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20 Consumer Financial Protection Bureau

21 UNITED STATES DISTRICT COURT  
22 CENTRAL DISTRICT OF CALIFORNIA

23 Consumer Financial Protection Bureau,  
24 Plaintiff,

25 v.

26 Global Client Solutions, LLC,  
27 an Oklahoma limited liability  
28 company;

Global Holdings LLC, an Oklahoma  
limited liability company;

Robert Merrick, an individual; and

Michael Hendrix, an individual;

Defendants.

Case No. 2:14-CV-6643

**STIPULATED FINAL JUDGMENT  
AND CONSENT ORDER**

1 The Consumer Financial Protection Bureau (“Bureau”) commenced this civil  
2 action to obtain injunctive and monetary relief and civil penalties, from Global Client  
3 Solutions, LLC, Global Holdings LLC, Robert Merrick, and Michael Hendrix  
4 (collectively, “Defendants”). The Complaint alleges violations of the Telemarketing  
5 Sales Rule (“TSR”), 16 C.F.R. pt. 310, and sections 1031(a) and 1036(a) of the  
6 Consumer Financial Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531(a), 5536(a).

7 The Parties, by and through respective counsel, agree to the entry of this Stipulated  
8 Final Judgment and Consent Order (“Consent Order”). Defendants waive: service of the  
9 Complaint and Summonses; any right to seek judicial review or to otherwise challenge or  
10 contest the validity of this Consent Order; and any right that may arise in this case under  
11 the Equal Access to Justice Act, 28 U.S.C. § 2412.

12 The Parties having requested the entry of this Consent Order, it is therefore  
13 ORDERED, ADJUDGED, and DECREED as follows:

14 **FINDINGS AND CONCLUSIONS**

15 1. The Bureau is an agency of the United States. 12 U.S.C. § 5491(a). It has  
16 independent litigating authority, 12 U.S.C. § 5564(a)-(b), including the authority to  
17 enforce the TSR as it applies to persons subject to the CFPA, 12 U.S.C. § 5531(a); 15  
18 U.S.C. §§ 6102(c)(2), 6105(d).

19 2. Defendant Global Client Solutions, LLC (“GCS”) is a limited liability  
20 company organized under the laws of Oklahoma and is wholly-owned by defendant  
21 Global Holdings LLC (“Global Holdings”) (collectively, “Global”).

22 3. Global offers and provides Payment Processing and Account Maintenance  
23 Services for consumers who have contracted with Debt Relief Service Providers. These  
24 services are consumer financial services under the CFPA. 12 U.S.C. § 5481(5),  
25 (15)(A)(iv), (15)(A)(vii), (15)(A)(viii)(II). Global is therefore a “covered person” under  
26 the CFPA. 12 U.S.C. § 5481(6).

1           4. Defendant Robert Merrick co-founded GCS and is the chairman of the board  
2 of directors of Global Holdings. Merrick has managerial responsibility for Global and  
3 materially participates in the conduct of its affairs. Merrick is therefore a “related person”  
4 under the CFPA, 12 U.S.C. § 5481 (25)(C)(i)-(ii), and deemed a “covered person.” 12  
5 U.S.C. § 5481(25)(B).

6           5. Defendant Michael Hendrix co-founded and is the Chief Executive Officer  
7 of GCS. Hendrix has managerial responsibility for Global and materially participates in  
8 the conduct of its affairs. Hendrix is therefore a “related person” under the CFPA, 12  
9 U.S.C. § 5481 (25)(C)(i)-(ii), and deemed a “covered person.” 12 U.S.C. § 5481(25)(B).

10           6. This Court has subject-matter jurisdiction because this action is brought  
11 under Federal consumer financial law, 12 U.S.C. § 5565(a)(1), presents a federal  
12 question, 28 U.S.C. § 1331, and is brought by an agency of the United States, 28 U.S.C.  
13 § 1345.

14           7. Venue is proper in this district because a substantial amount of the  
15 transactions, acts, practices, and courses of conduct allegedly constituting violations of  
16 Federal consumer financial law occurred within this district. 28 U.S.C. § 1391(b)(2); 12  
17 U.S.C. § 5564(f).

18           8. The Complaint states claims upon which relief can be granted for  
19 Defendants’ alleged violations of the TSR’s assisting-and-facilitating provision, 16  
20 C.F.R. § 310.3(b), and sections 1031(a) and 1036(a)(1) of the CFPA, 12 U.S.C. §§  
21 5531(a), 5536(a)(1).

22           9. Since October 27, 2010, Debt Settlement Relief Providers charged  
23 consumers tens of millions in alleged unlawful advance fees in transactions in which  
24 GCS acted as a third-party account administrator and payment processor.

25           10. The Bureau and Defendants agree to entry of this Order, without  
26 adjudication of any issue of fact or law, to settle and resolve all matters in dispute arising  
27 from the conduct alleged in the Complaint to the date this Order is entered (the “Effective  
28

Date”). Defendants do not admit or deny any of the allegations in the Complaint or this Consent Order. However, for the purposes of this Consent Order, Defendants admit the facts necessary to establish the Bureau’s jurisdiction over Defendants and the subject matter of this action.

11. The terms and provisions of this Consent Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

12. Entry of this Order is in the public interest.

### **DEFINITIONS**

The following definitions shall apply to this Consent Order:

13. “**Account Maintenance Services**” means holding or maintaining an account on behalf of any Person, or providing a Person, directly or indirectly, with the means to manage, track, or create reports on an account, whether accomplished through the use of software or otherwise.

14. “**ACH Debit**” means any completed or attempted debit to a Person’s account at a financial institution that is processed electronically through the Automated Clearing House Network.

15. “**Advance Fee**” means any fee or consideration requested or received by a Debt Relief Service Provider from a Consumer for any Debt Relief Service, whether directly or indirectly, that occurs before:

- a. the Debt Relief Service Provider has renegotiated, settled, reduced, or otherwise altered the terms of a debt pursuant to a settlement agreement, debt management plan, or other valid contractual agreement executed by the Consumer; and
- b. the Consumer has made at least one payment pursuant to that settlement agreement, debt management plan, or other valid contractual agreement between the Consumer and the creditor or debt collector.



1 payments from acquiring banks or financial institutions to DRSPs or other Persons; or (d)  
2 processing returned payments via any mechanism.

3 23. “**Person**” means an individual, partnership, company, corporation,  
4 association (incorporated or unincorporated), trust, estate, cooperative organization, or  
5 other entity.

6 24. “**Related Consumer Action**” means a private action by or on behalf of one  
7 or more consumers or an enforcement action by another governmental agency brought  
8 against any of the Defendants based on substantially the same facts as alleged in the  
9 Complaint.

10 25. “**Telemarketing**” means a plan, program, or campaign which is conducted  
11 to induce the purchase of goods or services or a charitable contribution, by use of one or  
12 more telephones and which involves more than one interstate telephone call. The term  
13 does not include the solicitation of sales through the mailing of a catalog which: contains  
14 a written description or illustration of the goods or services offered for sale; includes the  
15 business address of the seller; includes multiple pages of written material or illustrations;  
16 and has been issued not less frequently than once a year, when the person making the  
17 solicitation does not solicit customers by telephone but only receives calls initiated by  
18 customers in response to the catalog and during those calls takes orders only without  
19 further solicitation. For purposes of the previous sentence, the term “further solicitation”  
20 does not include providing the customer with information about, or attempting to sell any  
21 other item included in the same catalog which prompted the customer’s call or in a  
22 substantially similar catalog.

23 26. “**Total Return Rate**” means the proportion (expressed as a percentage) of  
24 all attempted ACH debit transactions that are returned for any reason, whether before or  
25 after payment, out of the total number of such attempted transactions.





- 1 a. Obtaining from each current and prospective DRSP, including all  
2 principal(s) and controlling person(s) of the entity who own 10% or more  
3 of the ownership interests in the DRSP, either directly or indirectly:
- 4 i. A description of the nature of the business, including describing all  
5 services for which the DRSP seeks Payment Processing or  
6 Account Maintenance Services for its customers;
  - 7 ii. A form which requests the DRSP to list all business and trade  
8 names, fictitious names, DBAs, and Internet websites under or  
9 through which the DRSP has marketed or intends to market the  
10 services for which the DRSP seeks Payment Processing or  
11 Account Maintenance Services for its customers;
  - 12 iii. The name and address of every bank and Payment Processor used  
13 by the DRSP during the preceding one year;
  - 14 iv. The names of business or trade references and bank references;
  - 15 v. The DRSP's past Total Return Rates, if applicable;
  - 16 vi. Representative examples of all DRSP marketing materials  
17 currently in use;
  - 18 vii. All current consumer contract templates being used for Debt Relief  
19 Service;
  - 20 viii. A summary description of the DRSP's complaint intake and  
21 management system;
  - 22 ix. All complaints, up to a maximum of 200 of the most current  
23 complaints, by or on behalf of any consumer about a DRSP and  
24 received by the DRSP in the preceding year and information  
25 relating to the resolution, if any, of such complaints. For DRSPs  
26 exceeding 200 complaints in the preceding year, after review of the  
27 200 most current complaints, the volume of corresponding  
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1 complaints that were resolved, the volume of complaints  
2 outstanding (or resolution pending) and the number of complaints  
3 that were resolved with refunds to consumers;

4 x. Information regarding whether the DRSP, including the  
5 principal(s) and controlling person(s) of the entity with 10% or  
6 more ownership interest in the entity, has ever been the subject of  
7 an investigation or the subject of any legal action by any state or  
8 federal law enforcement agency.

9 b. For a DRSP claiming it is not subject to the TSR because its business  
10 practices do not involve Telemarketing or for any other reason, such  
11 reasonable screening shall also include, but not be limited to, obtaining:

12 i. A detailed description of why the DRSP contends its acts or  
13 practices do not constitute Telemarketing;

14 ii. A detailed description of any aspects of the DRSP's business  
15 practices that involve the telephone;

16 iii. A list of each physical address at which the DRSP and all Persons  
17 employed or engaged by the DRSP to make calls to or receive calls  
18 from consumers are conducting or will conduct business, including  
19 all physical addresses for making calls to or receiving calls from  
20 consumers, to determine whether the DRSP is processing Advance  
21 Fees for consumers in multiple states;

22 iv. A list of all inbound and outbound telephone numbers used by the  
23 DRSP;

24 v. Representative samples of catalogs and related communications  
25 provided to Consumers; and

26 vi. Names of any attorneys claiming to provide any Debt Relief  
27 Service or any other service related to or through the DRSP; the  
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1 states in which they are licensed to practice law; and any non-  
2 confidential information about state bar complaints or disciplinary  
3 proceedings against those attorneys.

- 4 c. For a DRSP claiming it is exempt from the TSR because its business  
5 practices involve only Face-to-Face Transactions, such reasonable  
6 screening shall also include obtaining:
- 7 i. A detailed description of why the DRSP contends its acts or  
8 practices qualify as Face-to-Face Transactions;
  - 9 ii. A detailed description of how the DRSP conducts meetings with  
10 consumers which includes information as to whether the DRSP  
11 uses employees or independent contractors to conduct face-to-face  
12 sales presentations;
  - 13 iii. For DRSPs which use independent contractors, a list of all  
14 independent contractors and current contract templates with the  
15 independent contractors hired to conduct face-to-face meetings  
16 with consumers;
  - 17 iv. All information and materials relating to the content, length,  
18 location, and other circumstances surrounding the face-to-face  
19 presentations;
  - 20 v. Representative examples of the materials relating to the training of  
21 DRSP representatives, whether employees or independent  
22 contractors, meeting face-to-face with consumers to provide the  
23 sales presentations, including training materials, scripts, guidance  
24 documents, or other similar materials; and
  - 25 vi. All materials provided to Consumers prior to signing a Debt Relief  
26 Service contract.
- 27  
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- 1 d. Taking reasonable steps to assess the accuracy of the information  
2 provided pursuant to requirements of Paragraph 29.a through 29.c,  
3 including:
- 4 i. Contacting consumers and financial institutions, if applicable, to  
5 gather detailed information, including complaints and other  
6 relevant information, about the DRSP;
  - 7 ii. Reviewing and investigating Consumer complaints, if applicable,  
8 about a DRSP;
  - 9 iii. Searching publically available sources for legal actions taken by  
10 the Bureau or other federal or state law enforcement agencies  
11 against the DRSP or its principals;
  - 12 iv. Reviewing the DRSP's websites from an IP address that is not  
13 associated with the Defendants;
  - 14 v. Investigating the accuracy of any DRSP's claim that its business  
15 practices involve only Face-to-Face Transactions by reviewing and  
16 evaluating the information provided under Paragraphs 29.a through  
17 29.c, considering any law enforcement actions against the  
18 company, interviewing consumers, or taking other such  
19 investigatory steps;
  - 20 vi. Investigating the accuracy of any DRSP's claim that it is not  
21 subject to the TSR because its business practices do not involve  
22 Telemarketing, *e.g.*, because they do not involve more than one  
23 interstate telephone call or involve catalog solicitations, by  
24 reviewing and evaluating the information provided pursuant to  
25 Paragraphs 29.a through 29.c above, requesting historical  
26 consumer data to determine whether consumers in multiple states  
27 have signed up for the service, considering any law enforcement  
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1 actions against the company, auditing relevant DRSP employees or  
2 contractors, interviewing consumers, or taking other such  
3 investigatory steps.

4 30. Defendant Global shall not provide Payment Processing or Account  
5 Maintenance Services for any DRSP unless Defendant Global has compiled written  
6 documentation establishing that Global has complied with all requirements under  
7 Paragraph 29 of this Order subject to the written plan submitted pursuant to Paragraph 31  
8 as applicable.

9 31. Within ten (10) days of the Effective Date, Global shall submit a written  
10 plan to the Enforcement Director, subject to a determination of non-objection, setting  
11 forth a specific timeline for completing the requirements of paragraphs 29 and 30 for  
12 DRSPs for which Global currently provides Payment Processing or Account Maintenance  
13 Services. Global shall complete the reasonable screening requirements in paragraphs 29  
14 and 30 for these DRSPs as expeditiously as possible, and in no event shall Global take  
15 more than 120 days from the Effective Date to satisfy these requirements.

16 32. Defendant Global shall not process any Advance Fee for any DRSP claiming  
17 that its business practices involve Face-to-Face Transactions, unless the DRSP provides  
18 evidence to Global that sale of services by the DRSP to the Consumer was not completed  
19 until after a face-to-face sales presentation by the DRSP. Such evidence shall include, at a  
20 minimum, the date, time, location, and attendees (including employer for the  
21 representative of the DRSP) at the face-to-face meeting giving rise to the claimed Face-  
22 to-Face Transaction.

23 33. Defendants shall not process any Advance Fee for any DRSP claiming that it  
24 is not subject to the TSR on the basis that its business practices do not involve interstate  
25 telemarketing calls unless the DRSP demonstrates that the DRSP, directly or indirectly,  
26 makes all calls to and receives all calls from consumers located in the same state as the  
27 DRSP. A DRSP that hires telemarketers in other states to conduct calls to induce the  
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1 purchase of Debt Relief Services within those states is still involved in a telemarketing  
2 plan, program, or campaign covered by the TSR.

3 **C. Monitoring of Debt Relief Service Providers**

4 34. **IT IS FURTHER ORDERED** that Defendants, their officers, agents,  
5 servants, employees, and attorneys, and all persons who are in active concert or  
6 participation with any of them, who receive actual notice of this Order by personal  
7 service or otherwise, whether acting directly or indirectly, shall continue to monitor each  
8 DRSP client pursuant to the reasonable screening requirements of paragraph 29 and the  
9 enhanced monitoring and due diligence procedures determined by the Third-Party  
10 Monitor to consider whether the DRSP is complying with the TSR. 16 CFR pt. 310, and  
11 sections 1031 and 1036 of the Consumer Financial Protection Act of 2010, 12 U.S.C. §§  
12 5531 and 5536.

13 35. **Monitoring** shall include, but not be limited to:

- 14 a. Semi-annual audits of each DRSP's (1) compliance with the TSR, 16  
15 CFR pt. 310, and sections 1031 and 1036 of the Consumer Financial  
16 Protection Act of 2010, 12 U.S.C. §§ 5531 and 5536, and (2) if  
17 applicable, the accuracy of the DRSP's claim it is not subject to, or is  
18 exempt from, the TSR because its business practices do not involve  
19 Telemarketing, involve Face-to-Face Transactions, or fall under any  
20 other claimed exemption, by updating and taking steps to verify the truth  
21 and accuracy of information gathered pursuant to Paragraph 29 of this  
22 Consent Order;
- 23 b. Reviewing and investigating complaints about DRSPs reported to  
24 Defendants;
- 25 c. Calculating on a monthly basis for each DRSP the Unauthorized Return  
26 Rate. Such calculations must include all ACH transactions processed by  
27 Defendants since the commencement of the processing relationship with  
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1 such DRSP. For any DRSP with multiple processing accounts, the  
2 calculation of the Unauthorized Return Rate shall be made for each of the  
3 DRSP's individual processing accounts and in the aggregate;

4 d. Conducting a reasonable investigation for any DRSP whose  
5 Unauthorized Return Rate exceeds 0.5% as calculated under Paragraph  
6 35.c of this Order or that has received the greater of (1) three complaints  
7 or (2) a number of complaints exceeding 0.2% of the total active clients  
8 for the DRSP during the six month evaluation period, in either case to the  
9 extent that such complaints are not resolved to the satisfaction of the  
10 consumer. Such reasonable investigation shall include:

- 11 i. During the investigation, suspending all Advance Fees or other  
12 payments to the DRSP under investigation until a determination is  
13 made that remedial efforts are required in order to continue  
14 operations with the DRSP, and continuing until such time as the  
15 DRSP has implemented the remedial efforts required; and  
16 ii. Updating and taking steps to verify the truth and accuracy of  
17 information gathered pursuant to Paragraph 30 of this Consent  
18 Order.

19 At the completion of the investigation, Defendants shall not recommence  
20 payments to the DRSP under investigation (if payments to the DRSP  
21 were previously suspended under Paragraph 35.d.i) unless Defendants  
22 document facts that demonstrate that the DRSP has remediated.

23 **D. Redress**

24 36. A judgment for equitable monetary relief is hereby entered in favor of the  
25 Bureau and against Defendants, jointly and severally, in the amount of \$6,099,000.

26 37. Defendants shall pay to the Bureau, in the form of a wire transfer to the  
27 Bureau or to such agent as the Bureau may direct, and in accordance with wiring  
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1 instructions to be provided by counsel for the Bureau, \$6,099,000 in full satisfaction of  
2 the judgment as set forth in Paragraph 36 of this section. Defendants shall pay \$4,000,000  
3 within 10 days of the Effective Date and the remaining \$2,099,000 on December 4, 2014.

4 38. Any funds received by the Bureau in satisfaction of this judgment shall be  
5 deposited into a fund or funds administered by the Bureau or its agent in accordance with  
6 applicable statutes and regulations to be used for redress for the Redress Class, including  
7 but not limited to refund of moneys, restitution, or other monetary relief, and for any  
8 attendant expenses for the administration of any such redress.

9 39. For the purposes of Redress, Section D, the Redress Class shall include any  
10 Affected Consumer who has paid an Advance Fee to a DRSP that claimed to be exempt  
11 from the TSR pursuant to a “legal” exemption where such Advance Fee was processed by  
12 Defendants on or after October 27, 2010 through May 20, 2014.

13 40. The Bureau or its agent will administer restitution of the fees paid to Global  
14 by the Redress Class, as reflected in information provided by Global to the Bureau.

15 41. If the Bureau determines, in its sole discretion, that redress to any Affected  
16 Consumer in the Redress Class is wholly or partially impracticable, or if funds remain  
17 after redress is completed, the Bureau may apply any remaining funds for such other  
18 equitable relief (including consumer information remedies) as the Bureau determines to  
19 be reasonably related to the violations alleged in the Complaint. Any funds not used for  
20 such equitable relief shall be deposited in the United States Treasury as disgorgement.  
21 Defendants shall have no right to challenge any actions that the Bureau or its  
22 representatives may take under this paragraph.

23 42. Payment of redress to any Affected Consumer under this Order shall not be  
24 conditioned on that Affected Consumer waiving any right.

25 **E. Civil Money Penalty**

26 43. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the  
27 violations of law set forth in this in the Complaint, and taking into account the factors set  
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1 forth in 12 U.S.C. § 5565(c)(3), Defendants, jointly and severally, shall pay a civil money  
2 penalty of \$1,000,000 to the Bureau, as directed by the Bureau and as set forth herein.

3 44. Within 10 days of the Effective Date, Defendants shall pay the civil money  
4 penalty in the form of a wire transfer to the Bureau or to such agent as the Bureau may  
5 direct, and in accordance with wiring instructions to be provided by counsel for the  
6 Bureau.

7 45. The civil money penalty paid under this Order shall be deposited in the Civil  
8 Penalty Fund of the Bureau in accordance with Section 1017(d) of the CFPA, 12 U.S.C.  
9 § 5497(d).

10 46. Defendants shall treat the civil money penalty paid under this Order as a  
11 penalty paid to the government for all purposes. Regardless of how the Bureau ultimately  
12 uses those funds, Defendants shall not:

- 13 a. Claim, assert, or apply for a tax deduction, tax or tax credit, or any other  
14 tax benefit with regard to any federal, state, or local tax for any civil  
15 money penalty paid under this Order; or  
16 b. Seek or accept, directly or indirectly, reimbursement or indemnification  
17 from any source, including but not limited to payment made under any  
18 insurance policy, with regard to any civil money penalty paid under this  
19 Order.

20 47. To preserve the deterrent effect of the civil money penalty, in any Related  
21 Consumer Action, Defendants shall not argue that Defendants are entitled to, nor shall  
22 Defendants benefit by, any offset or reduction of any monetary remedies imposed in the  
23 Related Consumer Action, because of the civil money penalty paid in this action  
24 (“Penalty Offset”). If the court in any Related Consumer Action grants such a Penalty  
25 Offset, Defendants shall, within 30 days after entry of a final order granting the Penalty  
26 Offset, notify the Bureau, and pay the amount of the Penalty Offset to the U.S. Treasury.

1 Such a payment shall not be deemed an additional civil money penalty and shall not be  
2 deemed to change the amount of the civil money penalty imposed in this action.

3 **F. Other Monetary Provisions**

4 48. In the event of any default on Defendants' obligations to make payment  
5 under this Order, interest, computed under 28 U.S.C. § 1961, as amended, shall accrue on  
6 any outstanding amounts not paid from the date of default to the date of payment, and  
7 shall immediately become due and payable.

8 49. Defendants shall relinquish all dominion, control, and title to the funds paid  
9 to the fullest extent permitted by law and no part of the funds shall be returned to  
10 Defendant.

11 50. In accordance with 31 U.S.C. § 7701, Defendants, unless they already have  
12 done so, shall furnish to the Bureau their taxpayer identifying numbers, which may be  
13 used for purposes of collecting and reporting on any delinquent amount arising out of this  
14 Order.

15 51. Within 30 days of the entry of a final judgment, consent order, or settlement  
16 in a Related Consumer Action, Defendants shall notify the Enforcement Director of the  
17 final judgment, consent order, or settlement in writing. That notification shall indicate the  
18 amount of redress, if any, that Defendants paid or are required to pay to consumers and  
19 should describe the consumers or classes of consumers to whom that redress has been or  
20 will be paid.

21 52. Under Section 604(a)(I) of the Fair Credit Reporting Act, 15 U.S.C. § 1681  
22 b(a)(1), any consumer reporting agency may furnish a consumer report concerning any  
23 Defendant to the Bureau, which shall be used for purposes of collecting and reporting on  
24 any delinquent amount arising out of this Order.

25 **G. Compliance Management System and Third-Party Monitor**

26 53. Within 90 days of the Effective Date, Global shall develop and implement  
27 an enhanced Compliance Management System to include, but not be limited to:

- a. Comprehensive written policies and procedures designed to prevent violations of the TSR, 16 C.F.R. pt. 310, 1031(a) and 1036(a) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a), or other Federal consumer protection laws, and associated risks to consumers;
- b. Effective due diligence processes, consistent with the injunctions provided in this Consent Order;
- c. Effective training programs that include regular and specific training regarding the TSR, consumer protection laws, and associated risks to consumers;
- d. Enhanced and documented compliance monitoring processes;
- e. Effective consumer complaint monitoring processes;
- f. Effective audit programs; and
- g. Effective processes to monitor the monthly Total Return Rate for each DRSP, including but not limited to, specific processes to review and monitor DRSPs whose Total Return Rate exceeds 2.5%.

54. Within 90 days of the Effective Date, Global shall secure and retain one or more third-party monitors, not subject to any conflict of interest, and subject to a determination of non-objection by the Enforcement Director, to conduct an independent review of Global's business (the "Third-Party Monitor"). The Third-Party Monitor shall review Global's existing policies and procedures concerning the TSR and other consumer protection laws, potential risks to consumers, consumer complaint resolution processes, and employee training programs. The purposes of the review shall be to determine:

- a. Whether Global has in place comprehensive written policies and procedures designed to detect violations of the TSR, related violations of consumer protection laws, and associated risks to consumers;
- b. Whether Global has in place effective due diligence processes;

- c. Whether Global has in place effective training programs that includes regular and specific training regarding the TSR, consumer protection laws, and associated risks to Consumers;
- d. Whether Global has in place effective and documented compliance monitoring processes;
- e. Whether Global has in place effective consumer complaint monitoring processes; and
- f. Whether Global has in place effective audits of its compliance with the TSR, including the Advance Fee ban, or other Federal consumer financial laws applicable to Global.

55. Within 180 days of the Effective Date, the Third-Party Monitor shall prepare a written report detailing the findings of the review (the “Third-Party Monitor Report”), and provide the Third-Party Monitor Report to Global.

56. Within 20 days of receiving the Third-Party Monitor Report, Global shall:

- a. Develop a plan (the “Compliance Management System”) to: (i) address any deficiencies identified, and (ii) implement any recommendations or explain in writing why a particular recommendation is not being implemented; and

Submit the Third-Party Monitor Report and the Compliance Management System to the Enforcement Director.

#### **H. Additional Compliance Monitoring**

57. Global agrees to be subject to the Bureau’s supervisory authority under 12 U.S.C. § 5514 for 3 years from the Effective Date. Consistent with 12 C.F.R. § 1091.111, Global shall not petition for termination of supervision under 12 C.F.R. § 1091.113.

#### **I. Reporting Requirements**

58. Defendants shall notify the Bureau of any change that may affect compliance obligations arising under this Consent Order, including but not limited to, a

1 dissolution, assignment, sale, merger, or other action that would result in the emergence  
2 of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate  
3 that engages in any acts or practices subject to this Consent Order; the proposed filing of  
4 any bankruptcy or insolvency proceeding by or against Defendants; or a change in  
5 Defendants' names or addresses.

6 59. Within 7 days of the Effective Date, Defendants shall:

- 7 a. Designate at least one telephone number and an email, physical, and  
8 postal address as points of contact, which the Bureau may use to  
9 communicate with Defendants;
- 10 b. Identify all of Defendants' businesses related to the subject matter of this  
11 Consent Order or to the offering or provision of consumer financial  
12 products or services by all of their names, telephone numbers, and  
13 physical, postal, email, and Internet addresses;
- 14 c. Describe the activities of each business identified in (b), including the  
15 products and services offered, the means of advertising, marketing, and  
16 sales;
- 17 d. For all individual Defendants identify all titles and roles in each business  
18 identified in (b), including any business for which such Defendant  
19 performs services whether as an employee or otherwise and any entity in  
20 which such Defendant has any ownership interest; and
- 21 e. For all individual Defendants describe in detail such Defendant's  
22 involvement in each business identified in (b), including title, role,  
23 responsibilities, participation, authority, control, and any ownership.

24 60. Defendants shall report any change in the information required to be  
25 submitted under Paragraphs 58 and 59 at least 30 days prior to such change. Provided,  
26 however, that with respect to any proposed change about which Defendants learn less  
27

1 than 30 days prior to the date such action is to take place, Defendants shall notify the  
2 Bureau as soon as is practicable after obtaining such knowledge.

3 61. Within 90 days of the Effective Date, and again one year after the Effective  
4 Date, each Defendant shall submit to the Enforcement Director an accurate written  
5 compliance progress report ("Compliance Report"), which, at a minimum:

6 a. Describes in detail the manner and form in which Defendants have  
7 complied with this Order; and

8 b. Attaches a copy of each Order Acknowledgment obtained under Section  
9 J of this Consent Order, unless previously submitted to the Bureau.

10 62. After the one-year period, Defendants shall submit to the Enforcement  
11 Director additional Compliance Reports within 14 days of receiving a written request  
12 from the Bureau.

13 **J. Order Distribution and Acknowledgement**

14 63. Within 7 days of the Effective Date, Defendants shall submit to the  
15 Enforcement Director an acknowledgment of receipt of this Consent Order, sworn under  
16 penalty of perjury.

17 64. Within 30 days of the Effective Date, Defendants, for any business for  
18 which he or it is the majority owner or which he or it directly or indirectly controls shall  
19 deliver a copy of this Consent Order to each of its board members and executive officers,  
20 as well as to any managers, employees, service providers, or other agents and  
21 representatives who have responsibilities related to the subject matter of the Consent  
22 Order.

23 65. For 5 years from the Effective Date, each Defendant, for any business for  
24 which he or it is the majority owner or which he directly or indirectly controls shall  
25 deliver a copy of this Order to any business entity resulting from any change in structure  
26 as set forth in Section I, any future board members and executive officers, as well as to  
27 any managers, employees, service providers, or other agents and representatives who will  
28

1 have responsibilities related to the subject matter of this Order before they assume their  
2 responsibilities.

3 66. Defendants shall secure a signed and dated statement acknowledging receipt  
4 of a copy of this Order, with any electronic signatures complying with the requirements  
5 of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of delivery, from all persons  
6 receiving a copy of this Order under this Section.

7 **K. Recordkeeping**

8 67. Defendants shall create, for at least 3 years from the Effective Date, and then  
9 retain, for at least 5 years, and make available to the Bureau upon request, the following  
10 business records:

- 11 a. Documents and records necessary to demonstrate full compliance with  
12 each provision of this Consent Order, including all submissions to the  
13 Bureau;
- 14 b. For each individual Affected Consumer: the consumer's name, address,  
15 phone number, email address; the date the Affected Consumer enrolled in  
16 Debt Relief Service; all payments and transactions related to the Affected  
17 consumer; and the date the Affected Consumer left the Debt Relief  
18 Service, if known;
- 19 c. For Payment Processing or Account Maintenance Services, accounting  
20 records showing the gross and net revenues generated by those services;  
21 and
- 22 d. All consumer complaints and refund requests (whether received directly  
23 or indirectly, such as through a third party), and any responses to those  
24 complaints or requests.
- 25  
26  
27  
28



**L. Notices**

68. Unless otherwise directed by the Bureau, all submissions, requests, communications, consents, or other documents relating to this Consent Order shall be in writing and shall be sent by overnight courier (not the U.S. Postal Service), as follows:

Assistant Director for Enforcement  
Consumer Financial Protection Bureau  
ATTENTION: Office of Enforcement  
1700 G Street, N.W.  
Washington D.C. 20552  
*In re* Global Client Solutions, LLC, *et al.*, File No. 2011-0113-02

Provided however, Defendants may send such reports or notifications by first-class mail, but only if Defendants contemporaneously send an electronic version of such report or notification to the Bureau at [Enforcement\\_Compliance@cfpb.gov](mailto:Enforcement_Compliance@cfpb.gov).

**M. Cooperation with Bureau Counsel**

69. In connection with this action, or any subsequent matter related to the conduct described in the Complaint, Defendants shall cooperate in good faith with the Bureau and appear at such places and times as the Bureau shall reasonably request, after written notice, for interviews, conferences, pretrial discovery, review of documents, and for such other matters as may be reasonably requested by the Bureau. Specifically, Defendants shall assist the Bureau in determining the identity of and amount of injury suffered by each Affected Consumer.

**N. Retention of Jurisdiction**

70. The Court shall retain jurisdiction of this matter for purposes of construction, modification, and enforcement of this Consent Order.

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3 Consumer Financial Protection Bureau

4  8/22/2014

5  
6 Erin Mary Kelly, Enforcement Attorney Date

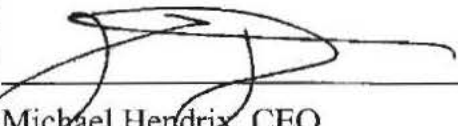
7  
8 Defendant, Global Client Solutions, LLC BY:

9  8/5/2014

10 Michael Hendrix, CEO

Date

11  
12 Defendant, Global Holdings, LLC BY:

13  8/5/2014

14 Michael Hendrix, CEO


Date

15  
16  
17 Defendant, Robert Merrick:

18  
19  
20 Robert Merrick

Date

21  
22 Defendant Michael Hendrix:

23  8/5/2014

24 Michael Hendrix

Date

**SO STIPULATED:**

Consumer Financial Protection Bureau

Erin Mary Kelly, Enforcement Attorney      Date

Defendant, Global Client Solutions, LLC BY:

Michael Hendrix, CEO      Date

Defendant, Global Holdings, LLC BY:

Michael Hendrix, CEO      Date

Defendant, Robert Merrick:

 8/15/14

Robert Merrick      Date

Defendant Michael Hendrix:

Michael Hendrix      Date

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2  
3 IT IS SO ORDERED.  
4

5 DATED this \_\_\_\_ day of \_\_\_\_\_, 2014.  
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10 \_\_\_\_\_  
11 United States District Court Judge  
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