

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN**

JESSICA GURNY
On Behalf of Herself
and All Others Similarly Situated,

Plaintiff,

Hon.
Case No.
PROPOSED CLASS ACTION

v.

TRANSWORLD SYSTEMS, INC and
SHERMETA LAW GROUP PLLC
Defendants.

COMPLAINT AND JURY DEMAND

NOW COMES Plaintiff, **JESSICA GURNY** (hereinafter “Plaintiff” or “Gurny”) by and through counsel, The Law Offices of Brian Parker, PC and bring this action against the above listed Defendants, **TRANSWORLD SYSTEMS, INC. (“TSI” or Defendant), SHERMETA LAW GROUP, PLLC (“Shermeta” or Defendant Shermeta)** on the grounds set forth herein:

I. PRELIMINARY STATEMENT OUTLINING DEFENDANTS’ FILING OF LAWSUITS THROUGHOUT THE STATE OF MICHIGAN WITHOUT THE PROPER OWNERSHIP OF DEBTS OR CHAIN OF TITLE OF OWNERSHIP OF DEBTS TO HAVE STANDING TO SUE MICHIGAN CONSUMERS

Plaintiff brings this action for damages and injunctive relief based upon the Defendants’ violations of the Fair Debt Collection Practices Act (FDCPA), 15 U.S.C. § 1692 *et seq.*, The Regulation of Collection Practices Act (RCPA), codified at MCL 445.251 *et seq.* and the Michigan Occupation Code (“MOC”), MCL 339.901 *et seq.*

1.

Defendant TSI is a Servicer, Custodian of Records and collector of private student loan debts for a vast network of Education Trusts titled either National Collegiate Trust, National

Collegiate Master Student Loan Trust, or National Collegiate Student Loan Trust (NCSLT) that employs collection law firms through the State of Michigan to file collection lawsuits for the NCSLT -2004-1 through NCSLT 2007-3 Trusts below:

National Collegiate Trust

Date: 11/3/14

RE:

National Collegiate Master Student Loan Trust-1
National Collegiate Student Loan Trust-2004-1
National Collegiate Student Loan Trust-2005-1
National Collegiate Student Loan Trust-2005-3
National Collegiate Student Loan Trust-2006-2
National Collegiate Student Loan Trust-2006-4
National Collegiate Student Loan Trust-2007-2
National Collegiate Student Loan Trust-2007-4

National Collegiate Student Loan Trust-2003-1
National Collegiate Student Loan Trust-2004-2
National Collegiate Student Loan Trust-2005-2
National Collegiate Student Loan Trust-2006-1
National Collegiate Student Loan Trust-2006-3
National Collegiate Student Loan Trust-2007-1
National Collegiate Student Loan Trust-2007-3

To whom it may concern:

U.S. Bank, as Special Servicer for the above referenced Trust(s), confirms that Transworld Systems Inc. is its Subservicer, authorized to file Proofs of Claim (POC) on behalf of the above Trust(s) with respect of student loans owned by the Trust(s). Transworld Systems Inc. is also the dedicated record custodian with respect to all student loan accounts owned by the Trust(s) and is fully authorized to execute affidavits regarding account documents, verify responses to discovery and provide testimony on behalf of the Trust(s).

Any questions regarding the above referenced processes should be directed to Transworld Systems Inc. at 1-800-209-9161

Sincerely,

U.S. Bank National Association
As Special Servicer to the National Collegiate Student Loan Trust(s)



By:

Brian C Tri

Vice President

Title

Please See Exhibit 1.

At **Exhibit 3** and in violation of the FDCPA, RCPA and MOC, Defendant TSI as Servicer for the NSCLT trusts at **Exhibit 1** is collecting on defaulted student loans through collection lawsuits filed by Defendants Shermeta at the direction of Defendant TSI even though there is no proof or chain of title from the Original Lender of the student loans to the NSCLT Plaintiffs TSI operates through against Michigan Class Members. In short, At the time the lawsuits are filed by Defendants for NSCLT, the collection Plaintiff NSCLT has no standing or any minimum proof necessary to take the case to completion or trial. Please see **Exhibit 2** which is the Plaintiff's Affidavits showing she was sued on debts she disputes and NSCLT has no proof of debt ownership or payment within the Statute of Limitations in Michigan.

3.

The Court of Appeals has held that Michigan's statute of frauds still requires that an assignment of debt be in writing and signed with an authorized signature by the party to be charged with the agreement, contract, or promise. *Brownbark II LP v. Bay Area Floorcovering & Design Inc.* et al, Michigan Court of Appeals Case No. 296660, Decided May 31, 2011.

4.

Because the assignment occurred through the contract, absent evidence of the contract showing the specific assignment from the Original Lender to the NSCLT Plaintiff, the State and local court pleading containing NSCLT's bare assertion of the assignment is insufficient to establish factual support for plaintiff's claim that it acquired defendant's account by assignment. See *Unifund CCR Partners v. Nishawn Riley*, Michigan Court of Appeals Case No. 287599, February 18, 2010.

5.

The Georgia Court of Appeals in *Wirth v. CACH, LLC*, 300 Ga. App. 488, 490-491, 685 S.E.2d 433, 435-436 (2009) held that *CACH* had failed to provide any proof of an assignment or

transfer from a Providian debt to WAMU. The record is also devoid of any evidence which reflects that Washington Mutual purchased Providian to support the chain of assignment to CACH. See also *Ponder v. CACV of Colorado, LLC*, 289 Ga. App.858, 859 (658 SE2d 469) (2008) (record was devoid of evidence supporting CACV's allegation that it was the successor in interest to Fleet Bank's right to recover any outstanding debt from Ponder). See *Cach, LLC v. Askew*, 358 S.W.3d 58, 62 (Mo. 2012) (citing *Midwestern Health Mgmt., Inc. v. Walker*, 208 S.W.3d 295, 298 (Mo. App. 2006)) (requiring “every link in the chain between the party to which the debt was originally owed and the party trying to collect the debt must be proven by competent evidence in order to demonstrate standing.”)

6.

Other than as corporate entities or placeholders for vast student loan trusts, NCSLT Trusts don't function with any employees and the Servicer Defendant TSI directs all the collection efforts to file claims on debts where the paperwork and proof of ownership has long ago ceased to exist. National Collegiate is an umbrella name for 15 trusts that hold 800,000 private student loans, totaling \$12 billion. More than \$5 billion of that debt is in default, according to [court filings](#). See <https://www.nytimes.com/2017/07/17/business/dealbook/student-loan-debt-collection.html?mcubz=3>. **Exhibit 4.**

7.

The New York Times recently investigated these NCSLT lawsuits and found that, “Transworld Systems, a debt collector, brings most of the lawsuits for National Collegiate against delinquent borrowers. And in legal filings, it is usually a Transworld representative who swears to the accuracy of the records backing up the loan. Transworld did not respond to a request for comment.” See <https://www.nytimes.com/2017/07/17/business/dealbook/student-loan-debt-collection.html?mcubz=3>. **Exhibit 4.**

8.

On Monday, September 18, 2017, The Consumer Financial Protection Bureau (CFPB) took action against the National Collegiate Student Loan Trusts and their debt collector, TSI for illegal student loan debt collection lawsuits. Michigan Consumers like Ms. Gurny are being sued by NCSLT companies based on false proof they owned the debts they were suing upon. The proposed judgment against NCSLT requires an independent audit of all 800,000 student loans in the National Collegiate Student Loan Trusts' portfolio and NCSLT to pay \$19.1 million. TSI is being ordered to pay \$2.5 million. Please see the Ruling against NCSLT at **Exhibit 5**.

9.

TSI directs its Michigan collection law firms Defendant Shermeta from an Attorney Network to pursue Michigan consumers through collection lawsuits but without proof of ownership of the specific debt being sued upon. Defendant TSI, as the alleged servicer of the NCSLT loans (**Exhibit 1**) along with the collection law firm know they cannot make out a prima facie case demonstrating the existence or ownership of any of the education debts at the very beginning of the lawsuit against Michigan consumers. **Please see Exhibit 3 for two lawsuits against Ms. Gurny and an example of the lawsuits against Michigan Residents.**

10.

In the widespread practice of submitting general "Pool Supplements" and "Sale Agreements" and TSI Affidavits along with the from the huge NCSLT Education Trusts in state and local lawsuits, the NCSLT Plaintiff offers paperwork that creates the illusion that the specific NCSLT Trust that is suing the debtor has a right to sue on the debt.

11.

Here in Michigan, the (Pool Supplement) paperwork is attached to lawsuits and discovery responses in state and local courts is added to the lawsuit to obtain evidentiary credibility to

obtain thousands of default judgments or settlements against consumers for phantom debts NCSLT or TSI does not have standing to pursue. Indeed most, if not all, of the judgments PRA obtains are default judgments or based on settlement agreements with consumers on debts and settlements Michigan consumers are forced into accepting even though the NCSLT Plaintiff never had the right to pursue the case or the settlement that it seeks against the debtor.

12.

As the CFPB Ruling illuminates at **Exhibit 5**, TSI is aware that significant inaccuracies may exist in the Sale Files of debts it Services and pursues for NCSLT as they lack sufficient account-level proof of ownership by the entity suing the Michigan consumer—or access to anyone with personal knowledge of a consumer’s account—and TSI and the Attorney Network law firms know they cannot make out a prima facie case demonstrating the existence of any of its consumer debts.

13.

Indeed, A random sample of nearly 400 NCSLT loans found not a single one had assignment paperwork documenting the chain of ownership, according to a report that the National Collegiate’s beneficial owner had prepared. “As Paperwork Goes Missing, Private Student Loan Debts May be Wiped Away,” **Page 6 at Exhibit 4**. See

<https://www.nytimes.com/2017/07/17/business/dealbook/student-loan-debt-collection.html?mcubz=3>.

14.

To constitute a valid assignment there must be a perfected transaction between the parties which is intended to vest in the assignee a present right in the thing assigned. *Weston v Dowty*, 163 Mich App 238, 242; 414 NW2d 165 (1987).

15.

Defendant TSI and the Defendant law firm are behind a state-wide scheme designed to eliminate the “Burden” in the Burden of Proof and deceive Michigan residents into paying or settling a defaulted private student loan in State courts where the Plaintiff NCSLT lacks proof of ownership and assignments in creating material and false representations to support computer template lawsuits that lack supporting documentation in violation of the FDCPA, RCPA and MOC.

II. PARTIES

16.

Defendant TSI is a foreign corporation located in the State of California with a Resident Agent address at 40600 Ann Arbor Road, E Ste. 201, Plymouth, MI 48170. TSI and is a debt collector that services and collects large portfolios of *defaulted student loans* for NCSLT under 15 U.S.C. 1692a (6) and whose “principle purpose” is to collect debts using the mail, public notices and telephone and through Michigan law firms, files collection lawsuits for NCSLT supported by false and hearsay documents throughout the State of Michigan. **Please see Exhibit 3 which are the examples of the template lawsuits filed against Ms. Gurny as collection attempts.**

17.

Defendant TSI claims to be the Subservicer acting on behalf of NCSLT (**Exhibit 1**) trusts and entities and also claims to be the dedicated custodian of records for the trusts to avoid any focus on the NCSLT entity. In response to discovery or motion to compel discovery, TSI executes Affidavits, verifies responses to discovery and provides testimony on behalf of the various NCSLT student loan trusts. Plaintiff is informed and believes, and thereon alleges, that TSI provides information to Defendant Shermeta in an attempt to collect

a consumer debt from Plaintiffs and the proposed Michigan class members.

18.

U.S. Bank contracted with Transworld to act as Sub-Servicer to act as Special Sub-Servicer for each National Collegiate trust. (**Exhibit 1**). Defendant TSI is a “collection agency” and/or “licensee” as the terms are defined and used in the in the RCPA and MOC. During all times pertinent hereto, TSI directly and indirectly participated in the unlawful debt collection practices to collect an student loan debt from Plaintiffs that are described in this complaint in violation of state and federal law.

19.

Shermeta Law Group PLLC (“Shermeta”) are debt collectors under the FDCPA and RCPA and a Michigan Corporation with a Resident Agent address of 1030 Doris Road, Auburn Hills, MI 48326. Shermeta’ s “principle purpose” is to collect debts under the FDCPA as a collection law firm engaged in the business of using the mail, public notices and telephone to collect consumer debts originally owed to others, including student loan debts for entities such as NCSLT and TSI.

20.

The alleged debts being collected by Shermeta is a “debt” as defined by 15 U.S.C. §1692a (5). The alleged mortgage debt is a “consumer debt” as defined by the RCPA under MCL 445.251(a). Shermeta is a “collection agency” and/or “licensee” as the terms are defined and used in the MOC.

21.

The FDCPA applies to lawyers regularly engaged in consumer debt-collection litigation. *Heintz v. Jenkins*, 514 U.S. 291 (1995); *Schroyer v. Frankel*, 197 F.3d 1170, 1173-

74 (6th Cir. 1999). Defendant Shermeta regularly files NCSLT state court lawsuits for Defendant TSI in seeking to collect a debt that is in default at the time of the filing of the lawsuit on behalf of its clients and therefore is a debt collector. See *Heintz* at 514 U.S. 291, 299 (1995).

22.

Plaintiff Jessica Gurny is located in the City of Canton, County of Wayne, State of Michigan and considered a Consumer under the FDCPA and RCPA and MOC. **Exhibit 3 contains the lawsuits against Ms. Gurny.**

III. JURISDICTION AND VENUE

23.

Jurisdiction arises under 15 U.S.C. § 1692k (d) and 28 U.S.C. §§ 1331, 1337. This court has jurisdiction over this Complaint pursuant to the FDCPA, 15 U.S.C. § 1692k(d), 28 U.S.C. § 1331 and 28 U.S.C. § 1367. Venue in this judicial district is proper because the pertinent events took place here. Supplemental jurisdiction for Plaintiff's state law claims arise under 28 U.S.C. § 1367. *Baltierra v. Orlans Associates PC*, No. 15-cv-10008 (E.D. Mich. Oct. 7, 2015).

24.

The factual basis of the RCPA claim is the same as the factual basis of the FDCPA claim and this district court has “supplemental jurisdiction over all other claims that are so related to the claims in the action within such original jurisdiction that they form part of the same case or controversy under Article III of the United States Constitution. 28 U.S.C. § 1367(a). *Lovelace v. Stephens & Michaels Assocs., Inc.*, No. 07-10956, 2007 WL 3333019, at *2 (E.D. Mich. Nov. 9, 2007) (stating that FDCPA claims and RCPA claims are simply duplicates and “need not be addressed separately”).

25.

Venue is appropriate in this federal district pursuant to 28 U.S.C. §1391(b) because a substantial part of the events giving rise to Plaintiff's claims occurred within this federal judicial district, and the Defendants are subject to personal jurisdiction in the State of Michigan at the time this action is commenced.

IV. STATUTORY STRUCTURE

FAIR DEBT COLLECTION PRACTICES ACT (FDCPA)

26.

The FDCPA was passed to eliminate abusive debt collection practices by debt collectors, to insure that those debt collectors who refrain from using abusive debt collection practices are not competitively disadvantaged, and to promote consistent State action to protect consumers against debt collection abuse. 15 U.S.C. § 1692.

27.

Plaintiff is a consumer under the FDCPA. Under the FDCPA, a "consumer" is any natural person obligated or allegedly obligated to pay any debt. 15 U.S.C. §1692a (3).

28.

Under the FDCPA, "debt" means any obligation or alleged obligation of a consumer to pay money arising out of a transaction in which the money, property, insurance, or services which are the subject of the transaction are primarily for personal, family, or household purposes. 15 U.S.C. § 1692a (5).

29.

Under the FDCPA, a "debt collector" is any person who uses any instrumentality of interstate commerce or the mails in any business the principal purpose for which is the collection of any debts, or who regularly collects or attempts to collect, directly or indirectly, debts owed or

due or asserted to be owed or due to another. 15 U.S.C. § 1692a (6).

30.

The Defendants regularly attempt to collect consumer debts alleged to be due another (NCSLT) and are debt collectors as provided in 15 U.S.C. 1692a (6). The FDCPA is a strict liability statute, which provides for actual or statutory damages upon the showing of one violation.

31.

Whether a debt collector's actions are false, deceptive, or misleading under § 1692(a)-g is based on whether the "least sophisticated consumer" would be misled by a defendant's actions. *Harvey v. Great Seneca Fin. Corp.*, 453 F.3d 324, 329 (6th Cir. 2006).). This standard ensures "that the FDCPA protects all consumers, the gullible as well as the shrewd." *Kistner v. Law Offices of Michael P. Margelefsky, LLC.*, 518 F.3d 433, 438 (6th Cir).

32.

Whether a debt collector's actions are false, deceptive, or misleading under §1692e is based on whether the "least sophisticated consumer" would be misled by defendant's actions. *Wallace v. Washington Mutual Bank*, 683 F.3d. 323, 327 (6th Cir. 2012), *Harvey v. Great Seneca Fin. Corp.*, 453 F.3d 324, 329 (6th Cir.2006). See *Currier v First Resolution Inv. Corp.*, 762 F. 3d 529, 535 (6th Cir. 2014); *Statton v Portfolio Recovery Assocs., LLC*, 770 F.3d 443, 450 (6th Cir. 2014).

33.

Section 1692e provides: "A debt collector may not use any false, deceptive, or misleading representation or means in connection with the collection of any debt." 15 U.S.C. § 1692e. To prohibit deceptive practices, the FDCPA, at 15 U.S.C. § 1692e, outlaws the use of false, deceptive, and misleading collection practices and names a non-exhaustive list of certain

per se violations of false and deceptive collection conduct. 15 U.S.C. § 1692e (1) -(16). Among the *per se* violations prohibited by that section are using any false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a consumer, 15 U.S.C. § 1692e (10).

34.

Section 1692e further provides:

A debt collector may not use any false, deceptive, or misleading representation or means in connection with the collection of any debt. Without limiting the general application of the foregoing, the following conduct is a violation of this section:

(2) The false representation of—

(A) the character, amount, or legal status of any debt; or

(B) any services rendered or compensation which may be lawfully received by any debt collector for the collection of a debt.

(5) The threat to take any action that cannot legally be taken or that is not intended to be taken.

(10) The use of any false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a consumer.

REGULATION OF MICHIGAN COLLECTION PRACTICES ACT (RCPA)

35.

The Regulation of Michigan Collection Protection Act (RCPA), MCL 445.251 et seq. is an act to regulate the collection practices of certain persons; to provide for the powers and duties of certain state agencies; and to provide penalties and civil fines.

36.

“Claim” or “debt” means an obligation or alleged obligation for the payment of money or thing of value arising out of an expressed or implied agreement or contract for a purchase made primarily for personal, family, or household purposes.

37.

“Collection agency” means a person directly or indirectly engaged in soliciting a claim for collection or collecting or attempting to collect a claim owed or due or asserted to be owed or due another, or repossessing or attempting to repossess a thing of value owed or due or asserted to be owed or due another person, arising out of an expressed or implied agreement. Collection agency includes a person representing himself or herself as a collection or repossession agency or a person performing the activities of a collection agency, on behalf of another, which activities are regulated by Act No. 299 of the Public Acts of 1980, as amended, being sections 339.101 to 339.2601 of the Michigan Compiled Laws. Collection agency includes a person who furnishes or attempts to furnish a form or a written demand service represented to be a collection or repossession technique, device, or system to be used to collect or repossess claims, if the form contains the name of a person other than the creditor in a manner indicating that a request or demand for payment is being made by a person other than the creditor even though the form directs the debtor to make payment directly to the creditor rather than to the other person whose name appears on the form. Collection agency includes a person who uses a fictitious name or the name of another in the collection or repossession of claims to convey to the debtor that a third person is collecting or repossessing or has been employed to collect or repossess the claim.

38.

Defendants are regulated agencies under the RCPA. See *Misleh v Timothy E. Baxter & Associates*, 786 F Supp. 2d 1330(E.D. Mich 2011; *Newman v. Trott & Trott, PC*, 889 F. Supp. 2d 948 - Dist. Court, ED Michigan 2012; *Baker v. Residential Funding Co., LLC*, 886 F. Supp. 2d 591 - Dist. Court, ED Michigan 2012.

39.

“Communicate” means the conveying of information regarding a debt directly or indirectly to a person through any medium.

40.

“Consumer” or “debtor” means a natural person obligated or allegedly obligated to pay a debt.

41.

“Creditor” or “principal” means a person who offers or extends credit creating a debt or a person to whom a debt is owed or due or asserted to be owed or due. Creditor or principal does not include a person who receives an assignment or transfer of a debt solely for the purpose of facilitating collection of the debt for the assignor or transferor. In those instances, the assignor or transferor of the debt shall continue to be considered the creditor or the principal for purposes of this act.

42.

“Person” means an individual, sole proprietorship, partnership, association, or corporation. Defendants are regulated persons under § 445.251(g)(xi). Defendants are violating the following RCPA subsections:

445.252 Prohibited acts.

- (a) Communicating with a debtor in a misleading or deceptive manner, such as using the stationery of an attorney or credit bureau unless the regulated person is an attorney or is a credit bureau and it is disclosed that it is the collection department of the credit bureau; and
- (b) Using forms or instruments which simulate the appearance of judicial process; and
- (d) Using forms that may otherwise induce the belief that they have judicial or official sanction.
- (e) Making an inaccurate, misleading, untrue, or deceptive statement or claim in a communication to collect a debt or concealing or not revealing the purpose of a communication when it is made in connection with collecting a debt; and
- (f) Misrepresenting in a communication with a debtor 1 or more of the following:

- (i) The legal status of a legal action being taken or threatened.
- (ii) The legal rights of the creditor or debtor.
- (iii) That the nonpayment of a debt will result in the debtor's arrest or imprisonment, or the seizure, garnishment, attachment, or sale of the debtor's property; and
- (n) Using a harassing, oppressive, or abusive method to collect a debt...
- (q) Failing to implement a procedure designed to prevent a violation by an employee.

43.

The Plaintiff, on behalf of himself and all others similarly situated, seeks Statutory Damages, ACTUAL DAMAGES, INJUNCTIVE RELIEF, attorney fees, costs, and all other relief, equitable or legal in nature, as deemed appropriate by this Court in a Class Action context, pursuant to the FDCPA, RCPA/MOC and all other common law or statutory regimes. The Plaintiff, on behalf of himself and all others similarly situated requests that she and the class members be awarded:

- a. Their Actual Damages suffered by the class members like Plaintiffs who are subject to the same the same collection/affidavit scheme or plan to burden debtors into not responding to collection lawsuits,
- b. Injunctive Relief stopping Defendants from continuing their plan and scheme through debt collection lawsuits as alleged here
- c. Attorney fees and costs under the FDCPA and RCPA/MOC.

MICHIGAN OCCUPATIONAL CODE (MOC)

44.

The Michigan Occupational Code (MOC), MCL 339.901 et seq. is an act to regulate the collection practices of certain persons; to provide for the powers and duties of certain state agencies; and to provide penalties and civil fines and requires that collection agencies are licensed

in the State of Michigan unless their collection activities are exclusively limited to interstate activities.

45.

“Claim” or “debt” means an obligation or alleged obligation for the payment of money or thing of value arising out of an expressed or implied agreement or contract for a purchase made primarily for personal, family, or household purposes.

46.

“Collection agency” means a person directly or indirectly engaged in soliciting a claim for collection or collecting or attempting to collect a claim owed or due or asserted to be owed or due another, or repossessing or attempting to repossess a thing of value owed or due or asserted to be owed or due another person, arising out of an expressed or implied agreement. Collection agency includes a person representing himself or herself as a collection or repossession agency or a person performing the activities of a collection agency, on behalf of another, which activities are regulated by Act No. 299 of the Public Acts of 1980, as amended, being sections 339.101 to 339.2601 of the Michigan Compiled Laws. Collection agency includes a person who furnishes or attempts to furnish a form or a written demand service represented to be a collection or repossession technique, device, or system to be used to collect or repossess claims, if the form contains the name of a person other than the creditor in a manner indicating that a request or demand for payment is being made by a person other than the creditor even though the form directs the debtor to make payment directly to the creditor rather than to the other person whose name appears on the form. Collection agency includes a person who uses a fictitious name or the name of another in the collection or repossession of claims to convey to the debtor that a third person is collecting or repossessing or has been

employed to collect or repossess the claim. Defendants are collection agencies as stated in their own websites and letters.

47.

“Communicate” means the conveying of information regarding a debt directly or indirectly to a person through any medium. Defendants are communicating with Michigan consumers through letters and by lawsuits. See Defendants’ own lawsuits against debtors in Michigan alleging this.

48.

“Consumer” or “debtor” means a natural person obligated or allegedly obligated to pay a debt. Plaintiff is a consumer under the MOC.

49.

“Creditor” or “principal” means a person who offers or extends credit creating a debt or a person to whom a debt is owed or due or asserted to be owed or due. Creditor or principal does not include a person who receives an assignment or transfer of a debt solely for the purpose of facilitating collection of the debt for the assignor or transferor.

50.

The MOC's reference to "[a]n attorney handling claims and collections on behalf of a client and in the attorney's own name," is better understood as encompassing *both* attorneys who handle claims and collections on behalf of a client *and* attorneys who seek to collect a debt owed to themselves or their firms. *Misleh v. Timothy E. Baxter & Associates*, 786 F. Supp. 2d 1330 - Dist. Court, ED Michigan 2011.

51.

Even if the person, corporation, entity or business such as Defendants is not required to be licensed under MCL 339.901 et seq. the MOC does require Defendant are subject to the

“other requirements that regulate collection practices” under MCL 339.904(2).

52.

Defendants are violating the following MOC subsections under MCL 339.915:

339.915 Licensee; prohibited acts.

- (a) Communicating with a debtor in a misleading or deceptive manner, such as using the stationery of an attorney or the stationery of a credit bureau unless it is disclosed that it is the collection department of the credit bureau.
- (b) Using forms or instruments which simulate the appearance of judicial process.
- (d) Using forms that may otherwise induce the belief that they have judicial or official sanction.
- (e) Making an inaccurate, misleading, untrue, or deceptive statement or claim in a communication to collect a debt or concealing or not revealing the purpose of a communication when it is made in connection with collecting a debt.
- (f) Misrepresenting in a communication with a debtor any of the following:
 - (i) The legal status of a legal action being taken or threatened.
 - (ii) The legal rights of the creditor or debtor.
 - (iii) That the nonpayment of a debt will result in the debtor's arrest or imprisonment, or the seizure, garnishment, attachment, or sale of the debtor's property.
- (n) Using a harassing, oppressive, or abusive method to collect a debt, including causing a telephone to ring or engaging a person in telephone conversation repeatedly, continuously, or at unusual times or places which are known to be inconvenient to the debtor. All communications shall be made from 8 a.m. to 9 p.m. unless the debtor expressly agrees in writing to communications at another time. All telephone communications made from 9 p.m. to 8 a.m. shall be presumed to be made at an inconvenient time in the absence of facts to the contrary.
- (q) Failing to implement a procedure designed to prevent a violation by an employee.

53.

Defendant Shermeta is filing claims for collections, sharing office space and resources in collecting debts from Michigan consumers and identifying themselves as attorneys in communications through “NCSLT” lawsuits and letters for Defendant TSI and are violating the following MOC subsections under MCL 339.915a:

339.915a

- (a) Listing the name of an attorney in a written or oral communication, collection letter, or publication.
- (b) Furnishing legal advice, or otherwise engaging in the practice of law, or representing that the person is competent to do so, or to institute a judicial proceeding on behalf of another.
- (c) Sharing quarters or office space, or having a common waiting room with a practicing attorney or a lender.
- (d) Employing or retaining an attorney to collect a claim. A licensee may exercise authority on behalf of a creditor to employ the service of an attorney if the creditor has specifically authorized the collection agency in writing to do so and the licensee's course of conduct is at all times consistent with a true relationship of attorney and client between the attorney and the creditor. After referral to an attorney, the creditor shall be the client of the attorney, and the licensee shall not represent the client in court. The licensee may act as an agent of the creditor in dealing with the attorney only if the creditor has specifically authorized the licensee to do so in writing.
- (f) Soliciting, purchasing, or receiving an assignment of a claim for the sole purpose of instituting an action on the claim in a court.

54.

The Plaintiff, on behalf of himself and all others similarly situated, seeks INJUNCTIVE RELIEF AND ACTUAL DAMAGES, attorney fees, costs, and all other relief, equitable or legal in nature, as deemed appropriate by this Court in a Class Action context, pursuant to the MOC and the RCPA and all other common law or statutory regimes. The Plaintiff, on behalf of himself and all others similarly situated requests that she and the class members be awarded:

- d. Their Actual Damages suffered by the class members like Plaintiffs who are subject to the same the same collection/lack of proof scheme or plan to burden debtors into not responding to collection lawsuits,
- e. Injunctive Relief stopping Defendants from continuing their plan and scheme through letters and debt collection lawsuits as alleged here
- f. Attorney fees and costs under the MOC and RCPA.

55.

The RCPA mirrors the requirements and remedies of the FDCPA with the same 6th Circuit use of the “least sophisticated consumer” standard. *McKeown v. Mary Jane M. Elliott P.C.*, No. 07–12016–BC, 2007 WL 4326825, at *5 (E.D.Mich. Dec. 10, 2007) (citing *Hubbard v. Nat’l Bond and Collection Assocs., Inc.*, 126 B.R. 422, 426 (D.Del.1991)) held that “§ 445.252(e) applies to Defendant, its analysis is similar to that under § 1692e of the FDCPA, both of which bar misleading and deceptive communications... In light of the similarity between 15 U.S.C. § 1692e 15 U.S.C. § 1692g and these causes of action, it appears appropriate to view Plaintiff’s claims under the same “least sophisticated consumer” standard.

V. CLASS ACTION ALLEGATIONS

56.

This Action is brought on behalf of Plaintiffs and the class members under the FDCPA, MOC and RCPA with the class made up of the following class consumers:

All persons against whom Defendants filed a STATE COLLECTION COMPLAINT and/or obtained a settlement, default or default judgment or judgment related to the collection of an NCSLT type education debt without sufficient, admissible evidence or based on collection cases that lacked assignments or proof showing that the NCSLT type Plaintiffs had standing or the right to sue Michigan class members through these STATE COLLECTION COMPLAINTS with Defendant law firms signing off on material misrepresentations of debt ownership on behalf of Defendant TSI for NCSLT.

57.

While the exact number of Class members can only be determined through appropriate discovery, Plaintiff believes that there are thousands of members of the Class through Michigan in the last six years.

58.

Plaintiff's claims are typical of the claims of the other members of the Michigan Classes, as all members of the Class are similarly affected by Defendants' wrongful conduct, as complained of herein.

59.

There are common questions of law and fact affecting members of the Class, which common questions predominate over questions that might affect individual members. These questions include, but are not necessarily limited to, the following:

- a. Whether Defendants sued Michigan class members without standing or proof of ownership or assignment of ownership of the SPECIFIC debt each Michigan consumer is being sued upon. In short: Defendants held no chain of title showing the SPECIFIC debt is owned by the NCSLT Plaintiff suing the Michigan Consumer.;
- b. Whether Defendants had sufficient evidence of the existence of the alleged NCSLT type education debts when they negotiated settlements or obtained default judgments against Michigan consumers;
- c. Whether the alleged debtors and Michigan consumer were furnished with chain of title evidence showing NCSLT had the right to sue the SPECIFIC Michigan debtor on the Specific NCSLT debt the State Lawsuits were based upon;
- d. Whether Defendants filed materially false and deceptive lawsuits where NCSLT had no standing to sue Michigan consumers on debts NCSLT had not proof it owned the debt of the person or consumer it is suing;
- e. Whether Defendants are filing NCSLT type lawsuits knowing that they lack the necessary paperwork and proof to complete or try the case and are filing the lawsuits for a default or settlement of the claim.
- f. Whether Plaintiff and the other members of the Class are entitled to damages, including punitive damages, costs, and/or attorneys' fees, for Defendants' acts and conduct as alleged herein, and the proper measure thereof.

60.

Plaintiff will fairly and adequately represent the Class members. Plaintiff has no interests that conflict with the interests of other Class members. Plaintiff has retained

counsel competent and experienced in the prosecution of class action litigation.

61.

A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members might be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to redress individually the wrongs done to them. There will be no difficulty in the management of this action as a class action.

62.

Members of the Class can be identified from records maintained by Defendants and each class member is a Defendant in a State Court Action by NCSLT/TSI collecting an NCSLT type debt, and can be notified of the pendency of this action by United States mail using a form of notice customarily used in similar class actions.

VI. FACTUAL ALLEGATIONS

63.

At **Exhibit 3** and in violation of the FDCPA, RCPA and MOC, Defendant TSI as Servicer for the NSCLT trusts at **Exhibit 1** is collecting on defaulted student loans through collection lawsuits filed by Defendant Shermeta at the direction of Defendant TSI even though there is no proof or chain of title from the Original Lender of the student loans to the NCSLT Plaintiffs TSI operates through in suing Michigan Class Members.

64.

As detailed in the State Complaints against Plaintiffs in **Exhibit 3** specifically and against Michigan consumers generally, Defendant TSI is suing Class members through NCSLT Plaintiffs on educational loans allegedly owed to TSI and NCSLT from 2004 through 2007.

65.

The lawsuits are brought by an Attorney Network of which Defendant Shermeta is a member at the instruction and request by Defendant TSI even though the Defendants have no assigned proof of ownership of the SPECIFIC DEBT claimed to be owed by the class members to the State NCSLT Plaintiff in these state actions. Please see examples at **Exhibit 3**.

66.

In violation of the FDCPA, MOC and RCPA, at the time that the NCSLT type State and local lawsuits are filed by the Defendant law firms for the NCSLT Servicer, Defendant TSI, there exists no chain of title from the Original Lender of the student loans to the SPECIFIC NCSLT Plaintiff in the state lawsuits and the lawsuits are filed and served with no or proof of ownership of the debt NCSLT Plaintiff.

67.

As shown by **Exhibit 3**, the NCSLT type State and Local lawsuits that TSI directs its Michigan collection law firms to file in the State of Michigan all say the NCSLT Plaintiff has been assigned the debt while offering no proof of the specific chain of title of assignment of the debt of the debtor being “assigned” to NSCLST.

68.

While fully aware that it cannot actually demonstrate the existence of any assignment of the SPECIFIC debts it is suing Michigan debtors for in State and local courts, TSI and their Defendant attorneys file “computer template” collection lawsuits alleging to be the owners of debts they are suing upon without any specific proof of debt to the SPECIFIC Michigan consumer alleged to owe the debt. **Please see Exhibit 3**.

69.

TSI’s sole intention is to obtain default judgments or settlements of the state or local

lawsuits without ever having had admissible prima facie evidence to substantiate its claims through the NCSLT Plaintiffs. During the Class Period Defendants have filed thousands of debt-collection lawsuits state-wide all similar in shape and format to **Exhibit 3**.

70.

Upon information and belief, at large percentage of the lawsuits that Defendants file against consumers result in default judgments. This is because the vast majority of the legal actions that Defendant law firms file for NCSLT go uncontested, allowing TSI to collect on alleged debts that either are invalid or no proof of ownership.

71.

Defendants take advantage of the fact that, under most states' civil procedure law, the public employees who oversee the default-judgment process engage in a largely ministerial function, relying upon the representations and certifications of the attorneys who practice before the court. Given that tens of thousands of such lawsuits are filed every year, judicial system personnel would be overwhelmed if they had to investigate the validity of each and every default judgment application.

72.

Here and as is perpetrated throughout the State of Michigan, Defendants file collection claims using form or template "Pool Supplements" to create a false belief in consumers and courts that they have the assigned right to collect on Specific debts they are suing upon. **Please see Exhibit 6**. Defendant Attorneys sign off on the lawsuits knowing the Plaintiff NCSLT entity or TSI lack the require assignment and chain of title paperwork necessary to prove they have a right to sue the state or local court Defendant or class members. **Please see Exhibit 3**.

73.

An entity that itself meets the definition of debt collector is liable for the unlawful

collection activities carried out by another debt collector on its behalf. See, e.g., *Pollice v. Nat'l Tax Funding, L.P.*, 225 F.3d 379, 404 (3rd Cir. 2000). Courts apply vicarious liability to debt collectors like TSI and Defendant law firms even when the debt collector they hire is an attorney. See, e.g., *Fox v. Citicorp Credit Servs., Inc.*, 15 F.3d 1507, 1516 (9th Cir.1994) (holding a debt collector vicariously liable for an attorney's violation of the FDCPA venue provision).

74.

Further, the debts are being assigned to Defendant TSI to use Defendant law firms to prosecute Michigan collection lawsuits for NCSLT trusts and entities, and in the alternative, Defendants don't have standing to bring the lawsuits as licensees (MCL 339.904(2)) and a collection agency under MCL 339.901(b).

75.

Further, when a debtor or State defendant fights back against the lawsuit, Defendants TSI and their attorney networks create Affidavits to show proof of ownership of the debt even though the Affidavits show no assignments of the debt and the Affiants sign the Affidavits without personal knowledge or of they are swearing under oath to.

76.

By way of example, in Ms. Gurny's case against her in the 35th District court (Exhibit 3), Defendants seek to overcome her defense under Michigan's Statute of Limitations statute at M.C.L. § 600.5807(8), by creating a Loan Payment History purporting to show her last payment made was \$29.14 on 9/24/2012. The Loan Payment History Report at Plaintiff's **Exhibit 7** states that the last payment was made on 2012-09-24:

Zip Code: 10101		Last Payment Amount:	\$29.14
		Payment Due Date:	2012-09-24
Contract Date:	2006-04-21	Last Interest Date:	2017-02-09
Date Assigned:	2017-02-06	Accrued Interest:	\$1,453.46
Charge Off Date:	2012-10-01	Recovered Interest:	\$29.14

77.

Yet, in the Affidavit created by TSI for the State Action against Ms. Gurny, the Affiant swears under oath in Paragraph 10 that the last payment made was on 12/11/2013:

10. I have reviewed the educational loan records described in this affidavit regarding account number xxxxx9175/004-001000. No payment has been made since 12/11/2013. After

Please see Exhibit 8.

78.

Ms. Gurny has no recollection of making any payments to NCSLT within the six years prior to the date of the state lawsuits filed against her. **Please see Exhibit 2.**

79.

The TSI Affiant person swearing under oath should already know the dates, times and events that resulted in the true assignment of the SPECIFIC debt of Ms. Gurny. However, the Affidavit created by TSI at **Exhibit 8** to use in a Summary Motion against Ms. Gurny in the State Action relies ambiguous and uncertain language to say something passed but isn't sure if it went to some "intermediary" first at Paragraph 11 of the Affidavit created by TSI:

11. The Defendant opened the educational loan described above and funds were first disbursed on 4/21/2006. See Exhibit "B". The Defendant's educational loan was then transferred, sold and assigned by the Lender directly to Plaintiff, NATIONAL COLLEGIATE STUDENT LOAN TRUST 2006-2, or to an intermediary, National Collegiate Funding, LLC, who then immediately transferred, sold and assigned the Defendant's educational loan to Plaintiff, NATIONAL COLLEGIATE STUDENT LOAN TRUST 2006-2. The Defendant's

Please see Exhibit 8.

80.

The Affidavit at **Exhibit 8** cites no personal knowledge of the Affiant beyond examining computer records or documents created by TSI to show previous holdings of other Lenders and cannot commit to the Assignment of the debt to its own Plaintiff NCSLT.

81.

On Monday, September 18, 2017, The Consumer Financial Protection Bureau (CFPB) took action against the National Collegiate Student Loan Trusts and Defendant TSI for illegal student loan debt collection lawsuits. The CFPB found that, since November 1, 2014, law firms like Defendant Shermeta that were hired by Defendant TSI filed hundreds of debt collection lawsuits with the documentation necessary to prove Trust ownership of the loans. **Please see Exhibit 5.**

82.

The CFPB's Consent Order that TSI stipulated to at **Exhibit 5** goes specifically to the same facts as in this case and hundreds throughout Michigan with the use by Defendants TSI and Shermeta of false Affidavits and invisible debt assignments to prove ownership of these debts that Shermeta's lawsuits are based upon when it states on Paragraph 49:

49. With regard to pending Collections Lawsuits filed by a Law Firm in which Respondent executed an Affidavit that was filed in support of the pending Collection Lawsuit and that contains any misrepresentations—including but

not limited to false statements that the Affiant: (1) is familiar with or has personal knowledge of the Consumer's education loan records or the maintenance of those records, (2) has personal knowledge of the consumer's indebtedness, (3) has personal knowledge of the loan's chain of assignment or ownership, (4) has personal knowledge about the maintenance of documents relating to the loan's chain of assignment or ownership, or (5) has attached as an exhibit a true and correct copy of a document—Respondent shall take the steps necessary, including getting permission from the successor special servicer, to direct Law Firms acting on behalf of the Trusts to withdraw such Affidavit unless the Trusts dismiss the suit in which the Affidavit was filed. Respondent shall take the steps necessary, including getting permission from the successor special servicer, to direct Law Firms acting on behalf of the Trusts to notify the court of the following in writing and must also simultaneously provide the court with a copy of the Consent Order entered into between the Bureau and the Respondent: "Plaintiff withdraws the affidavit of [insert name of Affiant] pursuant to Consent Order entered into by the Consumer Financial Protection Bureau and Transworld Systems, Inc."

83.

The Consent Order that Defendant TSI stipulated to cites the fact that,

"Affiants lacked personal knowledge of the business records, including the electronic data, show that Consumers owed Debts to the Trusts. Affiants were instructed to review

certain data on a computer screen as part of an effort to verify some information the Affidavits about the Debts. Affiants, however, did not always know the source of the data on that screen, how the data was obtained or maintained, whether it was accurate, or whether that data meant that the Debt was in fact owed to the Trusts.”

Paragraph 19 of the Consent Order at Exhibit 5.

84.

Further in the Consent Order, TSI stipulated that:

“Each Affiant also swore that he/she had “personal knowledge of the record management practices and procedures of the Plaintiff [the Trust] and the practices and procedures Plaintiff requires of its loan servicers and other agents.” In fact, certain Affiants lacked personal knowledge of the record management practices and procedures of the Trusts and the practices and procedures the Trusts required of its loan servicers and other agents.”

Please see Paragraph 20 of the Consent Order at Exhibit 5.

85.

The Defendant law firms like Shermeta that TSI picks out of its Attorney Network are considered collection agencies under MCL 339.901(b) as they are “a person directly or indirectly engaged in soliciting a claim for collection or collecting or attempting to collect a claim owed or due or asserted to be owed or due another, or repossessing or attempting to repossess a thing of value owed or due or asserted to be owed or due another arising out of an expressed or implied agreement.”

86.

M.C.L. § 339.915a(f); MSA 18.425(915a) (f) provides that a licensee under the MCPA is prohibited from “soliciting, purchasing, or receiving an assignment of a claim for the sole purpose of instituting an action on the claim in a court.” TSI is claims to be the Servicer for

NCSLT (**Exhibit 1**) and in the state complaints at **Exhibit 3**, has Defendant law firms file collection law suits for NCSLT Plaintiffs and state for example:

- in **Paragraph 4** of the lawsuit against Ms. Gurny in the 35th District Court, the pleadings state “the contract was duly assigned, in the normal course of business, to Plaintiff,” at **Exhibit 3**; and
- in **Paragraph 4** of the lawsuit against Ms. Gurny in Wayne County Circuit Court the pleadings state “the contract was duly assigned, in the normal course of business, to Plaintiff,” at **Exhibit 3**.

87.

The loan contracts are assigned to Defendant Shermeta by TSI to file Breach of Contract collection actions. MCL 339.901(e) states that, “Creditor or principal shall not include a person who receives an assignment or transfer of a debt solely for the purpose of facilitating collection of the debt for the assignor or transferor. As NCLST, TSI and the Defendant law firms are each “an entity that receives a debt in default for the purpose of collecting the debt is not a creditor and is therefore a debt collector/collection agency subject to the act.”

88.

If as Defendants claim that they were suing Michigan class members with the original lender on the education loans assigning them the debt, then Defendant TSI (**Exhibit 1**) and Defendant law firms were assigned the Default student loan debts to file legal collection claims against Michigan debtors in collection lawsuits *for the purpose of “facilitating collection of the debt for the assignor or transferor”* for NCSLT entities. Please see **Exhibit 3**.

89.

Defendants did not have standing to bring these collection lawsuits under the following provisions of the Michigan collection practices act M.C.L. § 339.901 et seq.; MSA 18.425(901) et seq. that prohibit the following actions by a licensed collection agency:

(b) Furnishing legal advice, or otherwise engaging in the practice of law, or representing that the person is competent to do so, or to institute a judicial proceeding on behalf of another.

(d) Employing or retaining an attorney to collect a claim. A licensee may exercise authority on behalf of a creditor to employ the service of an attorney if the creditor has specifically authorized the collection agency in writing to do so and the licensee's course of conduct is at all times consistent with a true relationship of attorney and client between the attorney and the creditor. After referral to an attorney, the creditor shall be the client of the attorney, and the licensee shall not represent the client in court. The licensee may act as an agent of the creditor in dealing with the attorney only if the creditor has specifically authorized the licensee to do so in writing.

(f) Soliciting, purchasing, or receiving an assignment of a claim for the sole purpose of instituting an action on the claim in a court. [MCL 339.915a(b), (d), and (f).

90.

Additionally, the letters used by Defendant Shermeta at **Exhibit 9** show they are violating the following Michigan Statute created to prevent the combination of attorneys and collection agencies being housed in the same office:

339.915a Licensee; additional prohibited acts.

Sec. 915a.

A licensee shall not commit any of the following acts:

(a) Listing the name of an attorney in a written or oral communication, collection letter, or publication.

(b) Furnishing legal advice, or otherwise engaging in the practice of law, or representing that the person is competent to do so, or to institute a judicial proceeding on behalf of another.

(c) Sharing quarters or office space, or having a common waiting room with a practicing attorney or a lender.

(d) Employing or retaining an attorney to collect a claim.

91.

Defendants are violating 339.915a (a), (b), (c), (d) and (f) as demonstrated by the lawsuits at **Exhibit 3** and the Defendant law firm collection letters attached at **Exhibit 7**.

VII. CLASS ACTION ALLEGATIONS

92.

Plaintiff tentatively defines two classes including all persons in the State of Michigan who, during the one year (FDCPA) and six years (RCPA/MOC prior to the filing of this complaint were the victims of “NCSLT/TSI Collection Lawsuits” created by Defendants in violation of Federal and State law.

93.

The FDCPA Class consists of all persons with a Michigan address that are subject to the Defendants’ collection lawsuits in violation of § 1692e, § 1692e (10), § 1692e (5), § 1692e (2)(A), § 1692f and § 1692d.

94.

The RCPA/MOC Class consists of all persons with a Michigan address that have received Defendant collection lawsuits in violation of MCLA 445.252(n), MCLA 445.252(e), MCLA 445.252(a), MCLA 445.252(f) and MCLA 445.252(q).

95.

There are questions of law and fact common to each class, which common issues predominate over any issues involving only individual class members. The principal and common issue is whether Defendants’ conduct in connection with the collection of a debt violates the FDCPA and RCPA/MOC.

96.

There are no individual questions here. All Michigan class members receive the same or

similar computer template “NCSLT Collection Lawsuits” with lacking assignment, proper documentation and chain of title ownership and the proper standing to sue the Michigan violation of the FDCPA and RCPA/MOC.

97.

Plaintiff will fairly and adequately protect the interests of the class. Plaintiff is committed to vigorously litigating this matter. He is greatly annoyed at being the victim of Defendants’ illegal practices and wishes to see that the wrong is remedied. To that end, he has retained counsel experienced in litigating consumer advocacy and class claims. Neither Plaintiff nor their counsel has any interests which might cause them to not vigorously pursue this claim.

98.

Plaintiff claims are typical of the claims of the classes, which all arise from the same operative facts and are based on the same legal theories out of **Exhibits 1, 3 and 6**. Please see **Exhibit 8** which is the Plaintiffs showing they are sued on debts they dispute and NCSLT has no proof of debt ownership.

99.

A class action is a superior method for the fair and efficient adjudication of this controversy. Most of the consumers who are subject to this practice and policy of Defendant undoubtedly have no knowledge that their rights are being violated by illegal collection practices. The interest of class members in individually controlling the prosecution of separate claims against Defendants is small because the maximum damages in an individual action are \$1,000. Management of this class claim is likely to present significantly fewer difficulties than those presented in many class claims, e.g, for securities fraud.

100.

Certification of each class under Rule 23(a) and (b)(3) of the Federal Rules of Civil

Procedure is appropriate because:

- (a) The questions of law and fact common to the members of each class predominate over any questions affecting an individual member: and
- (b) A class action is superior to other available methods for the fair and efficient adjudication of the controversy.

101.

There are questions of law and fact common to the class members, which common questions predominate over any questions that affect only individual class members. The predominant questions are:

- a. Whether defendants had a practice of using filing NCSLT collection lawsuits without standing, proper paperwork or ownership/chain of title of the debts Defendants are suing upon against Michigan class members and consumers in violation of the FDCPA and RCPA/MOC

102.

Certification of each class under Rule 23(b)(2) of the Federal Rules of Civil Procedure also is appropriate because Defendants have acted on grounds generally applicable to each class, thereby making declaratory and injunctive relief appropriate with respect to each class as a whole.

103.

Plaintiff requests certification of a hybrid class action, combining the elements of FRCP 23(b)(3) for monetary damages and FRCP 23(b)(2) for equitable relief.

VIII. CLAIMS FOR RELIEF

Class 1-Fair Debt Collection Practices Act

104.

Defendants have violated the FDCPA. Defendants' violations of the FDCPA include, but are not necessarily limited to, the following:

- a. Defendants violated 15 U.S.C. 1692e and 15 U.S.C. 1692e (10) by using false, deceptive and misleading representations and means in connection with the collection or attempted collection of a debt using the collection methods at **Exhibit 3, 6, 8 and 9** above that are material to due process and the response of the consumer who is being sued with false documentation and missing proof of chain of title as to the ownership of defaulted student loan date under **Exhibit 1** as used by Defendants; and
- b. Defendants collected on the debt and violated 15 U.S.C. 1692f by using unfair and unconscionable means to collect a debt by suing debtors with the goal of seeking a default or forced settlement with the use of false information attached to lawsuits at Exhibit 3; and
- c. Defendants collected on the debt and violated 15 U.S.C. 1692f (1) with no proof, chain of title or transfer, authorization to collect any amount, interest, fee or any charges in lawsuits with no chain of title proving ownership by NCSLT or TSI of the SPECIFIC education debt Shermeta signs their name to at **Exhibit 3**; and
- d. Defendants collected on the student loan debt and violated 15 U.S.C. 1692e (5) by filing debt collection lawsuits with no standing or chain of titles necessary to show that the debt being sued upon is owned by the specific NCSLT Plaintiff or owed by the Specific debtor at **Exhibit 3, 6, 8, and 9** to falsely accuse, threaten and sue class members without the necessary proof and seek default judgments or forced settlements; and
- e. The Defendants violated 15 U.S.C. §1692e(2)(A) in falsely representing that a collection lawsuit is justified and the NCSLT entity Plaintiff in **Exhibit 3, 6, 8 and 9** and has standing

and a proper chain of title as stated above; and

- f. Defendant TSI and Defendant Shermeta violated 15 U.S.C. 1692e and 15 U.S.C. 1692e (14) by approving and verifying false lawsuits in the name of NCSLT entities at **Exhibit 3** when Defendant TSI is pulling all of the legal strings and is the true name of the debt collector and not NCSLT.

Wherefore, Plaintiff seeks judgment against Defendants for:

- a. Statutory and Actual damages for Plaintiff pursuant to 15 U.S.C. 1692k(a)(2)(A) and (B); and
- b. Statutory damages for the members of the FDCPA Class, *pro rata*, in the amount of the lesser of \$500,000.00 or one percent centum of the net worth of Defendants pursuant to 15 U.S.C. 1692k(a)(2)(B); and
- c. Costs and reasonable attorney's fees pursuant to 15 U.S.C. 1692k(a)(3); and
- d. Actual Damages in the form of the required elevated responses, stress and out of pocket costs of having to respond to a false debt collection lawsuit under MCL 600.2145 (**Exhibit 2 and 3**); and
- e. Such further relief as the court deems just and proper.

**Class 2- RCPA CLASS ALLEGATIONS FOR ACTUAL DAMAGES AND INJUNCTIVE
RELIEF**

105.

Defendants have violated the RCPA. Defendant's violations of the RCPA include, but are not necessarily limited to, the following:

- a. Defendants violated MCLA 445.252(n) by using a harassing, oppressive, or abusive method to collect a debt, using **Exhibit 3, 6, 8 and 9** as mentioned above;

- b. Defendants violated MCLA 445.252(e) Making an inaccurate, misleading, untrue, or deceptive statement or claim in a communication to collect a debt or concealing or not revealing the purpose of a communication when it is made in connection with collecting a debt at (**Exhibit 3, 6, 8 and 9**); and
- c. Defendant has violated MCLA 445.252(f) Misrepresenting in a communication with a debtor 1 or more of the following:
 - (i) The legal status of a legal action being taken or threatened.
 - (ii) The legal rights of the creditor or debtor at (**Exhibit 3 and 6**);
- d. Defendant has violated MCLA 445.252(q) by failing to implement a procedure designed to prevent a violation by an employee by continuing to seek unauthorized collection lawsuits with no standing against Michigan Consumers for six years through forms at **Exhibit 3**; and
- e. Defendant has violated MCLA 445.252(a) by communicating with debtors in a deceptive manner at **Exhibit 3, 6, 8 and 9**.

Wherefore, Plaintiff seeks judgment against Defendants for:

- a. Statutory damages for Plaintiff in the amount of \$50.00, trebled to \$150.00 for a willful violation, pursuant to M.C.L. 445.257(2);
- b. Equitable, declaratory and injunctive relief pursuant to M.C.L. 445.257(1), including but not limited to, a declaration that defendant's debt collection practices violated the RCPA, as well as an injunction, enjoining Defendant from using **Exhibit 3, 6, 8 and 9** which violates Michigan law AND THE CONSENT ORDER attached at **Exhibit 5**; and
- c. Reasonable attorney's fees and court cost pursuant to M.C.L. 445.257(2) with judicial sanction.
- d. Actual Damages in the form of the required elevated responses, stress and out of pocket

costs of having to respond to some false debt collection lawsuits.

**Class 3- MOC CLASS ALLEGATIONS FOR ACTUAL DAMAGES AND INJUNCTIVE
RELIEF**

106.

Defendants have violated the MOC and is collecting debts in Michigan without regulation and a license and has further violated the MOC, but are not necessarily limited to, the following:

- a. Defendants violated MCL 339.915(n) by using a harassing, oppressive, or abusive method to collect a debt, using **Exhibit 3, 6, 8 and 9** as mentioned above;
- b. Defendants violated MCL 339.915(e) Making an inaccurate, misleading, untrue, or deceptive statement or claim in a communication to collect a debt or concealing or not revealing the purpose of a communication when it is made about collecting a debt at **Exhibit 3, 6, 8 and 9**; and
- c. Defendants have violated MCL 339.915(f) Misrepresenting in a communication with a debtor 1 or more of the following:
 - (i) The legal status of a legal action being taken or threatened.
 - (ii) The legal rights of the creditor or debtor at **Exhibit 3 and 6**; and
- d. Defendants have violated MCL 339.915(d) by using forms that may otherwise induce the belief that they have judicial or official sanction is involved such as **Exhibit 3**; and
- e. Defendants have violated MCL 339.915(q) by failing to implement a procedure designed to prevent a violation by an employee that is not regulated by the MOC as alleged above; and
- f. Defendants have violated MCL 339.915(a) by communicating with a debtor in a misleading or deceptive manner such as the use of **Exhibit 3, 6, 8 and 9**) as alleged

above in creating the plan and scheme to sue on debts NCSLT or Defendants have no proof to pursue SPECIFIC to the DEBTOR sued; and

- g. Defendants have violated MCL 339.915a(a) by listing the name of an attorney in a written or oral communication, collection letter, or publication such as (**Exhibit 3 and 9**); and
- h. Defendant Shermeta has violated MCL 339.915a(b) by furnishing legal advice, or otherwise engaging in the practice of law, or representing that the person is competent to do so, or to institute a judicial proceeding on behalf of another such as (**Exhibit 3 and 9**); and
- i. Defendant Shermeta has violated MCL 339.915a(c) by sharing quarters or office space, or having a common waiting room with a practicing attorney or a lender (**Exhibit 3 and 9**); and
- j. Defendant TSI and Shermeta have violated MCL 339.915a(d) by employing or retaining an attorney to collect a claim. **See Exhibits 3, 6, 8 and 9**; and
- k. Defendants have violated MCL 339.915a(f) by soliciting, purchasing, or receiving an assignment of a claim for the sole purpose of instituting an action on the claim in a court as shown through the scheme and plan above and through **Exhibits 3, 6, 8 and 9**.

Wherefore, Plaintiff seeks judgment and INJUNCTIVE RELIEF against Defendants for:

- a. Actual damages based on the illegal interests and costs Defendants charged of each Plaintiff, pursuant to M.C.L. 339.916(1). Triple Actual damages if the Court finds Defendants' scheme and plan alleged above as willful non-compliance. M.C.L. 339.916(2); and
- b. Equitable, declaratory and injunctive relief pursuant to M.C.L. 339.916(1) to stop the plan and scheme of defendants as alleged above using (**Exhibits 3 and 9**) and follow the CFPB

CONSENT ORDER at **Exhibit 5**; and

- c. Reasonable attorney's fees and court cost pursuant to M.C.L.339.916(2) with judicial sanction and Injunctive Relief.
- d. Actual Damages in the form of the required elevated responses, stress and out of pocket costs of having to respond to false debt collection lawsuits from defendants.

IX. JURY TRIAL DEMAND

Plaintiff demands a Trial by Jury on all issues.

Respectfully submitted,

October 6, 2017

s/Brian P. Parker
BRIAN P. PARKER (P48617)
Attorney for Plaintiff

EXHIBIT #1

National Collegiate Trust

Date: 11/3/14

RE:

National Collegiate Master Student Loan Trust-1
National Collegiate Student Loan Trust-2004-1
National Collegiate Student Loan Trust-2005-1
National Collegiate Student Loan Trust-2005-3
National Collegiate Student Loan Trust-2006-2
National Collegiate Student Loan Trust-2006-4
National Collegiate Student Loan Trust-2007-2
National Collegiate Student Loan Trust-2007-4

National Collegiate Student Loan Trust-2003-1
National Collegiate Student Loan Trust-2004-2
National Collegiate Student Loan Trust-2005-2
National Collegiate Student Loan Trust-2006-1
National Collegiate Student Loan Trust-2006-3
National Collegiate Student Loan Trust-2007-1
National Collegiate Student Loan Trust-2007-3

To whom it may concern:

U.S. Bank, as Special Servicer for the above referenced Trust(s), confirms that Transworld Systems Inc. is its Subservicer, authorized to file Proofs of Claim (POC) on behalf of the above Trust(s) with respect of student loans owned by the Trust(s). Transworld Systems Inc. is also the dedicated record custodian with respect to all student loan accounts owned by the Trust(s) and is fully authorized to execute affidavits regarding account documents, verify responses to discovery and provide testimony on behalf of the Trust(s).

Any questions regarding the above referenced processes should be directed to Transworld Systems Inc. at 1-800-209-9161

Sincerely,

U.S. Bank National Association
As Special Servicer to the National Collegiate Student Loan Trust(s)



By:

Brian C Tri
Vice President
Title:

Acknowledged:

By: GSS Data Services, Inc.
Not in its individual capacity and solely as
administrator for and on behalf of the Trust(s)



By: Kenneth L. Ruggiero

President and CEO
Title

EXHIBIT #2

AFFIDAVIT OF JESSICA GURNY

STATE OF MICHIGAN)

COUNTY OF WAYNE) *

Pursuant to 28 U.S.C § 1746, JESSICA GURNY, having been duly sworn and upon oath, verifies, certifies and declares as follows:

1. I am being sued by National Collegiate Student Loan Trust 2006-2 (NCSLT) and Shermeta Law Group for a debt I do not owe them.
2. I dispute this lawsuit and the debt it was based upon.
3. I have reviewed all of the records from Plaintiffs and their attorneys and I see no proof that I owe NCLST anything.
4. Further, I do not recall making any payments on this debt beyond six years prior to the filing of the lawsuit.
5. In their records titled "Loan Payment History Report" that I just received from NCSLT, the only proof of any payments were show a payment of \$29.14 was made as an "Interest Office Payment in 2013-12-11. I don't know what an "Interest Office Payment" is but I do know I did not make that one payment in the five years of payment history they presented me.
6. I dispute I owe this debt to NCSLT and I dispute that NCSLT has any proof that they received the specific debt belonging to me in a specific assignment regarding that debt.

Dated: 9/22/2017


JESSICA GURNY

AFFIDAVIT OF JESSICA GURNY

STATE OF MICHIGAN)

COUNTY OF WAYNE) *

Pursuant to 28 U.S.C § 1746, JESSICA GURNY, having been duly sworn and upon oath, verifies, certifies and declares as follows:

1. I am being sued by National Collegiate Student Loan Trust 2005-2 (NCSLT) and Shermeta Law Group for a debt I do not owe them.
2. I dispute this lawsuit and the debt it was based upon.
3. I have reviewed all of the records from Plaintiffs and their attorneys and I see no proof that I owe NCLST 2005-2 anything. I have not seen any proof or assignments saying they are entitled to sue me for this debt.
4. Further, I do not recall making any payments on this debt beyond six years prior to the filing of the lawsuit.
5. I dispute I owe this debt to NCSLT and I dispute that NCSLT has any proof that they received the specific debt belonging to me in a specific assignment regarding that debt.

Dated: 9/26/2017


JESSICA GURNY

EXHIBIT #3

771598/31

STATE OF MICHIGAN THIRD JUDICIAL CIRCUIT WAYNE COUNTY	SUMMONS AND COMPLAINT	CASE NO. 17-006874-CK Hon. Craig S. Strong
---	-----------------------	--

2 Woodward Ave., Detroit MI 48226

Court Telephone No. 313-224-2484

Plaintiff NATIONAL COLLEGIATE STUDENT LOAN TRUST 2005-2,
Plaintiff's Attorney Terri P. Graca, P-55821 901 Tower Dr Ste 400 Troy, MI 48098-2851

Defendant 39707 GURNY, JESSICA C.
Defendant's Attorney

SUMMONS NOTICE TO THE DEFENDANT: In the name of the people of the State of Michigan you are notified:

1. You are being sued.
2. **YOU HAVE 21 DAYS** after receiving this summons to file a written answer with the court and serve a copy on the other party or take other lawful action with the court (28 days if you were served by mail or you were served outside this state). (MCR 2.111(C))
3. If you do not answer or take other action within the time allowed, judgment may be entered against you for the relief demanded in the complaint.

Issued 5/5/2017	This summons expires 8/4/2017	Court clerk File & Serve Tyler
--------------------	----------------------------------	-----------------------------------

*This summons is invalid unless served on or before its expiration date. This document must be sealed by the seal of the court.

COMPLAINT Instruction: The following is information that is required to be in the caption of every complaint and is to be completed by the plaintiff. Actual allegations and the claim for relief must be stated on additional complaint pages and attached to this form.☐ This is a business case in which all or part of the action includes a business or commercial dispute under MCL 600.8035.**Family Division Cases**☐ There is no other pending or resolved action within the jurisdiction of the family division of the circuit court involving the family or family members of the parties.☐ An action within the jurisdiction of the family division of the circuit court involving the family or family members of the parties has been previously filed in _____ Court.The action ☐ remains ☐ is no longer pending. The docket number and the judge assigned to the action are:

Docket no.	Judge	Bar no.
------------	-------	---------

General Civil Cases☐ There is no other pending or resolved civil action arise out of the same transaction or occurrence as alleged in the complaint.☐ An civil action between these parties or other parties arising out of the transaction or occurrence alleged in the complaint has been previously filed in _____ Court.The action ☐ remains ☐ is no longer pending. The docket number and the judge assigned to the action are:

Docket no.	Judge	Bar no.
------------	-------	---------

VENUE

Plaintiff(s) residence (include city, township, or village)	Defendant(s) residence (include city, township, or village)
Place where action arose or business conducted	

5-17-17
Date

Signature of attorney/plaintiff

(P80475)



If you require special accommodations to use the court because of a disability or if you require a foreign language interpreter to help you fully participate in court proceedings, please contact the court immediately to make arrangements.

DB

STATE OF MICHIGAN
IN THE WAYNE COUNTY CIRCUIT COURT

NATIONAL COLLEGIATE STUDENT LOAN
TRUST 2005-2, A DELAWARE STATUTORY TRUST

Plaintiff,

vs.

Case No.

-CK

JESSICA GURNY
JENNIFER ABELA
JOINTLY & SEVERALLY

Defendant(s) . /

Shermeta Law Group, PLLC
BY: TRICIA N. MCKINNON (P60448)
Attorneys for Plaintiff
P.O. Box 5016
Rochester, Michigan 48308
(248) 519-1700 /

17-006874-CK

FILED IN MY OFFICE

There is no other pending or resolved civil action arising out
out of the transaction or occurrence alleged in the complaint.

WAYNE COUNTY CLERK

COMPLAINT

5/5/2017 9:21:33 AM
CATHY M. GARRETT

NOW COMES the Plaintiff, NATIONAL COLLEGIATE STUDENT LOAN,
TRUST 2005-2, A DELAWARE STATUTORY TRUST by and through its attorneys,
Shermeta Law Group, PLLC, and for its Complaint against the
above named Defendant(s) states to this Honorable Court as follows:

1. Jurisdiction and venue is proper in this Court.
2. Defendant(s) entered into a contract for a student loan with
Plaintiff's assignor, BANK ONE (JP MORGAN CHASE BANK, N.A.),
with account number *****9175/001
3. Upon information and belief, Defendant(s) has possession of
the contract upon which this claim is based.
4. The contract was duly assigned, in the normal course of
business, to Plaintiff.
5. Plaintiff and/or its assignor completed performance
under the terms and conditions of the contract.
6. Defendant(s) has defaulted under the terms and conditions
of the contract by failing to pay as promised.
7. There is presently due and owing the sum of

WHEREFORE, Plaintiff prays for Judgment in the amount of
\$98 plus costs and interest.

Dated: MAY 03, 2017

771598/TF

Shermeta Law Group, PLLC

BY:

Terri P. Graca (P55821)
Tricia N. McKinnon (P60448)
Heather M. Saputo (P80475)

Approved, SCAO

a Target Information Management Company

Original - Court
1st copy - Defendant2nd copy - Plaintiff
3rd copy - Return

STATE OF MICHIGAN

JUDICIAL DISTRICT

JUDICIAL CIRCUIT

COUNTY PROBATE

SUMMONS AND COMPLAINT

CASE NO.

Court address

Court telephone no.

Plaintiff's name(s), address(es), and telephone no(s).

NATIONAL COLLEGIATE STUDENT LOAN
TRUST 2006-1, A DELAWARE STATUTORY TRUST

Defendant's name(s), address(es), and telephone no(s).

JENNIFER ABRAHAM

JENNIFER ABRAHAM

1001 1380 ST
WYANDOMITE, MI 48192

Plaintiff's attorney, bar no., address, and telephone no.

Tribute Law Group, PLLC
BY: TRICIA N. MCKINNON (PROBATE)
P.O. BOX 6016
WYANDOMITE, MI 48192
481-212-1100**SUMMONS** NOTICE TO THE DEFENDANT: In the name of the people of the State of Michigan you are notified:

1. You are being sued.
2. **YOU HAVE 21 DAYS** after receiving this summons to file a written answer with the court and serve a copy on the other party or take other lawful action with the court (28 days if you were served by mail or you were served outside this state). (MCR 2.111(C))
3. If you do not answer or take other action within the time allowed, judgment may be entered against you for the relief demanded in the complaint.

Issued

This summons expires

Court clerk

*This summons is invalid unless served on or before its expiration date. This document must be sealed by the seal of the court.

COMPLAINT Instruction: The following is information that is required to be in the caption of every complaint and is to be completed by the plaintiff. Actual allegations and the claim for relief must be stated on additional complaint pages and attached to this form.☐ This is a business case in which all or part of the action includes a business or commercial dispute under MCL 600.8035.

Family Division Cases

☐ There is no other pending or resolved action within the jurisdiction of the family division of circuit court involving the family or family members of the parties.☐ An action within the jurisdiction of the family division of the circuit court involving the family or family members of the parties has been previously filed in _____ Court.The action ☐ remains ☐ is no longer pending. The docket number and the judge assigned to the action are:

Docket no.

Judge

Bar no.

General Civil Cases

☐ There is no other pending or resolved civil action arising out of the same transaction or occurrence as alleged in the complaint.☐ A civil action between these parties or other parties arising out of the transaction or occurrence alleged in the complaint has been previously filed in _____ Court.The action ☐ remains ☐ is no longer pending. The docket number and the judge assigned to the action are:

Docket no.

Judge

Bar no.

VENUE

Plaintiff(s) residence (include city, township, or village)

Defendant(s) residence (include city, township, or village)

Place where action arose or business conducted

Date

Signature of attorney/plaintiff

If you require special accommodations to use the court because of a disability or if you require a foreign language interpreter to help you fully participate in court proceedings, please contact the court immediately to make arrangements.

STATE OF MICHIGAN
IN THE 35TH JUDICIAL DISTRICT COURT

NATIONAL COLLEGIATE STUDENT LOAN
TRUST 2006-2, A DELAWARE STATUTORY TRUST

Plaintiff,

vs.

Case No.

JESSICA GURNY
JENNIFER ABELA
JOINTLY & SEVERALLY

Defendant(s). /

Shermeta Law Group, PLLC
BY: TRICIA N. MCKINNON (P60448)
Attorneys for Plaintiff
P.O. Box 5016
Rochester, Michigan 48308
(248) 519-1700 /

COMPLAINT

NOW COMES the Plaintiff, NATIONAL COLLEGIATE STUDENT LOAN, TRUST 2006-2, A DELAWARE STATUTORY TRUST by and through its attorneys, Shermeta Law Group, PLLC, and for its Complaint against the above named Defendant(s) states to this Honorable Court as follows:

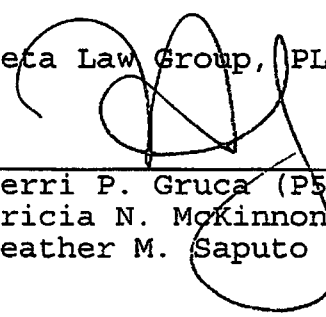
1. Jurisdiction and venue is proper in this Court.
2. Defendant(s) entered into a contract for a student loan with Plaintiff's assignor, BANK ONE (JP MORGAN CHASE BANK, N.A.), with account number *****91,
3. Upon information and belief, Defendant(s) has possession of the contract upon which this claim is based.
4. The contract was duly assigned, in the normal course of business, to Plaintiff.
5. Plaintiff and/or its assignor completed performance under the terms and conditions of the contract.
6. Defendant(s) has defaulted under the terms and conditions of the contract by failing to pay as promised.
7. There is presently due and owing the sum of \$5,000.

WHEREFORE, Plaintiff prays for Judgment in the amount of \$5,000 plus costs and interest.

Dated: MAY 03, 2017
771599/TA

Shermeta Law Group, PLLC

BY:



Terri P. Gruca (P55821)
Tricia N. McKinnon (P60448)
Heather M. Saputo (P80475)

EXHIBIT #4

The New York Times | <https://nyti.ms/2vvroKs>

DealB%k WITH FOUNDER
ANDREW ROSS SORKIN

As Paperwork Goes Missing, Private Student Loan Debts May Be Wiped Away

By STACY COWLEY and JESSICA SILVER-GREENBERG JULY 17, 2017

Tens of thousands of people who took out private loans to pay for college but have not been able to keep up payments may get their debts wiped away because critical paperwork is missing.

The troubled loans, which total at least \$5 billion, are at the center of a protracted legal dispute between the student borrowers and a group of creditors who have aggressively pursued them in court after they fell behind on payments.

Judges have already dismissed dozens of lawsuits against former students, essentially wiping out their debt, because documents proving who owns the loans are missing. A review of court records by The New York Times shows that many other collection cases are deeply flawed, with incomplete ownership records and mass-produced documentation.

Some of the problems playing out now in the \$108 billion private student loan market are reminiscent of those that arose from the subprime mortgage crisis a decade ago, when billions of dollars in subprime mortgage loans were ruled uncollectible by courts because of missing or fake documentation. And like those troubled mortgages, private student loans — which come with higher interest rates

and fewer consumer protections than federal loans — are often targeted at the most vulnerable borrowers, like those attending for-profit schools.

At the center of the storm is one of the nation's largest owners of private student loans, the National Collegiate Student Loan Trusts. It is struggling to prove in court that it has the legal paperwork showing ownership of its loans, which were originally made by banks and then sold to investors. National Collegiate's lawyers warned in a recent legal filing, "As news of the servicing issues and the trusts' inability to produce the documents needed to foreclose on loans spreads, the likelihood of more defaults rises."

National Collegiate is an umbrella name for 15 trusts that hold 800,000 private student loans, totaling \$12 billion. More than \$5 billion of that debt is in default, according to court filings. The trusts aggressively pursue borrowers who fall behind on their bills. Across the country, they have brought at least four new collection cases each day, on average — more than 800 so far this year — and tens of thousands of lawsuits in the past five years.

Last year, National Collegiate unleashed a fusillade of litigation against Samantha Watson, a 33-year-old mother of three who graduated from Lehman College in the Bronx in 2013 with a degree in psychology.

Ms. Watson, the first in her family to go to college, took out private loans to finance her studies. But she said she had trouble following the fine print. "I didn't really understand about things like interest rates," she said. "Everybody tells you to go to college, get an education, and everything will be O.K. So that's what I did."

Ms. Watson made some payments on her loans but fell behind when her daughter got sick and she had to quit her job as an executive assistant. She now works as a nurse's aide, with more flexible hours but a smaller paycheck that barely covers her family's expenses.

When National Collegiate sued her, the paperwork it submitted was a mess, according to her lawyer, Kevin Thomas of the New York Legal Assistance Group. At one point, National Collegiate presented documents saying that Ms. Watson had enrolled at a school she never attended, Mr. Thomas said.

"I tried to be honest," Ms. Watson said of her court appearance. "I said, 'Some of these loans I took out, and I'll be responsible for them, but some I didn't take.'"

In her defense, Ms. Watson's lawyer seized upon what he saw as the flaws in National Collegiate's paperwork. Judge Eddie McShan of New York City's Civil Court in the Bronx agreed and dismissed four lawsuits against Ms. Watson. The trusts "failed to establish the chain of title" on Ms. Watson's loans, he wrote in one ruling.

When the judge's rulings wiped out \$31,000 in debt, "it was such a relief," Ms. Watson said. "You just feel this whole weight lifted. My mom started to cry."

Joel Leiderman, a lawyer at Forster and Garbus, the law firm that represented National Collegiate in its litigation against Ms. Watson, declined to comment on the lawsuits.

Lawsuits Tossed Out

Judges throughout the country, including recently in cases in New Hampshire, Ohio and Texas, have tossed out lawsuits by National Collegiate, ruling that it did not prove it owned the debt on which it was trying to collect.

The trusts win many of the lawsuits they file automatically, because borrowers often do not show up to fight. Those court victories, which can be used to garnish paychecks and take federal benefits like Social Security from bank accounts, can haunt borrowers for decades.

The loans that National Collegiate holds were made to college students more than a decade ago by dozens of different banks, then bundled together by a financing company and sold to investors through a process known as securitization. These private loans were not guaranteed by the federal government, which is the nation's largest student loan lender.

But as the debt passed through many hands before landing in National Collegiate's trusts, critical paperwork documenting the loans' ownership disappeared, according to documents that have surfaced in a little-noticed legal battle involving the trusts in state and federal courts in Delaware and Pennsylvania.

National Collegiate's legal problems have hinged on its inability to prove it owns the student loans, not on any falsification of documents.

Robyn Smith, a lawyer with the National Consumer Law Center, a nonprofit advocacy group, has seen shoddy and inaccurate paperwork in dozens of cases involving private student loans from a variety of lenders and debt buyers, which she detailed in a 2014 report.

But National Collegiate's problems are especially acute, she said. Over and over, she said, the company drops lawsuits — often on the eve of a trial or deposition — when borrowers contest them. “I question whether they actually possess the documents necessary to show that they own loans,” Ms. Smith said.

In an unusual situation, one of the financiers behind National Collegiate's trusts agrees with some of the criticism. He is Donald Uderitz, the founder of Vantage Capital Group, a private equity firm in Delray Beach, Fla., that is the beneficial owner of National Collegiate's trusts. (Mr. Uderitz's company keeps whatever money is left after the trusts' noteholders are paid off.)

He said he was appalled by National Collegiate's collection lawsuits and wanted them to stop, but an internal struggle between Vantage Capital and others involved in operating the trusts has prevented him from ordering a halt, he said

“We don't like what's going on,” Mr. Uderitz said in a recent interview.

“We don't want National Collegiate to be the poster boy of bad practices in student loan collections, but we have no ability to affect it except through this litigation,” he said, referring to a lawsuit that he initiated last year against the trusts' loan servicer in Delaware's Chancery Court, a popular battleground for corporate legal fights.

Ballooning Balances

Like those who took on subprime mortgages, many people with private student loans end up shouldering debt that they never earn enough to repay. Borrowing to finance higher education is an economic decision that often pays off, but federal

student loans — a much larger market, totaling \$1.3 trillion — are directly funded by the government and come with consumer protections like income-based repayment options.

Private loans lack that flexibility, and they often carry interest rates that can reach double digits. Because of those steep rates, the size of the loans can quickly balloon, leaving borrowers to pay hundreds and, in some cases, thousands of dollars each month.

Others are left with debt for degrees they never completed, because the for-profit colleges they enrolled in closed amid allegations of fraud. Federal student borrowers can apply for a discharge in those circumstances, but private borrowers cannot.

Other large student lenders, like Sallie Mae, also pursue delinquent borrowers in court, but National Collegiate stands apart for its size and aggressiveness, borrowers' lawyers say.

Lawsuits against borrowers who have fallen behind on their consumer loans are typically filed in state or local courts, where records are often hard to search. This means that there is no national tally of just how often National Collegiate's trusts have gone to court.

Very few cases ever make it to trial, according to court records and borrowers' lawyers. Once borrowers are sued, most either choose to settle or ignore the summons, which allows the trusts to obtain a default judgment.

"It's a numbers game," said Richard D. Gaudreau, a lawyer in New Hampshire who has defended against several National Collegiate lawsuits. "My experience is they try to bully you at first, and then if you're not susceptible to that, they back off, because they don't really want to litigate these cases."

Transworld Systems, a debt collector, brings most of the lawsuits for National Collegiate against delinquent borrowers. And in legal filings, it is usually a Transworld representative who swears to the accuracy of the records backing up the loan. Transworld did not respond to a request for comment.

Hundreds of cases have been dismissed when borrowers challenge them, according to lawyers, often because the trusts do not produce the paperwork needed to proceed.

‘We Need Answers’

Jason Mason, 35, was sued over \$11,243 in student loans he took out to finance his freshman year at California State University, Dominguez Hills. His lawyer, Joe Villaseñor of the Legal Aid Society of San Diego, got the case dismissed in 2013, after the trust’s representative did not show up for a court-ordered deposition. It is unclear if the trusts had the paperwork they would have needed to prove their case, Mr. Villaseñor said.

“It was a scary time,” Mr. Mason said of being taken to court. “I didn’t know how they would come after me, or seize whatever I had, to get the money.”

Nancy Thompson, a lawyer in Des Moines, represented students in at least 30 cases brought by National Collegiate in the past few years. All were dismissed before trial except three. Of those, Ms. Thompson won two and lost one, according to her records. In every case, the paperwork Transworld submitted to the court had critical omissions or flaws, she said.

National Collegiate’s beneficial owner, Mr. Uderitz, hired a contractor in 2015 to audit the servicing company that bills National Collegiate’s borrowers each month and is supposed to maintain custody of many loan documents critical for collection cases.

A random sample of nearly 400 National Collegiate loans found not a single one had assignment paperwork documenting the chain of ownership, according to a report they had prepared.

While Mr. Uderitz wants to collect money from students behind on their bills, he says he wants the lawsuits against borrowers to stop, at least until he can get more information about the documentation that underpins the loans.

"It's fraud to try to collect on loans that you don't own," Mr. Uderitz said. "We want no part of that. If it's a loan we're owed fairly, we want to collect. We need answers on this."

Keith New, a spokesman for the servicer, the Pennsylvania Higher Education Assistance Agency (known to borrowers as American Education Services), said, "We believe that the auditors were misinformed about the scope of P.H.E.A.A.'s contractual obligations. We are confident that the litigation will reveal that the agency has acted properly and in accordance with its agreements."

The legal wrangling — now playing out in three separate court cases in Pennsylvania and Delaware — has dragged on for more than a year, with no imminent resolution in sight. Borrowers are caught in the turmoil. Thousands of them are unable to get answers about critical aspects of their loans because none of the parties involved can agree on who has the authority to make decisions. Some 2,000 borrower requests for forbearance and other help have gone unanswered, according to a court filing late last year.

Correction: July 19, 2017

An article on Tuesday about missing paperwork for private student loans referred imprecisely to how debt collectors may garnish federal benefits like Social Security from borrowers. The collectors can in some circumstances take benefits after they are deposited in a bank account; they cannot garnish the benefits directly.

Susan C. Beachy contributed research.

A version of this article appears in print on July 18, 2017, on Page A1 of the New York edition with the headline: Lost Paperwork May Erase Student Debt for Tens of Thousands.

The New York Times <https://nyti.ms/2uAHCFo>

DealB%k WITH FOUNDER
ANDREW ROSS SORKIN

New York Attorney General Opens Inquiry Into Student Loan Collection

By STACY COWLEY JULY 19, 2017

The New York attorney general, Eric T. Schneiderman, has opened an investigation into the collection practices of the National Collegiate Student Loan Trusts, one of the nation's largest owners of private student loan debt, according to Mr. Schneiderman's office.

The attorney general's office sent subpoenas on Wednesday asking for information on every collection lawsuit filed by National Collegiate's trusts against New York residents.

National Collegiate's trusts have aggressively pursued in court borrowers who fall behind on their student loan payments. An article this week in The New York Times drew attention to the trusts' inability in many of those lawsuits to produce the paperwork needed to prove that the trusts own the debts they seek to collect. Judges around the country have dismissed dozens of cases filed by National Collegiate's trusts because of flawed or missing paperwork.

The 800,000 private student loans that National Collegiate owns, totaling more than \$12 billion, were originated a decade or more ago by other lenders, then packaged into securities and sold to investors. As the debt changed hands, crucial

paperwork documenting the loans' ownership appears to have been lost, according to court filings in a bitter legal fight among parties involved in operating the trusts.

"I won't allow a generation of New Yorkers to get victimized by the very system that was created to help them get ahead," Mr. Schneiderman said in a written statement. The Times's news story is "deeply concerning" he said, but it is "unfortunately consistent with the increasingly cynical and freewheeling culture we've seen take hold across the student loan industry."

He added, "We will conduct a full investigation and will hold the perpetrators of any fraud against our students accountable."

A search of state court records indicates that National Collegiate's trusts have filed at least 600 lawsuits in New York in recent years. Because most debt collection lawsuits are filed in local and county courts, where records are difficult to search, the actual tally is likely to be far larger.

Mr. Schneiderman's office is seeking documents that would establish the trusts' right to collect on the debts being pursued. The attorney general has asked for detailed records on the student loans' chain of title and on the documentation that accompanied every ownership change.

Mr. Schneiderman's subpoenas went out to both National Collegiate and to Transworld Systems, the debt collection company that hired the law firms that have initiated most of the trusts' lawsuits against borrowers.

Transworld did not respond to requests for comment.

Donald Uderitz, the beneficial owner of National Collegiate's trusts, said he had just received the subpoena and had not yet reviewed it.

"Right now, all I can say is given the issues we know we are dealing with, I'm not surprised and I don't expect this to be the last state attorney general to look into this," Mr. Uderitz said by email.

Mr. Uderitz has said that he has concerns about the trusts' ownership paperwork and wants the lawsuits against borrowers to stop until he can more

thoroughly investigate the collection problems. A continuing legal dispute between his company, the Vantage Capital Group, and others involved in the trusts has prevented him from making any changes to the trusts' operations, he has said.

Susan C. Beachy contributed research.

A version of this article appears in print on July 20, 2017, on Page B3 of the New York edition with the headline: New York Attorney General Opens Inquiry on Student Debt.

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EXHIBIT #5

CFPB Takes Action Against National Collegiate Student Loan Trusts, Transworld Systems for Illegal Student Loan Debt Collection Lawsuits

All 800,000 Loans Will Be Independently Audited, Companies Will Pay at Least \$21.6 Million and Stop Suing for Invalid or Unverified Debts

SEP 18, 2017

WASHINGTON, D.C.—The Consumer Financial Protection Bureau today took action against the National Collegiate Student Loan Trusts and their debt collector, Transworld Systems, Inc., for illegal student loan debt collection lawsuits. Consumers were sued for private student loan debt that the companies couldn't prove was owed or was too old to sue over. These lawsuits relied on the filing of false or misleading legal documents. The proposed judgment requires an independent audit of all 800,000 student loans in the National Collegiate Student Loan Trusts' portfolio. It prohibits the National Collegiate Student Loan Trusts, and any company they hire, from attempting to collect, reporting negative credit information, or filing lawsuits on any loan the audit shows is unverified or invalid. In addition, it requires the National Collegiate Student Loan Trusts to pay at least \$19.1 million, which includes initial redress to harmed consumers, relinquished funds to the Treasury, and a civil money penalty. Under a separate consent order, Transworld Systems, Inc. is ordered to pay a \$2.5 million civil money penalty.

"The National Collegiate Student Loan Trusts and their debt collector sued consumers for student loans they couldn't prove were owed and filed false and misleading affidavits in courts across the country," said CFPB Director Richard Cordray. "We're ordering them to pay at least \$21.6 million, stopping them from filing illegal lawsuits, and requiring the trusts to thoroughly audit their loan portfolios to identify any other consumers who were harmed."

The National Collegiate Student Loan Trusts are 15 Delaware statutory trusts that own more than 800,000 private student loans. Between 2001 and 2007, the trusts purchased and securitized the loans, and then sold notes secured by the loans to investors. The trusts have no employees but instead use service providers to interact with consumers about their loans. Transworld Systems, Inc. is a nationwide debt collector incorporated in California, with a principal place of business in Ft. Washington, Pennsylvania. Transworld Systems employees complete, sign, and notarize sworn legal documents for collections lawsuits brought on behalf of the trusts. Transworld Systems hires a national network of law firms to file and prosecute collections lawsuits on behalf of the trusts in courts across the country.

The complaint against the National Collegiate Student Loan Trusts and the Bureau's consent order regarding Transworld Systems include allegations and findings that the companies violated the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act by filing false affidavits and for pursuing collections lawsuits they could not have won, if contested. Specifically, the companies:

- **Sued consumers for debts the trusts could not prove were owed:** In order to sue to collect debts, the person or company filing suit must be able to prove that the consumer owed the debt and that they own the loan that is being collected. The companies participated in illegal litigation practices when suing consumers without the necessary documentation required to sue. Over 2,000 collections lawsuits were filed on behalf of the trusts in violation of consumer financial protection laws that prevent consumers from having to pay debts they do not legally owe. In these lawsuits, the trusts do not have or cannot find the documentation necessary to prove either that they own the loans or that the consumer owed the debt. In some of these cases, the document the consumer signed promising to pay back the loan is missing. Nonetheless, the trusts filed suit against consumers to collect the debts.

- **Filed false and misleading affidavits:** In many of the collections lawsuits, false and misleading affidavits were filed. To be valid, these affidavits must be signed by a witness with personal knowledge of the consumers' account records and the debt. In numerous instances, affiants claimed personal knowledge of the student loan debt they did not have.


The Bureau also alleged that the National Collegiate Student Loan Trusts filed at least 486 collections lawsuits after the applicable statute of limitations on the debt collection had expired. Additionally, the complaint alleged that, in numerous instances, many of the affidavits filed were improperly notarized because they were not sworn or signed in the presence of the notary.


Enforcement action


Under the Dodd-Frank Act, the Bureau has the authority to take action against institutions or individuals engaging in unfair, deceptive, or abusive acts or practices or that otherwise violate federal consumer financial laws. Under the terms of the proposed final judgment and consent order, the Bureau is requiring the companies to:

- **Conduct a thorough audit of the 800,000 student loans in its portfolio:** The proposed final judgment requires the National Collegiate Student Loan Trusts to hire an independent auditor acceptable to the Bureau to audit their student loan accounts. If the audit identifies any additional student loans for which the trusts lack the documentation needed to prove the consumer owed the debt, the National Collegiate Student Loan Trusts will cease all collections on those loans.
- **Pay at least \$3.5 million in restitution:** Under the proposed final judgment, the National Collegiate Student Loan Trusts is ordered to pay at least \$3.5 million in restitution to more than 2,000 harmed consumers who made payments after being sued by the trusts on a loan where documentation was missing or the statute of limitations had expired. Furthermore, under the proposed final judgment, the National Collegiate Student Loan Trusts is required to provide restitution to additional consumers identified through the independent audit. Consumers who believe they were harmed do not need to take any action at this time. If they are eligible for restitution, the company will contact them directly. Consumers who are unsatisfied with the response or have other complaints about these practices can submit a Complaint with the Bureau.
- **Stop filing collections lawsuits on debt that can no longer legally be sued over:** Statutes of limitation limit the amount of time an individual or company can go after someone in court for a debt that is allegedly owed. Under the terms of the proposed final judgment and the consent order, the companies are prohibited from tying consumers up in litigation after the expiration of the applicable statute of limitations.
- **Stop attempting to collect, reporting negative credit information, and suing consumers for debt without proper documentation:** Under the terms of the proposed final judgment and the consent order, the companies are prohibited not only from suing without documentation, but also from collecting and reporting negative credit information without documentation.
- **Stop filing false or improperly notarized legal documents:** Under the terms of the proposed final judgment and the consent order, the companies are prohibited from filing false or misleading legal documents and are required to ensure all documents that require notarization are properly notarized.
- **Pay \$7.8 million in disgorgement:** Under the terms of the proposed final judgment, the National Collegiate Student Loan Trusts must relinquish \$7.8 million to the U.S. Treasury.
- **Pay a \$7.8 million civil money penalty:** Under the terms of the proposed final judgment, the National Collegiate Student Loan Trusts must pay \$7.8 million to the Bureau's Civil Penalty Fund.
- **Pay a \$2.5 million civil money penalty:** Transworld Systems must pay \$2.5 million to the Bureau's Civil Penalty Fund under the consent order.

The proposed judgment against the National Collegiate Student Loan Trusts has been filed with the U.S. District Court for the District of Delaware, and it is effective only if approved by the presiding judge. The consent order is effective immediately.

A copy of the complaint filed in federal district court against the National Collegiate Student Loan Trusts is available at:
http://files.consumerfinance.gov/f/documents/201709_cfpb_national-collegiate-student-loan-trusts_complaint.pdf 

A copy of the proposed final judgment filed in federal district court against the National Collegiate Student Loan Trusts is available at:
http://files.consumerfinance.gov/f/documents/201709_cfpb_national-collegiate-student-loan-trusts_proposed-consent-judgment.pdf 

A copy of the consent order entered today against Transworld Systems, Inc. is available at:
http://files.consumerfinance.gov/f/documents/201709_cfpb_transworld-systems_consent-order.pdf 

###

The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

Topics:

- STUDENT LOANS
- DEBT COLLECTION
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**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING File
2017-CFPB-0018

In the Matter of:

TRANSWORLD SYSTEMS, INC.

CONSENT ORDER

I.

Overview

The Consumer Financial Protection Bureau (Bureau) has reviewed the debt collections litigation practices of the Attorney Network business unit of Transworld Systems, Inc. ("TSI") ("Respondent"), the agent and Service Provider for fifteen (15) Delaware statutory trusts referred to as the National Collegiate Student Loan Trusts ("NCSLTs", or "the Trusts", which are the National Collegiate Master Student Loan Trust, NCSLT 2003-1, NCSLT 2004-1, NCSLT 2004-2, NCSLT 2005-1, NCSLT 2005-2, NCSLT 2005-3, NCSLT 2006-1, NCSLT 2006-2, NCSLT 2006-3, NCSLT 2006-4, NCSLT 2007-1, NCSLT 2007-2, NCSLT 2007-3, and NCSLT 2007-4), and has identified violations of sections 1031(a) and 1036(a)(1) of the Consumer Financial Protection Act of 2010 (CFPA). Under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

To collect on defaulted private student loans, Law Firms engaged by Respondent's Attorney Network business unit filed debt Collections Lawsuits in state

courts across the country on behalf of the Trusts. In support of many of these lawsuits, Respondent executed affidavits that falsely claimed personal knowledge of the account records and the consumer's debt, and in many cases, personal knowledge of the chain of assignments establishing ownership of the loans. In addition, since November 1, 2014, Law Firms hired by Respondent filed hundreds of debt Collections Lawsuits without the documentation necessary to prove Trust ownership of the loans.

II

Jurisdiction

1. The Bureau has jurisdiction over this matter under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565.

III

Stipulation

2. Respondent has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated September 14, 2017 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau's jurisdiction over Respondent and the subject matter of this action.

IV

Definitions

3. The following definitions apply to this Consent Order:
- a. “Affiant” means any signatory to an Affidavit, signing in his or her capacity as an employee or agent of Respondent, but excluding one signing solely as a notary or witness to the act of signing.
 - b. “Affidavit” means any sworn statement filed with a court in connection with a Collections Lawsuit.
 - c. “Board” means TSI’s duly elected and acting Board of Directors.
 - d. “Clearly and Prominently” means:
 - i. as to written information: written in a type size and location sufficient for an ordinary consumer to read and comprehend it, and disclosed in a manner that would be easily recognizable and understandable in language and syntax to an ordinary consumer; if the information is contained in a multi-page print document, the disclosure appears on the first page.
 - ii. as to information presented orally: spoken and disclosed in a volume, cadence, and syntax sufficient for an ordinary consumer to hear and comprehend.
 - e. “Collections Lawsuits” means attempts by a Law Firm engaged by Respondent’s Attorney Network business unit, for an account owned or alleged to be owned by a Trust, through judicial processes in the United States of America, to collect or establish a Consumer’s liability for a Debt.
 - f. “Consumer” means any natural person obligated or allegedly obligated to pay any Debt.

- g. “Debt” means any obligation or alleged obligation of a Consumer to pay money arising out of a transaction in which the money, property, insurance, or services which are the subject of the transaction are primarily for personal, family, or household purposes, whether or not such obligation has been reduced to judgment.
- h. “Effective Date” means the date on which the Consent Order is issued.
- i. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his/her delegate.
- j. “Law Firm” means a law firm engaged by Respondent’s Attorney Network business unit to collect student loan Debt on behalf of the National Collegiate Student Loan Trusts.
- k. “Regional Director” means the Regional Director for the Northeast Region for the Office of Supervision for the Consumer Financial Protection Bureau, or his/her delegate.
- l. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section V of this Consent Order.
- m. “Relevant Period” includes the period from November 1, 2014 to April 25, 2016.
- n. “Respondent” means Transworld Systems, Inc., and its successors and assigns.

- o. “Service Providers” means any service provider, as defined in section 1002(26) of the CFPA, 12 U.S.C. § 5481, that provides or provided services with respect to the servicing of the student loans owned by a NCSLT.

V.

Bureau Findings and Conclusions

The Bureau finds the following:

- 4. The National Collegiate Student Loan Trusts (“NCSLTs” or “the Trusts”) comprise fifteen (15) Delaware statutory trusts created between 2001 and 2007. The basic purpose of each Trust is to acquire a pool of student loans, enter into the so-called trust-related agreements, and provide for the administration of the Trusts and the servicing of student loans.
- 5. The Trusts do not have any employees and all actions taken by the Trusts in connection with loan servicing and collecting Debt are carried out by third parties.
- 6. Debt-collection activities on behalf of the Trusts are carried out by the successor special servicer’s sub-servicer pursuant to servicing agreements with the successor special servicer.
- 7. Sub-servicers that executed and notarized the deceptive affidavits did so as Service Providers and agents of the Trusts.
- 8. Law Firms that filed lawsuits on behalf of the Trusts did so as Service Providers and agents of the Trusts.

9. Respondent Transworld Systems, Inc. (TSI) is incorporated under the laws of the State of California and maintains a principal place of business in Ft. Washington, Pennsylvania.
10. TSI maintains an office in Peachtree Corners, Georgia, where its employees execute and notarize affidavits for Collections Lawsuits brought on behalf of the Trusts.
11. A national network of Law Firms engaged by Respondent file and prosecute Collections Lawsuits on behalf of the Trusts in courts across the country.
12. TSI has operated as the successor sub-servicer to the successor special servicer of the Trusts since November 1, 2014.
13. TSI is a "covered person" under 12 U.S.C. § 5481(6) because it is engaged in the collection of debt and is a Service Provider. 12 U.S.C. § 5481(15)(A)(x), (26).
14. TSI is an agent and Service Provider of the Trusts.

FALSE AND MISLEADING AFFIDAVITS AND TESTIMONY

15. In connection with collecting or attempting to collect Debt from Consumers, between November 1, 2014 and April 25, 2016, Law Firms hired by Respondent on behalf of the Trusts initiated 37,689 Collections Lawsuits in courts across the country on behalf of the Trusts.
16. In support of the Collections Lawsuits, Law Firms submitted Affidavits executed by Respondent and documents in support of the Trusts' claims that Consumers owed Debts to a Trust.
17. Respondent executed and notarized Affidavits—often with attached exhibits—that were used by Law Firms in many of the Collections Lawsuits

brought on behalf of the Trusts between November 1, 2014 and April 25, 2016.

18. In these Affidavits, the Affiants swore that they had personal knowledge of the education loan records evidencing the Debt. In fact, in numerous instances, Affiants lacked personal knowledge of the education loan records evidencing the Debt when they executed the Affidavits.
19. The Affiants also asserted that they were authorized and competent to testify about the Consumers' Debts through review of and "personal knowledge" of the business records, including electronic data in their possession. In fact, in certain instances, Affiants lacked personal knowledge of the business records, including the electronic data, showing that Consumers owed Debts to the Trusts. Affiants were instructed to review certain data on a computer screen as part of an effort to verify some information in the Affidavits about the Debts. Affiants, however, did not always know the source of the data on that screen, how the data was obtained or maintained, whether it was accurate, or whether that data meant that the Debt was in fact owed to the Trusts.
20. Each Affiant also swore that he/she had "personal knowledge of the record management practices and procedures of Plaintiff [the Trust] and the practices and procedures Plaintiff requires of its loan servicers and other agents." In fact, certain Affiants lacked personal knowledge of the record management practices and procedures of the Trusts and the practices and procedures the Trusts required of its loan servicers and other agents.

21. In many Affidavits, the Affiants also stated that “I have reviewed the chain of title records as business records” regarding the relevant account. In some cases, Affiants did not possess the chain of title records but reviewed “chain of title” records that were found online on a government portal maintained by the Securities and Exchange Commission. In numerous instances, Affiants did not review the chain of title records prior to executing the Affidavits.
22. In certain Affidavits, the Affiants asserted that they had personal knowledge that the loans were transferred, sold, and assigned to the plaintiff Trusts on dates certain. In fact, in numerous instances, Affiants lacked personal knowledge of the chain of assignment records necessary to prove that the relevant Trust owned the subject loans.
23. In some instances, certain Affiants complained to supervisors that they did not have personal knowledge of the representations made in the Affidavits. These affiants continued to execute Affidavits, however, for fear of losing their jobs.
24. Affiants also provided live testimony in court, purportedly based on personal knowledge, similar to the statements made in the Affidavits as described in Paragraphs 18-22.

**FILING LAWSUITS WITHOUT THE INTENT OR ABILITY TO
PROVE THE CLAIMS, IF CONTESTED**

25. From November 1, 2014 to April 25, 2016, on behalf of the Trusts, Law Firms filed numerous Collections Lawsuits against Consumers even though

the complete documentation needed to prove that the Trusts owned the loans did not exist.

26. In these lawsuits, documentation of a complete chain of assignment evidencing that the subject loan was transferred to and owned by the Trust was lacking.
27. In addition, Law Firms hired by Respondent on behalf of the Trusts filed numerous Collections Lawsuits where the loans in question were disbursed to the Consumers after the loans allegedly were transferred to the Trusts according to the chain of assignment documents.
28. On numerous occasions, Law Firms hired by Respondent filed Collections Lawsuits even though the promissory note to prove that a Debt was owed did not exist.
29. For each Collections Lawsuit described in Paragraphs 25-28, Law Firms hired by Respondent could not prove that a Debt was owed to the Trusts, if contested.

Violations of the Consumer Financial Protection Act

30. Covered persons are prohibited from engaging “in any unfair, deceptive, or abusive act or practice” in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).
31. An act or practice is deceptive under the CFPA if it involves a material representation or omission that misleads, or is likely to mislead, a consumer acting reasonably under the circumstances.
32. An act or practice is unfair if “(A) the act or practice causes or is likely to cause substantial injury to consumers which is not reasonably avoidable by

consumers; and (B) such substantial injury is not outweighed by countervailing benefits to consumers or competition.” 12 U.S.C. § 5531(c)(1).

FALSE AND MISLEADING COLLECTION AFFIDAVITS AND TESTIMONY

33. In numerous instances, in connection with collecting or attempting to collect Debt from Consumers, Respondent executed Affidavits that were used by Law Firms with many of the Collections Lawsuits filed by Law Firms on behalf of the Trusts in courts across the country, and in live testimony, Respondent represented, directly or indirectly, expressly or by implication, that:
- a. Affiants had personal knowledge of the account records and the Debt;
 - b. Affiants had personal knowledge of the chain of assignment records evidencing Trust ownership of the subject loan; and
 - c. Affiants had personal knowledge of the record management practices and procedures of the Trusts and all prior servicers.
34. In fact, as described in Paragraphs 18 to 24, in numerous instances, these representations were either false or the Affiant did not have a basis for making the representation.
35. The representations are material because they are likely to affect a Consumer's choice or conduct regarding how to respond to a Collections Lawsuit and are likely to mislead a Consumer acting reasonably under the circumstances.

36. Thus, representations by Respondent, as described in Paragraphs 18-24, constitute deceptive acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPB, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

**FILING LAWSUITS WITHOUT THE INTENT OR ABILITY TO PROVE
THE CLAIMS, IF CONTESTED**

37. In numerous instances, in connection with collecting or attempting to collect Debt from Consumers, Respondent, acting through the Law Firms hired by Respondent on behalf of the Trusts, represented, directly or indirectly, expressly or by implication, that it could be proven in the Collections Lawsuits that the Trusts owned the loans in question and that the Consumers in question owed Debts to the Trusts, if contested.
38. In fact, in numerous instances, Respondent lacked the complete chain of assignment documentation needed to prove Trust ownership of the subject loans and the promissory note needed to prove the existence of certain loans.
39. The representations are material because they are likely to affect a Consumer's choice or conduct regarding how to respond to a lawsuit and are likely to mislead a Consumer acting reasonably under the circumstances.
40. Thus, Respondent's representations, as described in Paragraphs 25-29, constitute deceptive acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPB, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).
41. In addition, Respondent's acts and practices, caused or were likely to cause substantial injuries to consumers.

42. The injuries to consumers included, but were not limited to, all payments made, including garnishments of wages and bank accounts, to settle Debts not enforceable.
43. The injuries to consumers were not reasonably avoidable by consumers and were not outweighed by any countervailing benefits to consumers or to competition.
44. Thus, Respondent's conduct, as described in Paragraph 25-29, constitutes unfair acts or practices in violation of sections 1031(c) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(c)(1), 5536(a)(1)(B).

ORDER

VI

Conduct Provisions

IT IS ORDERED, under sections 1053 and 1055 of the CFPA, that:

45. Respondent and its officers, Service Providers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531, 5536, and must take the following affirmative actions:
 - a. Respondent shall take all actions necessary to comply with the terms of the Consent Order.
 - b. Respondent must require that any Law Firm it retains in connection with the collection of student loans owned by the Trusts agree to abide by the terms and conditions of the Consent Order.
 - c. Within ninety (90) days of the Effective Date, Respondent must identify all Collections Lawsuits that were filed between November 1,

2014 and the Effective Date and that are missing the documentation described in subsection (f)(i) and (ii) of this Paragraph.

- d. Within ninety (90) days of the Effective Date, Respondent must identify all Collections Lawsuits that were filed seeking Debt outside the statute of limitations and provide this information to the successor special servicer or any other Service Provider of the Trusts.
- e. Within one-hundred twenty (120) days of the Effective Date, Respondent must provide to the successor special servicer and to the Bureau for each Consumer named in the suits identified in Paragraph 45c and 45d: the Consumer's name, all available contact information for the Consumer (including information in the possession of the attorneys who filed the suit), and the total amount of all payments made by the Consumer on or after the date on which the suit was filed.
- f. Respondent and its officers, agents, Service Providers, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not initiate a Collections Lawsuit to collect Debt unless Respondent possesses:
 - i. the documentation necessary to prove that a Trust owns the loan, including but not limited to, documentation reflecting the complete chain of assignment from the Debt's originator to the specific Trust claiming ownership; and
 - ii. a document signed by the Consumer, such as a promissory note, evidencing the agreement to pay the loan forming the basis of the Debt.

- g. Respondent and its officers, agents, Service Providers, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not cause Law Firms hired by Respondent on behalf of the Trusts to initiate a Collections Lawsuit to collect on a loan for which the applicable statute of limitations has expired.
- h. Respondent shall establish written policies requiring Law Firms to confirm that the applicable statute of limitations has not expired at the time of the filing of the Collections Lawsuit;
- i. Respondent shall require Law Firms to provide a quarterly report to Respondent that includes, for each Collections Lawsuit, any data relevant to determining the applicable statute of limitations, such as date of lawsuit, date of default, and date of last payment, as well as identifies any lawsuits in which a consumer alleges in his pleadings that the lawsuit was filed outside the statute of limitations.
- j. Respondent shall not collect any Debt through a Collections Lawsuit that Respondent knows or learns was filed outside the statute of limitations, and if any such cases are pending, Respondent shall seek the immediate withdrawal or dismissal of the lawsuit.
- k. Respondent and its officers, agents, Service Providers, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not cause Law Firms hired by Respondent on behalf of the Trusts to collect any Debt through

Collections Lawsuits that Respondent or its agents have any reason to believe may be unenforceable.

- l. Respondent, its officers, agents, Service Providers, servants, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Consent Order, whether acting directly or indirectly, are permanently restrained and prohibited from, in connection with the collection of a Debt, executing any Affidavit containing any misrepresentations, including false statements that:
 - i. the Affiant is familiar with or has personal knowledge of the Consumer's education loan records or the maintenance of those records;
 - ii. the Affiant has personal knowledge of the Consumer's debt;
 - iii. the Affiant has personal knowledge of the loan's chain of assignment or ownership;
 - iv. the Affiant has personal knowledge of the documents relating to the loan's chain of assignment or ownership;
 - v. the Affidavit has been properly notarized if the Affidavit was not executed in the presence of a notary or if the notarization was otherwise not compliant with applicable notary laws; or
 - vi. certain documents or records concerning the Debt forming the basis of the Collections Lawsuit have been reviewed by the Affiant.
46. Respondent, its officers, agents, Service Providers, servants, employees, and attorneys, and all other persons in active concert or participation with any

of them, who receive actual notice of this Consent Order, whether acting directly or indirectly, are permanently restrained and prohibited from, in connection with the collection of a Debt, providing any testimony that contains any misrepresentations, including false statements that the witness:

- a. is familiar with or has personal knowledge of the Consumer's education loan records or the maintenance of those records;
 - b. has personal knowledge of the Consumer's debt;
 - c. has personal knowledge of the loan's chain of assignment or ownership; or
 - d. has personal knowledge of the documents relating to the loan's chain of assignment or ownership.
47. If Respondent determines that it engages in any conduct prohibited by this Order, including but not limited to Paragraphs 45-46 of this Order, Respondent promptly will take the necessary steps to ensure that it ceases any and all practices that violate this Order.
48. Within ten (10) days of making the determination described in Paragraph 47 Respondent must submit to the Regional Director a report detailing (a) the practices that violate the Order, (b) the specific agents engaged in the practices in question, and (c) a plan to ensure that the practices cease and to remediate any harm resulting from the practices.
49. With regard to pending Collections Lawsuits filed by a Law Firm in which Respondent executed an Affidavit that was filed in support of the pending Collection Lawsuit and that contains any misrepresentations—including but

not limited to false statements that the Affiant: (1) is familiar with or has personal knowledge of the Consumer's education loan records or the maintenance of those records, (2) has personal knowledge of the consumer's indebtedness, (3) has personal knowledge of the loan's chain of assignment or ownership, (4) has personal knowledge about the maintenance of documents relating to the loan's chain of assignment or ownership, or (5) has attached as an exhibit a true and correct copy of a document—Respondent shall take the steps necessary, including getting permission from the successor special servicer, to direct Law Firms acting on behalf of the Trusts to withdraw such Affidavit unless the Trusts dismiss the suit in which the Affidavit was filed. Respondent shall take the steps necessary, including getting permission from the successor special servicer, to direct Law Firms acting on behalf of the Trusts to notify the court of the following in writing and must also simultaneously provide the court with a copy of the Consent Order entered into between the Bureau and the Respondent: "Plaintiff withdraws the affidavit of [insert name of Affiant] pursuant to Consent Order entered into by the Consumer Financial Protection Bureau and Transworld Systems, Inc."

50. With regard to Collections Lawsuits that were filed in which Respondent executed an Affidavit that was filed with a court or in arbitration, and a judgment was entered, that contained any misrepresentations—including but not limited to false statements that the Affiant: (1) is familiar with or has personal knowledge of the Consumer's education loan records or the maintenance of those records, (2) has personal knowledge of the

Consumer's indebtedness, (3) has personal knowledge of the loan's chain of assignment or ownership, (4) has personal knowledge about the maintenance of documents relating to the loan's chain of assignment or ownership, or (5) has attached as an exhibit a true and correct copy of a document—Respondent must instruct the Law Firms to cease post-judgment enforcement activities and Respondent will take the steps necessary, including getting permission from the successor special servicer, to instruct the Law Firms acting on behalf of the Trusts to seek to remove, withdraw, or terminate any active wage garnishment, bank levies, and similar means of enforcing those judgments or settlements as well as cease accepting settlement payments related to any such Collections Lawsuits.

51. Respondents must cooperate in all respects with any directive from the successor special servicer acting on behalf of the Trusts to:
 - a. Make certain disclosures in connection with the collection of Debt owned by the Trusts;
 - b. Withdraw any Affidavit or Collection Lawsuit; or
 - c. Provide loan information or documents to the successor special servicer, including but not limited to, information and documents related to:
 - i. Whether certain loans owned by the Trusts are no longer legally enforceable because the applicable statute of limitations has expired;
 - ii. Whether Collections Lawsuits have been filed on any loans where sufficient documentation, including signed promissory notes and

documentation reflecting the complete chain of assignment from the Debt's originator to the Collection Lawsuit's named plaintiff, is not in the possession, custody or control of the Collection Lawsuit's named plaintiff to prove the existence of the Debt owed to the named plaintiff, or where the applicable statute of limitations has expired; and

- iii. Whether judgments were obtained in Collections Lawsuits described in Paragraph 51(c)(ii) and the identity of Consumers from whom the Trusts obtained payments in response to those Collections Lawsuits, and the specific amounts collected from these Consumers.

VII

Compliance Plan

IT IS FURTHER ORDERED that:

- 52. Within ninety (90) days of the Effective Date, Respondent must submit to the Regional Director for review and determination of non-objection a compliance plan designed to ensure that the Attorney Network business unit of Respondent complies with all applicable Federal consumer financial laws with respect to Collections Lawsuits and the terms of this Consent Order (Compliance Plan). The Compliance Plan must include, at a minimum:
 - a. Detailed steps for addressing each action required by this Consent Order;

- b. Comprehensive, written policies and procedures designed to prevent violations of Federal consumer financial laws and associated risks of harm to Consumers with respect to Collections Lawsuits;
- c. An effective employee training program required for all employees with any involvement in Collections Lawsuits, including but not limited to Affiants, whose duties include reviewing, executing, preparing, processing, verifying, , or notarizing of Affidavits that includes regular, specific, comprehensive training in Federal consumer financial laws commensurate with individual job functions and duties;
- d. Implementation of reasonable and appropriate written policies and procedures to ensure the proper notarization processes for Affidavits, including that notaries place the Affiants under oath and witness their signatures;
- e. Implementation of reasonable and appropriate written policies and procedures to ensure that Affiants verify the accuracy of each statement made in an Affidavit before executing the Affidavit;
- f. Comprehensive, written policies and procedures designed to ensure that any Law Firms engaged by Respondent to collect Debt do not violate any Federal consumer financial laws, which must include at a minimum:
 - i. the Law Firm's duty to maintain adequate internal controls to ensure compliance with Federal consumer financial laws;
 - ii. the Law Firm's duty to provide adequate training on compliance with all applicable Federal consumer financial laws and

Respondent's policies and procedures related to Collections
Lawsuits;

iii. Respondent's authority to conduct periodic onsite reviews of the
Law Firm's controls, performance, and information systems related
to Collections Lawsuits; and

iv. periodic review by Respondent of the Law Firm's controls,
performance, and information systems related to Collections
Lawsuits; and

g. Specific timeframes and deadlines for implementation of the steps
described above.

53. The Regional Director will have the discretion to make a determination of
non-objection to the Compliance Plan or direct Respondent to revise it. If
the Regional Director directs Respondent to revise the Compliance Plan,
Respondent must make the revisions and resubmit the Compliance Plan to
the Regional Director within thirty (30) days.

54. After receiving notification that the Regional Director has made a
determination of non-objection to the Compliance Plan or any amendments
thereto, Respondent must implement and adhere to the steps,
recommendations, deadlines, and timeframes outlined in the Compliance
Plan.

VIII

Role of the Board

IT IS FURTHER ORDERED that:

55. Respondent's Board must review all submissions (including plans, reports, programs, policies, and procedures) required by this Consent Order prior to submission to the Bureau.
56. Although this Consent Order requires Respondent to submit certain documents for the review or non-objection by the Regional Director, the Board will have the ultimate responsibility for proper and sound management of Respondent and for ensuring that Respondent complies with Federal consumer financial law and this Consent Order.
57. In each instance that this Consent Order requires the Board to ensure adherence to or perform certain obligations of Respondent, the Board must:
 - a. Authorize whatever actions are necessary for Respondent to fully comply with the Consent Order;
 - b. Require timely reporting by management to the Board on the status of compliance obligations; and
 - c. Require timely and appropriate corrective action to remedy any material non-compliance with any failures to comply with Board directives related to this Section.

IX

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

58. Under section 1055(c) of the CFPB, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section V of this Consent Order, and taking

into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$2.5 million to the Bureau.

59. Within ten (10) days of the Effective Date, Respondent must pay \$1.5 million of the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions. The remainder of the civil money penalty shall be paid in one installment within sixty (60) days of the Effective Date.
60. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
61. Respondent must treat the civil money penalty paid under this Consent Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
 - a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
 - b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.
62. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action or because of any

payment that the Bureau makes from the Civil Penalty Fund (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Respondent must, within thirty (30) days after entry of a final order granting the Penalty Offset, notify the Bureau, and pay the amount of the Penalty Offset to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

X

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

63. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.
64. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.
65. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

66. Within thirty (30) days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Regional Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to Consumers and describe the Consumers or classes of Consumers to whom that redress has been or will be paid.

XI

Reporting Requirements

IT IS FURTHER ORDERED that:

67. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice, if practicable, at least thirty (30) days before the development, but in any case no later than fourteen (14) days after the development.
68. Within ninety (90) days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Regional Director an

accurate written compliance progress report (Compliance Report) that has been approved by the Board, which, at a minimum:

- a. Describes in detail the manner and form in which Respondent has complied with this Consent Order; and
- b. Attaches a copy of each Order Acknowledgment obtained under Section XII unless previously submitted to the Bureau.

XII

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that,

69. Within thirty (30) days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its board members as well as to any managers, employees, Service Providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.
70. For five (5) years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section XI, any future board members or executive officers, as well as to any managers, employees, Service Providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.
71. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic

signatures comply with the requirements of the E-Sign Act, 15 U.S.C.

§§ 7001-7031, within thirty (30) days of delivery, from all persons receiving a copy of this Consent Order under this Section.

XIII

Recordkeeping

IT IS FURTHER ORDERED that

72. Respondent must create, or if already created, must retain for at least five (5) years from the Effective Date, the following business records:
 - a. All documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau.
73. Respondent must retain the documents identified in Paragraph 72 for the duration of the Consent Order.
74. Respondent must make the documents identified in Paragraph 72 available to the Bureau upon the Bureau's request.

XIV

Notices

IT IS FURTHER ORDERED that:

75. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re* Transworld Systems, Inc., File No. Year-CFPB- 0018," and send them either:
 - a. By overnight courier (not the U.S. Postal Service), as follows:

Regional Director, Bureau Northeast Region
Consumer Financial Protection Bureau
140 East 45th Street, 4th Floor
New York, NY 10017]

or

- b. By first-class mail to the below address and contemporaneously by
email to Enforcement_Compliance@cfpb.gov:

Regional Director, Bureau Northeast Region
Consumer Financial Protection Bureau
140 East 45th Street, 4th Floor
New York, NY 10017

XV

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

76. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in Section V. Respondent must provide truthful and complete information, evidence, and testimony and Respondent must cause its officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request upon ten (10) days written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

XVI

Compliance Monitoring

IT IS FURTHER ORDERED that, to monitor Respondent's compliance with this Consent Order:

77. Within fourteen (14) days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
78. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.
79. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

XVII

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

80. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Regional Director.
81. The Regional Director may, in his/her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he/she determines good cause justifies the modification. Any such modification by the Regional Director must be in writing.

XVIII

Administrative Provisions

82. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in Paragraph 83.
83. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section V of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.
84. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under section 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
85. This Consent Order will terminate five (5) years from the Effective Date or five (5) years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent. If such action is dismissed or the relevant adjudicative body rules that Respondent did not


violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.

86. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
87. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.
88. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.
89. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the

accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.

90. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing the Respondent, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 15th day of September, 2017.



Richard Cordray
Director
Consumer Financial Protection Bureau

EXHIBIT #6

EX-10.14 15 nationalcollegiate_ex10-14.htm POOL SUPPLEMENT
POOL SUPPLEMENT
BANK ONE, N.A.

This Pool Supplement (the "Supplement") is entered into pursuant to and forms a part of that certain (i) Amended and Restated Note Purchase Agreement dated as of May 1, 2002 and (ii) Amended and Restated Note Purchase Agreement dated as of July 26, 2002, each as amended or supplemented from the date of execution of the Agreement through the date of this Supplement (together, the "Agreement"), by and between The First Marblehead Corporation ("PMC") and Bank One, N.A. (Columbus, Ohio) by its successor by merger, JPMorgan Chase Bank, N.A. (the "Program Lender"). This Supplement is dated as of June 9, 2005. Capitalized terms used in this Supplement without definitions have the meanings set forth in the Agreement.

Article 1: Purchase and Sale.

In consideration of the Minimum Purchase Price set forth in Schedule 1 attached hereto, the Program Lender hereby transfers, sells, sets over and assigns to The National Collegiate Funding LLC (the "Depositor"), upon the terms and conditions set forth in the Agreement (which are incorporated herein by reference with the same force and effect as if set forth in full herein), each student loan set forth on the attached Schedule 2 (the "Transferred Bank One Loans") along with all of the Program Lender's rights under the Guaranty Agreement relating to the Transferred Bank One Loans. The Depositor in turn will sell the Transferred Bank One Loans to The National Collegiate Student Loan Trust 2005-2 (the "Trust"). The Program Lender hereby transfers and delivers to the Depositor each Note evidencing such Transferred Bank One Loan and all Origination Records relating thereto, in accordance with the terms of the Agreement. The Depositor hereby purchases said Notes on said terms and conditions.

Article 2: Price.

The amount paid pursuant to this Supplement is the Minimum Purchase Price, as that term is defined in Section 2.04 of the Agreement.

Article 3: Representations and Warranties.

3.01. By Program Lender.

The Program Lender repeats the representations and warranties contained in Section 5.02 of the Agreement for the benefit of each of the Depositor and the Trust and confirms the same are true and correct as of the date hereof with respect to the Agreement and to this Supplement.

3.02. By Depositor.

The Depositor hereby represents and warrants to the Program Lender that at the date of execution and delivery of this Supplement by the Depositor:

- (a) The Depositor is duly organized and validly existing as a limited liability company under the laws of the State of Delaware with the due power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and has, the power, authority and legal right to acquire and own the Transferred Bank One Loans.

(b) The Depositor is duly qualified to do business and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications.

(c) The Depositor has the power and authority to execute and deliver this Supplement and to carry out its respective terms; the Depositor has the power and authority to purchase the Transferred Bank One Loans and rights relating thereto as provided herein from the Program Lender, and the Depositor has duly authorized such purchase from the Program Lender by all necessary action; and the execution, delivery and performance of this Supplement has been duly authorized by the Depositor by all necessary action on the part of the Depositor.

(d) This Supplement, together with the Agreement of which this Supplement forms a part, constitutes a legal, valid and binding obligation of the Depositor, enforceable in accordance with its terms.

(e) The consummation of the transactions contemplated by the Agreement and this Supplement and the fulfillment of the terms hereof do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the governing instruments of the Depositor or any indenture, agreement or other instrument to which the Depositor is a party or by which it is bound; or result in the creation or imposition of any lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument; or violate any law or any order, rule or regulation applicable to the Depositor of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Depositor or its properties.

(f) There are no proceedings or investigations pending, or threatened, before any court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Depositor or its properties: (i) asserting the invalidity of the Agreement or this Supplement, (ii) seeking to prevent the consummation of any of the transactions contemplated by the Agreement or this Supplement, or (iii) seeking any determination or ruling that is likely to materially or adversely affect the performance by the Depositor of its obligations under, or the validity or enforceability of the Agreement or this Supplement.

Article 4: Cross Receipt.

The Program Lender hereby acknowledges receipt of the Minimum Purchase Price. The Depositor hereby acknowledges receipt of the Transferred Bank One Loans included in the Pool.

Article 5: Assignment of Origination, Guaranty and Servicing Rights.

The Program Lender hereby assigns and sets over to the Depositor any claims it may now or hereafter have under the Guaranty Agreement, the Origination Agreement and the Servicing Agreement to the extent the same relate to the Transferred Bank One Loans described in Schedule 2, other than any right to obtain servicing after the date hereof. It is the intent of this provision to vest in the Depositor any claim of the Program Lender relating to defects in origination, guaranty or servicing of the loans purchased hereunder in order to permit the Depositor to assert such claims directly and obviate any need to make the same claims against the Program Lender under this Supplement.

IN WITNESS WHEREOF, the parties have caused this Supplement to be executed as of the date set forth above.

THE FIRST MARBLEHEAD
CORPORATION

By: /s/ John A. Hupalo
Name: John A. Hupalo
Title: Executive Vice President

BANK ONE, N.A. (Columbus, Ohio)
by its successor by merger, JPMorgan
Chase Bank, N.A

By: /s/ Joseph F. Sergi
Name: Joseph F. Sergi
Title: First Vice President

THE NATIONAL COLLEGIATE
FUNDING LLC

By: GATE Holdings, Inc., Member

By: /s/ Stephen Anbinder
Name: Stephen Anbinder
Title: President

EXHIBIT #7

Loan Payment History Report

Date: 2017-02-09

Account Number: [REDACTED] 9175/0000000000000000		Product: EOU EDUCATION ONE UNDERGRAD	
Social Security Number: [REDACTED] 9175		Officer Code: 777062	
Name: GURNY, JESSICA		School: SCHOOLCRAFT COLLEGE	
Birth Date: 1983-[REDACTED]		Program Year: 2005-06	
Address 1: [REDACTED]		Variable Rate Code: FU LIBOR	
Address 2:		Interest Rate: 5.21%	
City: CANTON		Last Payment Date: 2013-12-11	
State: MI			
Zip Code: 48104			
Cosigner Name: ABELA, JENNIFER			
Social Security Number: [REDACTED]			
Address 1: [REDACTED]			
Address 2:			
City: [REDACTED]			
State: MI			
Zip Code: 48132			
		Last Payment Amount: \$29.14	
		Payment Due Date: 2012-09-24	
Contract Date: 2006-04-21		Last Interest Date: 2017-02-09	
Date Assigned: 2017-02-06		Accrued Interest: \$1,453.46	
Charge Off Date: 2012-10-01		Recovered Interest: \$29.14	
Charge Off Amount: \$6,815.93		Net Interest: \$1,424.32	
Recovered Principal: \$0.00		Associated Costs: \$0.00	
Net Charge Off: \$6,815.93		Recovered Costs: \$0.00	
Disbursement Date: 2006-04-21		Net Costs: \$0.00	
Disbursement Amount: \$5,054.55			

Transaction History

User	Date	Time	Code	Description	Amount
System	2012-10-31	00:01	82	\$6,815.93 @ 4.890 / 10/01/2012 - 10/31/2012	\$27.32
System	2012-11-13	00:01	82	\$6,815.93 @ 4.890 / 10/31/2012 - 11/13/2012	\$11.84
System	2012-12-03	00:01	82	\$6,815.93 @ 4.890 / 11/13/2012 - 12/03/2012	\$18.21
System	2012-12-19	00:01	82	\$6,815.93 @ 4.890 / 12/03/2012 - 12/19/2012	\$14.57
System	2012-12-31	00:01	82	\$6,815.93 @ 4.890 / 12/19/2012 - 12/31/2012	\$10.93
System	2013-01-03	00:01	82	\$6,815.93 @ 4.890 / 12/31/2012 - 01/03/2013	\$2.74
System	2013-01-22	00:01	82	\$6,815.93 @ 4.860 / 01/03/2013 - 01/22/2013	\$17.24
System	2013-01-31	00:01	82	\$6,815.93 @ 4.860 / 01/22/2013 - 01/31/2013	\$8.17
System	2013-02-28	00:01	82	\$6,815.93 @ 4.860 / 01/31/2013 - 02/28/2013	\$25.41
System	2013-03-31	00:01	82	\$6,815.93 @ 4.860 / 02/28/2013 - 03/31/2013	\$28.13

EXHIBIT

J

tabbies

EXHIBIT #8

NATIONAL COLLEGIATE STUDENT)	
LOAN TRUST 2006-2, A Delaware)	
Statutory Trust)	
Plaintiff)	Docket #
)	
)	
v.)	
)	
JESSICA GURNY)	
)	
)	
Defendant(s))	

AFFIDAVIT AND VERIFICATION OF ACCOUNT

STATE OF GEORGIA)
)
COUNTY OF GWINNETT)

BEFORE ME, the undersigned authority, personally appeared Affiant Deanna Martinez, who being first duly sworn, deposes and states:

1. I am employed by Transworld Systems Inc. (hereinafter TSI), the Subservicer for Plaintiff pertaining to the educational loan forming the subject matter of this action.
2. TSI has been contracted to perform the duties of the Subservicer for Plaintiff by U.S. Bank, National Association, the Special Servicer of Plaintiff. TSI, as the Subservicer of the Plaintiff, is the designated custodian of records for the Defendant's educational loan. Additionally, TSI maintains the dedicated system of record for electronic transactions pertaining to the Defendant's educational loan, including, but not necessarily limited to, payments, credits, interest accrual and any other transactions that could impact the Defendant's education.



Attached hereto as Exhibit "A" is a true and correct copy of confirmation of TSI's capacity as Subservicer.

3. I am over the age of 18 and competent to testify to the matters stated herein. As an employee of TSI, I am duly authorized by Plaintiff and U.S. Bank, National Association to make the representations contained in this Affidavit.

4. I have access and training on the system of record utilized by TSI to enter and maintain loan account records and documentation concerning the Defendant's educational loan for the Plaintiff.

5. I am familiar with the process by which TSI receives prior account records, including origination records from the time the loan was requested and/or disbursed to the Defendant and/or the student's school on their behalf.

6. As custodian of records it is TSI's regularly-conducted business practice to incorporate prior loan records and/or documentation into TSI's business records.

7. I am further competent and authorized to testify regarding this educational loan through personal knowledge of the business records maintained by TSI as custodian of records, including electronic data provided to TSI related to the Defendant's educational loan, and the business records attached to this Affidavit.

8. This lawsuit concerns an unpaid loan owed by Defendant JESSICA GURNY to Plaintiff. Specifically, Defendant entered into an educational loan agreement at Defendant's special instance and request. A loan was extended for Defendant to use pursuant to the terms of the loan agreements. Defendant has failed, refused, and/or neglected to pay the balance pursuant to the agreed terms.

9. Educational loan records are created, compiled and recorded as part of regularly conducted business activity at or near the time of the event and from information transmitted from a person with personal knowledge of said event and a business duty to report it, or from information transmitted by a person with personal knowledge of the accounts or events described within the business record. Such records are created, kept, maintained, and relied upon in the course of ordinary and regularly conducted business activity.

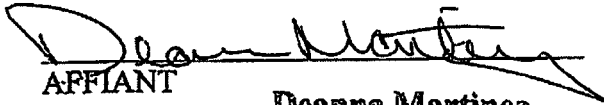
10. I have reviewed the educational loan records described in this affidavit regarding account number xxxxx9175/004-001000. No payment has been made since 12/11/2013. After all payments, credits and offsets have been applied, Defendant JESSICA GURNY owes the principal sum of \$6,815.93, together with accrued interest in the amount of \$1,422.37, totaling the sum of \$8,238.30 as of 8/9/2017. Attached hereto and incorporated as Exhibit "B" is a true copy of the underlying Credit Agreement/Promissory Note and Note Disclosure Statement. In the event the Defendant(s) faxed the executed Credit Agreement/Promissory Note, per its terms they agreed their facsimile/electronic signature is deemed to be an original.

11. The Defendant opened the educational loan described above and funds were first disbursed on 4/21/2006. See Exhibit "B". The Defendant's educational loan was then transferred, sold and assigned by the Lender directly to Plaintiff, NATIONAL COLLEGIATE STUDENT LOAN TRUST 2006-2, or to an intermediary, National Collegiate Funding, LLC, who then immediately transferred, sold and assigned the Defendant's educational loan to Plaintiff, NATIONAL COLLEGIATE STUDENT LOAN TRUST 2006-2. The Defendant's educational loan was in good standing and not in default on the date the Plaintiff acquired the Defendant's educational loan. Attached hereto and incorporated as Exhibit "C" is a true and correct copy of the assignment Agreement(s) described herein.

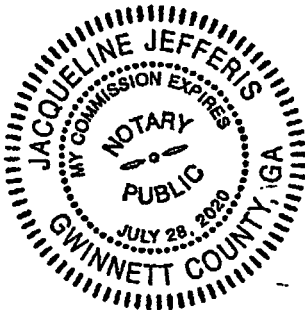
12. Based on custodial records, the Defendant is not a minor or incompetent. A reasonable inquiry has been made to determine if the Defendant is in the military service of the United States of America, and to the best of my knowledge, Defendant is not in such military service and is therefore not entitled to the rights and privileges provided under the Soldiers and Sailors Civil Relief Act of 1940, as amended.

13. I declare under the penalty of perjury under the laws of the forum state that the foregoing is true and correct.

FURTHER AFFIANT SAYETH NAUGHT.


AFFIANT
Print Name: Deanna Martinez
Title: Legal Case Manager

SWORN AND SUBSCRIBED to before me this 10th day of Aug, 2017



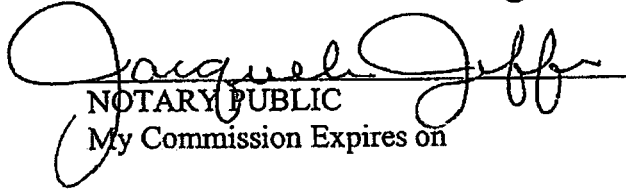

NOTARY PUBLIC
My Commission Expires on

EXHIBIT #9

SHERMETA LAW GROUP, PLLC
Attorneys and Counselors at Law

Telephone/Fax

(800) 451-7993 / (248) 519-1700
Fax: (248) 519-1701

P.O. Box 5016
Rochester, MI 48308

Physical address

1030 Doris Road, Suite 200
Auburn Hills, MI 48326

June 21, 2017

Jessica Gurny
39707 Lynn Street
Canton, MI 48187

Re: National Collegiate Student Loan Trust 2005-2 v Jessica Gurny
Case Number: 17006874CK
File Number:

Dear Jessica Gurny:

I am one of the attorneys representing National Collegiate Student Loan in the above-referenced matter. I have received and reviewed the Answer to the Complaint. At this time,

- a) You can sign a Consent Judgment for the full balance due indicating that you admit you owe the balance due. The Consent Judgment would have payment terms of wherein you are agreeing to pay that amount each month.
- b) You may make a lump sum payment of paid by July 21, 2017.
- c) You can sign a Consent Judgment indicating that you admit you owe the balance due. The Consent Judgment would not have payment terms. *Once the Judgment is entered*, you are at liberty to file a Petition for Installment Payments with the Court. This will have the Judge make the determination as to what you are to pay on a monthly basis.

Please be advised that our client may report the results of this settlement to the Federal and State Revenue authorities if any forgiveness of the principal portion of your debt exceeds the threshold amount. Please consult your tax advisor if you have any questions.

No agreement is valid until the appropriate paperwork has been signed by both parties and entered by the Court. If you wish to accept any of these proposed offers, you must contact this office so that we may send the appropriate paperwork for your review and signature. If you have any questions or would like to discuss other ways to resolve this matter, please contact our office.

Sincerely,
SHERMETA LAW GROUP, PLLC

Andrea M. Faes
Andrea M. Faes, Esq.

AMF:lag

NOTICE: THIS COMPANY IS A DEBT COLLECTOR ATTEMPTING TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Transworld Systems Named in Another Lawsuit Alleging Student Debt Collection Scheme](#)
