

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

FEDERAL TRADE COMMISSION and
OFFICE OF THE ATTORNEY GENERAL,
STATE OF FLORIDA,

Plaintiffs,

Case no. 6:16-cv-982-Orl-41TBS

vs.

LIFE MANAGEMENT SERVICES
OF ORANGE COUNTY, LLC, et al.,

Defendants.

**RECEIVER'S INITIAL NOTICE TO CONSUMERS
AND OTHER AFFECTED PERSONS**

On Tuesday, June 7, 2016, the Federal Trade Commission ("FTC") and the State of Florida, Office of the Attorney General ("FLAG") filed a civil lawsuit against the following persons and entities:

- Life Management Services of Orange County, LLC
- Loyal Financial & Credit Services, LLC
- IVD Recovery, LLC
- KWP Services, LLC
- KWP Services of Florida LLC
- LPSofFla LLC
- LPSofFlorida L.L.C.
- PW&F Consultants of Florida LLC
- UAD Secure Services LLC
- UAD Secure Service of FL LLC
- URB Management, LLC
- YCC Solutions LLC
- YFP Solutions LLC
- Kevin W. Guice

- Chase P. Jackowski
- Linda McNealy (also known as Nikki McNealy)
- Clarence H. Wahl, a/k/a Harry Wahl
- Karen M. Wahl
- Robert Guice
- Timothy Woods

In the lawsuit, the FTC and FLAG alleged that the defendants operated their businesses in violation of Section 5(a) of the FTC Act, 15 U.S.C.A. §45(a), in violation of the Telemarketing Sales Rule, 16 CFR Part 310, and in violation of the Florida Deceptive and Unfair Trade Practices Act, Fla. Stat. §§501.201 *et seq.*

At approximately 1:00 p.m. on June 8, 2016, federal district judge Carlos E. Mendoza entered an *Ex Parte Temporary Restraining Order* (hereafter the "TRO"). A copy of the TRO is posted on this website. Among other things, the TRO appointed me as the receiver for each of the 13 companies identified in red in the first paragraph of this letter (collectively, I will refer to the thirteen companies as the "Receivership Defendants"). *See* Section XIV, p. 18 of the TRO.

On Thursday, June 9, 2016, I physically took possession of the Receivership Defendants' business premises in Orange County, Florida. As authorized by the TRO, I removed management of the Receivership Defendants and assumed full control of each of them. Based on the TRO and my quick analysis, I determined that the Receivership Defendants were not complying with state or federal law. I therefore have shut the companies down.

WHAT THE LAWSUIT IS ABOUT

The Receivership Defendants engaged in telemarketing sales of what are known as "Debt Relief Products or Services." The FTC and FLAG allege in their lawsuit that the Defendants have, since 2013, "engaged in a telemarketing scheme that defrauds financially distressed consumers by selling them two types of phony debt relief services: credit card interest rate-reduction services . . . and credit-card debt-elimination services." FTC and FLAG allege that since 2013 the Defendants "have initiated hundreds of thousands of illegal telephone calls to consumers throughout the United States," including to consumers on the National Do-Not-Call Registry. The FTC and FLAG allege that the Defendants utilized unlawful "robocalls" (a telephone call that plays a pre-recorded message to a consumer who answers a telemarketing call) and that the Defendants utilized a host of deceptive and misleading representations to try to induce consumers to agree to pay for either the credit-card interest-rate-reduction product or service (hereafter referred to as

the "Lower Interest Rate" or more simply the "LI" product or service) or the credit-card debt-elimination product or service (hereafter referred to as the "Debt Elimination" or more simply the "DE" product or service). The FTC and FLAG also allege that the LI and DE products or services do not work, and that cost to consumers far outweighs any benefits that consumers receive from either the LI or DE product.

Some of the particular alleged violations of state and federal law that are outlined in the lawsuit include:

- The Defendants falsely told consumers that the "Defendants were representatives of, or otherwise affiliated with, consumers' banks or other credit-card issues, or credit card associations such as Visa or MasterCard." Complaint, ¶¶98.A.

- The Defendants falsely told consumers that they would have their credit-card interest rates reduced "substantially and permanently" if they would purchase the Defendants' LI product or service. Complaint, ¶¶98.B, 119.A.

- The Defendants falsely told consumers that, if consumers would purchase the Defendants' LI product or service, they would save "thousands of dollars in a short time" and that they would "be able to pay off their debts, much faster, typically three to five times faster." Complaint, ¶¶98.C., 98.D., 119.B & 119.C.

- The Defendants falsely told consumers who purchased the Defendants' DE product or service that they could receive money obtained from a "government fund, paid for by credit-card companies" to pay off their credit card debts. Complaint, ¶¶98.E, 119.D.

- The Defendants failed to disclose adequately to consumers that the LI and DE products or services might result in a consumer having to pay a variety of fees to credit card companies, including possibly balance-transfer fees. Complaint, ¶102.

- The Defendants utilized "robocalls" in violation of the Telemarketing Sales Rule, and they also contacted consumers who had

registered with the FTC's National Do-Not-Call List. Complaint, ¶¶129, 130.

- The Defendants charged consumers an unlawful "up-front" fee in return for the LI or DE product or service, in violation of the Telemarketing Sales Rule. Complaint, ¶127.

EXTENSION OF THE TRO; CONVERSION TO PRELIMINARY INJUNCTION

Under federal court rules, a federal temporary restraining order, like the TRO, is a temporary ruling only. A temporary restraining order always expires after a specified period of time, unless the court that entered it agrees to extend it. The TRO in this case stated that it would remain in effect through 11:59 p.m. on Wednesday, June 22, 2016. However, earlier that day, Judge Mendoza held a hearing and announced that he would extend the TRO for an additional fourteen days. He also announced that he would convert the TRO into a Preliminary Injunction¹ containing essentially the same terms as the TRO. Unlike a TRO, a Preliminary Injunction will terminate only if the court that entered it enters another order. The Preliminary Injunction will be posted on this website when it is issued.

¹ A temporary restraining order can be entered in federal court without all of the parties to the lawsuit being notified. For that reason, it cannot last indefinitely. A court that enters a temporary restraining order without notice to all affected parties must schedule a hearing to allow the parties who were not notified prior to the entry of the temporary restraining order an opportunity to appear and present a case to avoid the effects of the temporary restraining order. In this case, the Defendants' opportunity to object to the TRO was at a hearing held on June 22, 2016. None of the Defendants chose to contest converting the TRO into a Preliminary Injunction. I expect that Judge Mendoza will enter a Preliminary Injunction very shortly, and that it will have essentially the same provisions that are set out in the TRO. The Preliminary Injunction will be posted on the website when it is entered.

CUSTOMERS OF THE RECEIVERSHIP DEFENDANTS

Many consumers have paid money to one or more of the Receivership Defendants, expecting in return either to have their credit-card interest rates lowered, or for their credit-card debts to be eliminated. It is not likely that this ever would have happened to the extent promised by the Receivership Defendants. At this time, the business of the Receivership Defendants has been entirely shut down, to prevent them from continuing to operate in violation of state and federal law, and to protect consumers from further harm. **CUSTOMERS SHOULD NOT SUBMIT ANY PAYMENTS TO THE RECEIVERSHIP DEFENDANTS.** To the extent that I have checks from consumers that have not yet been deposited, I intend to return them to the consumers. Consumers should continue to monitor my website, at www.bernet-receiver.com, for further updates on this matter.