Banking and Finance Law Daily Wrap Up, ENFORCEMENT ACTIONS—FTC secures order permanently banning individuals from debt relief industry, (Sept. 12, 2025)

Banking and Finance Law Daily Wrap Up

By Charles A. Menke, J.D.

The FTC charged that the individuals and companies they operated pretended to be affiliated with the U.S. Department of Education as part of an illegal student loan debt-relief scheme.

The Federal Trade Commission announced that the U.S. District Court for the district of Nevada has entered stipulated orders for permanent injunction, monetary judgment, and other relief against Eric Caldwell and David Hernandez resolving FTC charges that they assisted in the operation of an illegal student loan debt-relief operation. Caldwell and Hernandez neither admitted nor denied the FTC's allegations, except as otherwise specifically stated in the orders.

The orders follow the filing of an amended complaint in early 2025 by the FTC alleging the individuals, as operators of Superior Servicing, LLC, and other companies, defrauded student loan borrowers out of millions of dollars by pretending to be affiliated with the U.S. Department of Education. The FTC alleged defendants collected and retained illegal advance fees from borrowers by falsely claiming the consumers would obtain benefits such as loan consolidation, reduced interest rates on their student loans, reduced monthly student loan payments, or loan forgiveness. The FTC charged that the companies and operators violated the Impersonation Rule by claiming to be affiliated with the Department of Education, as well as the FTC Act's prohibition on deceptive practices, the Telemarketing Sales Rule (TSR), and the Gramm-Leach-Bliley (GLB) Act.

The orders prohibit both Caldwell and Hernandez from engaging in the debt relief industry and specifically ban them from:

- falsely claiming to be affiliated with any person, corporation, or government entity;
- charging consumers illegal upfront fees;
- making any misrepresentations about other products or services; and
- using false statements to collect consumers' financial information.

In addition, Caldwell is banned from engaging in telemarketing, and Hernandez is prohibited from violating the Telemarketing Sales Rule. The orders also impose a monetary judgment of more than $45.9 million. Due to defendants' inability to pay, the judgment will be partially suspended after defendants pay more than $1.6 million and turn over approximately $560,000 in personal and business assets. In the event the FTC finds that either defendant has materially misrepresented their finances, the full amount of the judgment would become immediately due.

The FTC noted in its announcement that its action against the corporate defendants and another operator, David Merdjanian will continue. The FTC previously obtained a temporary restraining order and preliminary injunction against Superior Servicing and Merdjanian in November 2024.

Companies: Superior Servicing LLC

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