

WORKING COPY

At Part ¹³ of the Supreme Court of the State of New York, in and for the County of New York at 60 Centre Street, New York, NY this ²⁴ day of ~~February~~, 2015
March

PRESENT:

HON. MANUEL J. MENDEZ
J.S.C.
Justice

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

THE PEOPLE OF THE STATE OF NEW YORK,
by **ERIC T. SCHNEIDERMAN**, Attorney General of the
State of New York,

Petitioner,

-against-

CREDIT-FORGET IT, INC.
CREDITBDC, INC., and
DAMIEN BULLARD and
MICHAEL E. MORGAN, both individually and as
Principals of the corporate respondents,

Respondents.

**CONSENT ORDER
AND JUDGMENT**

Index # 450626/15

RJI# _____

UPON the Petition, verified by Assistant Attorney General Herbert Israel, on February 27, 2015, seeking a permanent injunction and other relief in this proceeding pursuant to New York Executive Law § 63(12) and General Business Law ("GBL") Articles 22-A, (§§ 349 and 350) and 28-BB, alleging Respondents have engaged in fraudulent, deceptive and illegal business practices in connection with their credit repair and identity theft protection services; and upon the Consent and Stipulation, dated February , 2015, in which the parties consent to the entry of this Consent Order and Judgment ("Consent Order") and waive notice of entry thereof;

IT NOW APPEARS that CREDIT-FORGET IT, INC., CREDITBDC, INC., and their principals, DAMIEN BULLARD and MICHAEL E. MORGAN, (collectively, "Respondents") are willing to enter into this Consent Order, without admitting or denying any of the allegations contained in the Verified Petition;

NOW, on application of Eric T. Schneiderman, Attorney General of the State of New York ("NYAG"), attorney for Petitioner herein (Assistant Attorneys General Stephen Mindell and Herbert Israel, of Counsel), and upon consent of Respondents and their counsel, Peter S. Thomas, Esq., it is hereby:

INJUNCTIVE RELIEF

1. **ORDERED, ADJUDGED, AND DECREED** that Respondents, their successors, employees, officers, directors and assigns, are hereby permanently enjoined from:

(a) Violating Executive Law § 63(12) and GBL Articles 22-A (§§ 349 and 350) and 28-BB by engaging in any fraudulent, deceptive or illegal acts and practices, including, but not limited to, those alleged in the Verified Petition;

(b) Marketing, promoting, selling, offering for sale, or otherwise engaging in the "credit services business" or operating as a "credit repair organization," as defined by GBL § 458b and 15 U.S.C. § 1679a, respectively, which includes providing credit optimization and /or credit education services, unless in full compliance with all applicable laws, but, in no event, through automobile dealers;

(c) Marketing, promoting, selling, offering for sale, or otherwise providing identity theft protection services to consumers through automobile dealers; except that the individual Respondents are not prohibited from being employees in such business where they, or their immediate family members, have no ownership interest in the business or management interest affecting the operation and control of such business;

(d) Misrepresenting the nature and extent of the services they offer or the quality, experience and training of their staff;

(e) Engaging in business as a domestic corporation unless and until they incorporate under the provisions of the BCL;

(f) Doing business, or incorporating, as a not-for-profit corporation, unless such business is in full compliance with all applicable laws.

2. **ORDERED, ADJUDGED, AND DECREED** that, within 15 days of the date of entry of this Consent Order, Respondents shall notify, in writing, in a form to be approved by the NYAG, all dealers to whom they have distributed contracts for credit repair and/or identity theft protection services for sale to consumers, that the dealers should: (a) not sell the contract for such services or any other form of credit repair or identity theft protection services offered by Respondents to their customers; (b) cease distributing to consumers the marketing materials previously supplied to the dealers which describe Respondents' services; and (c) instruct dealers to immediately destroy or return to Respondents all unsold contracts and marketing materials.

3. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall file with the NYAG a compliance report within 120 days from the date of entry of this Consent Order, setting forth the manner and extent of compliance with the terms of this Judgment.

4. **ORDERED, ADJUDGED, AND DECREED** that Respondents shall dissolve Respondent Credit Forget It, Inc. within 60 days of the date of entry of this Consent Order.

MONETARY PROVISIONS

5. **ORDERED, ADJUDGED, AND DECREED** that a judgment in the amount of \$2,050,000 is hereby entered jointly and severally against Respondents. Payment of \$50,000 shall be due and payable within ten (10) days of the date of entry of this Consent Order. The balance of

\$2,000,000 shall be suspended, subject to Respondents' compliance with the requirements set forth in paragraphs 1-5 herein. If upon motion by Petitioner, this Court finds that the Respondents have failed to comply with these requirements, then this Judgment shall be reopened and suspension of the Judgment lifted for the purpose of requiring payment of monetary relief totaling \$2,050,000 less any payments previously made.

6. **ORDERED, ADJUDGED, AND DECREED** that Petitioner's agreement to the entry of this Consent Order is further expressly premised upon the truthfulness and accuracy of financial statements and supporting documents submitted to Petitioner, which include material information upon which Petitioner relied in negotiating and agreeing to the entry of this Consent Order. If, upon motion by Petitioner, this Court finds that Respondents have failed to disclose to Petitioner any material asset or materially misstated the value of any asset in the financial statements and related documents described above, or have made any other material misstatement or omission in the financial statements and related documents described above, then this Consent Order shall be reopened and suspension of the judgment shall be lifted for the purpose of requiring payment of monetary relief totaling \$2,050,000 less any payments previously made.

7. **ORDERED, ADJUDGED, AND DECREED** that in the event this Consent Order is reopened and suspension of the judgment is lifted, the Court shall make an express determination that the monetary judgment shall be immediately due and payable. Petitioner shall be entitled to interest on the judgment, computed from the date of this Consent Order, at the rate prescribed by law. Petitioner shall be permitted to execute on the judgment immediately after the suspension is lifted and engage in discovery in aid of execution.

8. **ORDERED, ADJUDGED, AND DECREED** that in the event the NYAG believes that Respondents have violated a provision of this Consent Order, prior to taking legal action to

enforce this Consent Order as a result of the alleged violation, NYAG shall notify Respondents, identifying the alleged violation and the provision in question. Respondents shall have thirty (30) days ("Cure Period") to cure the violation and provide NYAG with a detailed written explanation of the corrective actions taken. In the event a violation has not been cured within the Cure Period, Respondents shall be in breach of this Consent Order. Respondents shall not, however, be entitled to notice and an opportunity to cure an alleged violation on more than two occasions or if NYAG determines in good faith that a threat to the health, safety, or welfare of the public requires immediate action.

9. **ORDERED, ADJUDGED, AND DECREED** that the NYAG may apply any monetary relief obtained from Respondents to restitution, penalties or the costs of this investigation as he determines in his sole discretion.

MISCELLANEOUS PROVISIONS

✓10. **ORDERED, ADJUDGED, AND DECREED** that nothing in this Consent Order shall be construed as to deprive any person of any private right under the law.

11. **ORDERED, ADJUDGED, AND DECREED** that in the event the Consent Order is voided or breached, the Company expressly agrees and acknowledges that this Consent Order shall in no way bar or otherwise preclude NYAG from commencing, conducting or prosecuting any investigation, action or proceeding, however denominated, related to the Consent Order, against Respondents, or from using in any way any statements, documents or other materials produced or provided by Respondents prior to or after the date of entry of this Consent Order.

12. **ORDERED, ADJUDGED AND DECREED** that if any clause, provision or section of this Consent Order shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Consent

Order and this Consent Order shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or provision had not been contained herein.

13. **ORDERED, ADJUDGED AND DECREED** that nothing in this Consent Order shall be construed as relieving Respondents of their obligation to comply with all state and federal laws and regulations, nor shall any of the terms of this Consent Order be deemed to grant Respondents permission to engage in any acts or practices prohibited by such laws and regulations.

14. **ORDERED, ADJUDGED AND DECREED** that any failure of the NYAG to exercise any right under this Consent Order shall not constitute a waiver of any rights of the NYAG hereunder.

15. **ORDERED, ADJUDGED AND DECREED** that Respondents shall not take any action or make any statement denying, directly or indirectly, the propriety of this Consent Order or expressing the view that this Consent Order is without factual basis. Nothing in this paragraph affects Respondents' (i) testimonial obligations or (ii) right to take legal or factual positions in defense of litigation or other legal proceedings to which the petitioner is not a party. This Consent Order is not intended for use by any third party in any other proceeding and is not intended, and should not be construed, as an admission of liability by Respondents.

16. **ORDERED, ADJUDGED AND DECREED** that acceptance of this Consent Order by the NYAG shall not be deemed approval by the NYAG of any of the practices or procedures referenced herein, and Respondents shall make no representation to the contrary.

17. **ORDERED, ADJUDGED, AND DECREED** that this Court shall retain jurisdiction of this action for the purpose of carrying out or modifying the terms of this Consent Order or granting such further relief as the Court deems proper.

18. **ORDERED, ADJUDGED, AND DECREED** that the Respondents shall, upon request by the NYAG, provide all documentation and information necessary to verify compliance with this Consent Order. Respondents have represented that, due to the manner in which their record system has been set up, they are unable to provide the NYAG with an electronically generated complete customer list.

19. **ORDERED, ADJUDGED, AND DECREED** that any notices, statements or other written documents required by this Consent Order shall be provided by electronic mail or first-class mail to the intended recipient at the addresses set forth below, unless a different address is specified in writing by the party changing such address:

For Petitioner, the New York State Attorney General:
Assistant Attorney General Herbert Israel
Consumer Frauds & Protection Bureau
120 Broadway, 3rd floor
New York, NY 10271
Herbert.Israel@ag.ny.gov

For Respondents:
Peter S. Thomas, Esq.
108-18 Queens Boulevard, #606
Forest Hills, NY 11375
Queenstrials@gmail.com

ENTER



J.S.C.
MANUEL J. MENDEZ
J.S.C.