of 100 or more points.

15       53. Barends was aware of the representations made by Prime's and PMH's  
16 telemarketers to consumers when offering credit repair services under PVL's  
17 name.

18       54. Defendants were responsible for representations made by Prime and  
19 PMH when offering credit repair services to consumers under PVL's name.

1       55. Defendants, Prime, and PMH lacked a reasonable basis for  
2 representing that their credit repair services substantially raised its customers'  
3 credit scores.

4       56. Defendants, Prime, and PMH typically did not obtain or review  
5 consumers' credit scores to determine whether their credit scores increased after  
6 using credit repair services.

7       57. Because Defendants, Prime, and PMH did not actually measure the  
8 average credit score increase obtained by consumers who used their services, they  
9 lacked a reasonable basis for stating that their services increased credit scores by  
10 an average of 100 or more points.

11       58. The representations that Defendants, Prime, and PMH's services  
12 increased credit scores by an average of over 100 or more points were also false.

13       **DEFENDANTS PARTICIPATED IN MISREPRESENTATIONS**  
14       **REGARDING THE TERMS OF THE "GUARANTEE" IN ITS CONTRACT**

15       59. Defendants also participated in the making of misrepresentations  
16 regarding the terms of a money-back guarantee for the credit repair services they  
17 offered in partnership with Prime and PMH.

18       60. Defendants authorized marketing that created the impression that if a  
19 consumer was not satisfied with PVL's credit repair services, the consumer could  
20 obtain a refund.

1       61.   But PVL's sales contracts typically limited the guarantee to the  
2 removal of a minimum of one disputed item within 180 days of the execution of  
3 the sales contract.

4       62.   Defendants, Prime, and PMH construed the guarantee as meaning that  
5 so long as their credit repair services resulted in the removal of a single disputed  
6 item within six months, consumers could not obtain a refund, even if their credit  
7 scores did not improve.

8       63.   Defendants, Prime, and PMH also typically required customers to pay  
9 for a full six months of services to be eligible for the guarantee.

10       64.   The limitations of PVL's refund policy were not clearly and  
11 conspicuously disclosed during sales calls and in PVL's online marketing.

12       65.   Barens was aware of complaints from customers who considered the  
13 marketing of its guarantee to be deceptive.

14       **DEFENDANTS PARTICIPATED IN MISREPRESENTATIONS**

15       **REGARDING THE COST OF CREDIT REPAIR SERVICES**

16       66.   In addition to an initial consultation fee and a one-time set-up fee,  
17 PVL's contract required customers enrolled in credit repair services to pay monthly  
18 fees.

67. In numerous instances, Prime's and PMH's telemarketers failed to disclose to consumers during sales calls that they would be charged the monthly fee under PVL's contract.

68. Defendants were aware of and responsible for the misrepresentations made by Prime and PMH when offering credit repair services to consumers under PVL's name.

**COUNT I**

### **Advance Fees in Violation of the TSR**

(PVL and Barents)

69. The allegations in paragraphs 1-68 are incorporated by reference.

70. It is an abusive act or practice under the TSR for a seller to request or collect fees for credit repair services until the seller has provided the person with documentation in the form of a consumer report from a consumer reporting agency demonstrating that the promised results have been achieved, such report having been issued more than six months after the results were achieved.

71. Because Defendants were each sellers, they violated the TSR by requesting and collecting fees for credit repair services before providing consumers with documentation in the form of a consumer report from a consumer reporting agency demonstrating that the promised results have been achieved, such report

1 having been issued more than six months after the results were achieved. 16  
2 C.F.R. § 310.4(a)(2).

3 **COUNT II**

4 **Misrepresentations about Material Aspects of the Efficacy of Services in**  
5 **Violation of the TSR**  
6 **(PVL and Barens)**

7 72. The allegations in paragraphs 1-68 are incorporated by reference.

8 73. It is a deceptive act or practice under the TSR for sellers to  
9 misrepresent any material aspect of the efficacy of their services. 16 C.F.R.  
10 § 310.3(a)(2)(iii).

11 74. In numerous instances, in connection with the offering or provision of  
12 credit repair services, Defendants represented, directly or indirectly, expressly or  
13 by implication, that credit repair services offered under the PVL name would or  
14 likely would result in the removal of material negative entries on consumers' credit  
15 reports regardless of whether the negative entries were inaccurate or obsolete.

16 75. In numerous instances, in connection with the offering or provision of  
17 credit repair services, Defendants represented, directly or indirectly, expressly or  
18 by implication that credit repair services offered under the PVL name would or  
19 likely would result in a substantial increase to consumers' credit scores.

76. These representations have been material and likely to mislead consumers acting reasonably under the circumstances.

77. Because Defendants lacked a reasonable basis for these representations, the representations were deceptive.

78. Defendants' representations were false.

79. Because Defendants were each sellers, Defendants' material misrepresentations about the efficacy of credit repair services offered under the PVL name violated the TSR. 16 C.F.R. § 310.3(a)(2)(iii).

## **COUNT III**

### **Failure to Disclose Limitations on Guarantee in Violation of the TSR**

(PVL and Barents)

80. The allegations in paragraphs 1-68 are incorporated by reference.

81. It is a deceptive act or practice under the TSR for a seller to fail to clearly and conspicuously disclose material terms and conditions in an advertised refund policy before a consumer consents to pay. 16 C.F.R. § 310.3(a)(1)(iii).

82. Defendants represented that credit repair services offered under the PVL name came with a money-back guarantee.

83. Defendants failed to clearly and conspicuously disclose the limitations that PVL's contracts place on this guarantee before consumers consented to pay.

84. Defendants misrepresented, directly or indirectly, expressly or by implication, the terms of this guarantee.

85. Because Defendants were each sellers, their failure to clearly and conspicuously disclose the material terms and conditions of PVL's refund policy before a consumer consented to pay for goods or services violated the TSR. 16 C.F.R. § 310.3(a)(1)(iii).

## COUNT IV

## **Misrepresentations Regarding the Cost of Services in Violation of the TSR (PVL and Barents)**

86. The allegations in paragraphs 1-68 are incorporated by reference.

11        87. It is a deceptive act or practice under the TSR for a seller to  
12 misrepresent, directly or by implication, the total cost to purchase the goods and  
13 services that are the subject of the sales offer. 16 C.F.R. § 310.3(a)(2)(i).

14        88. Defendants have misrepresented the total cost of credit repair services  
15 offered under the PVL name.

16        89. These representations have been material and likely to mislead  
17 consumers acting reasonably under the circumstances.

18       90. Because Defendants were each sellers, their misrepresentations about  
19 the total cost of the credit repair services violate the TSR. 16 C.F.R.  
20 § 310.3(a)(2)(i).

# COUNT V

### **Deceptive Acts or Practices in Violation of the CFPA**

(PVL and Barents)

91. The allegations in paragraphs 1-68 are incorporated by reference.

92. In numerous instances, in connection with the offering or provision of credit repair services, Defendants represented, directly or indirectly, expressly or by implication, that credit repair services offered under the PVL name will or likely will result in the removal of material negative entries on consumers' credit reports regardless of whether the negative entries were inaccurate or obsolete.

93. In numerous instances, in connection with the offering or provision of credit repair services, Defendants represented, directly or indirectly, expressly or by implication that credit repair services offered under the PVL name will or likely will result in a substantial increase to consumers' credit scores.

94. These representations have been material and likely to mislead consumers acting reasonably under the circumstances.

95. Because Defendants lacked a reasonable basis for these representations, the representations were deceptive.

96. Defendants' representations regarding the ability of credit repair services offered under the PVL name to remove negative entries on consumers' credit reports and improve consumers' credit scores were false.

1       97. In numerous instances, in connection with the offering or provision of  
2 credit repair services, Defendants, directly or indirectly, expressly or by  
3 implication, made material misrepresentations regarding the terms of PVL's  
4 guarantee.

5       98. Defendants' marketing has created the net impression that consumers  
6 could obtain a full refund if they were not satisfied with the credit repair services  
7 offered under the PVL name.

8       99. However, Defendants' guarantee policy was limited to the removal of  
9 one "disputed" item with 180 days, and only applied if consumers agreed to pay  
10 for six months of services.

11       100. In numerous instances, in connection with the offering or provision of  
12 credit repair services, Defendants, directly or indirectly, expressly or by  
13 implication, made material misrepresentations regarding the costs of credit repair  
14 services offered under the PVL name.

15       101. These representations regarding the efficacy of credit repair services  
16 offered under the PVL name, the terms of PVL's guarantee, and the cost of credit  
17 repair services offered under the PVL name have been material and likely to  
18 mislead consumers acting reasonably under the circumstances.

102. Therefore, Defendants' representations as described herein have constituted deceptive acts or practices in violation of Sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536.

## COUNT VI

### **Assisting and Facilitating Deceptive and Abusive Practices**

## **in Violation of the TSR**

103. The allegations in paragraphs 1-68 are incorporated by reference.

9        104. It is a deceptive telemarketing act or practice and a violation of the  
10      TSR to provide substantial assistance or support to any seller or telemarketer when  
11      that person knows or consciously avoids knowing that the seller or telemarketer  
12      has engaged in any act or practice that violates § 310.3(a), (c), or (d), or § 310.4 of  
13      the TSR.

14           105. Barends and PVL provided substantial assistance and support to Prime  
15 and PMH while knowing or consciously avoiding knowing that Prime and PMH  
16 were violating § 310.3(a) and § 310.4 of the TSR.

17        106. Barends and PVL's actions therefore constituted deceptive practices in  
18 violation of § 310.3(b) of the TSR.

## COUNT VII

## **Substantial Assistance in Violation of the CFPA**

(Barens)

107. The allegations in paragraphs 1-68 are incorporated by reference.

108. Prime and PMH are covered persons that committed deceptive acts and practices in violation of the CFPA, 12 U.S.C. § 5536(a)(1).

109. Baren knowingly and recklessly provided substantial assistance to Prime and PMH.

110. Therefore, Barents provided substantial assistance to Prime and PMH in violation of the CFPA, 12 U.S.C. § 5536(a)(3).

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

111. The CFPB empowers this Court to grant any appropriate legal or equitable relief including, without limitation, a permanent or temporary injunction, rescission or reformation of contracts, the refund of monies paid, restitution, disgorgement or compensation for unjust enrichment, and monetary relief, including but not limited to civil money penalties, to prevent and remedy any violation of any provision of law enforced by the Bureau. 12 U.S.C. §§ 5538(a); 5565(a), (c).

## **PRAYER FOR RELIEF**

The Bureau requests that the Court, as permitted by 12 U.S.C. § 5565:

1           a. Permanently enjoin Defendants from committing further violations of  
2 the CFPA and the TSR and other provisions of Federal consumer financial law as  
3 defined by 12 U.S.C. § 5481(14);

4           b. Grant additional injunctive relief as the Court may deem to be just and  
5 proper;

6           c. Award damages and other monetary relief against Defendants as the  
7 Court finds necessary to redress injury to consumers resulting from Defendants'  
8 violations of the CFPA and the TSR, including but not limited to rescission or  
9 reformation of contracts, the refund of monies paid, restitution, disgorgement or  
10 compensation for unjust enrichment;

11           d. Award Plaintiff civil money penalties; and

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

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1 Dated: June 27, 2017

2 Respectfully submitted,

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4 Enforcement Director

5 Deborah Morris  
6 Deputy Enforcement Director

7 Craig Cowie  
8 Assistant Litigation Deputy

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