

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

SUMMARY ORDER

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At a stated term of the United States Court of Appeals for the Second Circuit, held at the Thurgood Marshall United States Courthouse, 40 Foley Square, in the City of New York, on the 2nd day of June, two thousand twenty-five.

PRESENT: DENNIS JACOBS,
DENNY CHIN,
RAYMOND J. LOHIER, JR.,
Circuit Judges.

CONSUMER FINANCIAL
PROTECTION BUREAU, THE
PEOPLE OF THE STATE OF NEW
YORK, BY LETITIA JAMES,
ATTORNEY GENERAL OF THE
STATE OF NEW YORK, STATE OF
COLORADO, EX REL. PHILIP J.
WEISER, ATTORNEY GENERAL,
STATE OF DELAWARE, EX REL.
KATHLEEN JENNINGS,
ATTORNEY GENERAL, STATE OF
DELAWARE, THE PEOPLE OF THE
STATE OF ILLINOIS, THROUGH
ATTORNEY GENERAL KWAME
RAOUL, THE STATE OF
MINNESOTA, BY ITS ATTORNEY

Nos. 24-697-cv (L);
24-583-cv (CON);
24-719-cv (CON);
24-727-cv (CON);
24-554-cv (CON)

GENERAL KEITH ELLISON, THE
STATE OF NORTH CAROLINA, EX
REL. JOSHUA H. STEIN,
ATTORNEY GENERAL, THE
STATE OF WISCONSIN,

Plaintiffs-Appellees,

v.

RYAN SASSON, CLEAR CREEK
LEGAL, LLC, CREDIT ADVOCATES
LAW FIRM, LLC, GREENSTONE
LEGAL GROUP, BRADON ELLIS
LAW FIRM LLC, HAILSTONE
LEGAL GROUP, HALLOCK AND
ASSOCIATES, HARBOR LEGAL
GROUP, ANCHOR LAW FIRM,
PLLC, BEDROCK LEGAL GROUP,
BOULDER LEGAL GROUP,
CANYON LEGAL GROUP, LLC,
GREAT LAKES LAW FIRM,
HEARTLAND LEGAL GROUP,
LEVEL ONE LAW,
MEADOWBROOK LEGAL GROUP,
MONARCH LEGAL GROUP,
NEWPORT LEGAL GROUP, LLC,
NORTHSTAR LEGAL GROUP,
OPTION 1 LEGAL, PIONEER LAW
FIRM P.C., ROCKWELL LEGAL
GROUP, SPRING LEGAL GROUP,
ROYAL LEGAL GROUP, SLATE
LEGAL GROUP, STONEPOINT
LEGAL GROUP, THE LAW FIRM
OF DEREK WILLIAMS, LLC,
WHITSTONE LEGAL GROUP,
WYOLAW, LLC, CHINN LEGAL

GROUP, LLC, LEIGH LEGAL GROUP, PLLC, HALLOCK & ASSOCIATES LLC, GUSTAFSON CONSUMER LAW GROUP, LLC, MICHEL LAW, LLC, THE LAW OFFICE OF MELISSA MICHEL LLC, MOORE LEGAL GROUP, LLC, JASON BLUST, THE BLUST FAMILY IRREVOCABLE TRUST THROUGH DONALD J. HOLMGREN, TRUSTEE, STRATFS, LLC, FKA STRATEGIC FINANCIAL SOLUTIONS, LLC, FORMERLY KNOWN AS STRATEGIC FINANCIAL SOLUTIONS, LLC, STRATEGIC CLIENT SUPPORT, LLC, FKA PIONEER CLIENT SERVICES, LLC, FORMERLY KNOWN AS PIONEER CLIENT SERVICES, LLC, STRATEGIC CS, LLC, STRATEGIC FS BUFFALO, LLC, STRATEGIC NYC, LLC, BCF CAPITAL, LLC, T FIN, LLC, STRATEGIC CONSULTING, LLC, VERSARA LENDING, LLC, STRATEGIC FAMILY, INC., ANCHOR CLIENT SERVICES, LLC., NOW KNOWN AS CS 1 PAAS SERVICES, LLC, BEDROCK CLIENT SERVICES, LLC, BOULDER CLIENT SERVICES, LLC, CANYON CLIENT SERVICES, LLC, CAROLINA CLIENT SERVICES, LLC, GREAT LAKES CLIENT SERVICES, LLC, GUIDESTONE CLIENT SERVICES, LLC, HARBOR CLIENT SERVICES,

LLC, HEARTLAND CLIENT SERVICES, LLC, MONARCH CLIENT SERVICES, LLC, NOW KNOWN AS CS 2 PAAS SERVICES, LLC, NEWPORT CLIENT SERVICES, LLC, NORTHSTAR CLIENT SERVICES, LLC, OPTION 1 CLIENT SERVICES, LLC, PIONEER CLIENT SERVICING, LLC, ROCKWELL CLIENT SERVICES, LLC, ROYAL CLIENT SERVICES, LLC, STONEPOINT CLIENT SERVICES, LLC, SUMMIT CLIENT SERVICES, LLC, NOW KNOWN AS CS 3 PAAS SERVICES, LLC, WHITESTONE CLIENT SERVICES, LLC,

Defendants-Appellants,

JOHN DOES 1-50, DANIEL BLUMKIN, ALBERT IAN BEHAR, STRATEGIC ESOP, STRATEGIC ESOT, TWIST FINANCIAL, LLC, DUKE ENTERPRISES, LLC, BLAISE INVESTMENTS, LLC, JACLYN BLUST, LIT DEF STRATEGIES, LLC, RELIALIT, LLC,

Defendants.

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GROUP, ANCHOR LAW FIRM, PLLC,
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NEWPORT LEGAL GROUP, LLC,
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CAPITAL, LLC, T FIN, LLC,
STRATEGIC CONSULTING, LLC,
VERSARA LENDING, LLC,
STRATEGIC FAMILY, INC.,
ANCHOR CLIENT SERVICES, LLC.,
NOW KNOWN AS CS 1 PAAS
SERVICES, LLC, BEDROCK CLIENT
SERVICES, LLC, BOULDER CLIENT
SERVICES, LLC, CANYON CLIENT
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WHITESTONE CLIENT SERVICES,
LLC:

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FAMILY IRREVOCABLE TRUST
THROUGH DONALD J. HOLMGREN,
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New York, NY

Appeal from an order of the United States District Court for the Western
District of New York (Michael J. Roemer, *Magistrate Judge*).

UPON DUE CONSIDERATION, IT IS HEREBY ORDERED, ADJUDGED,
AND DECREED that the District Court's order is AFFIRMED, and the cause is
REMANDED for further proceedings.

Appellants are entities and individuals that offer debt relief services. They
appeal from a March 4, 2024 order of the United States District Court for the
Western District of New York (Roemer, *M.J.*) granting a motion for a preliminary
injunction filed by the Consumer Financial Protection Bureau and the States of
New York, Colorado, Delaware, Illinois, Minnesota, North Carolina, and
Wisconsin. *See Consumer Fin. Prot., Bureau v. Stratfs, LLC*, No. 24-CV-40, 2024 WL
911518 (W.D.N.Y. Mar. 4, 2024). We assume the parties' familiarity with the

underlying facts and the record of prior proceedings, to which we refer only as necessary to explain our decision to affirm.

This case primarily concerns the Telemarketing Sales Rule (“TSR”), 16 C.F.R. § 310.1 *et seq.*, promulgated by the Federal Trade Commission. The TSR prohibits telemarketers who provide debt relief services from “[r]equesting or receiving payment of any fee” in advance of providing the debtor with debt relief services. 16 C.F.R. § 310.4(a)(5)(i). The rule exempts those telemarketers who do not require payment of a fee “until *after* a face-to-face sales . . . presentation by the seller.” *Id.* § 310.6(b)(3) (emphasis added).

We refer to the Appellants collectively as “Strategic” because, as the District Court noted, “Strategic Family, Inc. is the parent company” to many of the corporate Appellants. *Stratfs, LLC*, 2024 WL 911518, at *4. Strategic collects advance fees from its customers prior to providing them with any service. The principal question presented is whether Strategic’s practice of sending third-party notaries to debtors’ homes prior to collecting advance fees exempts it from the TSR under the § 310.6(b)(3) exemption for face-to-face sales presentations. The District Court concluded that Strategic was not entitled to the exemption and

granted the Appellees' motion for a preliminary injunction and accompanying relief.

I. Preliminary Injunction

We review orders granting or denying a preliminary injunction “for abuse of discretion, examining a district court’s legal conclusions *de novo* and factual conclusions for clear error.” *Conn. State Police Union v. Rovella*, 36 F.4th 54, 61–62 (2d Cir. 2022). The District Court ruled that Strategic was not likely to succeed on the merits by satisfying the face-to-face sales presentation exemption because the third-party notaries in this case (1) did not conduct “sales presentations” and (2) did not act as the “seller” or its agents. *See* 16 C.F.R. § 310.6(b)(3). Because we agree on the latter point, we need not address the former.

Strategic agrees that the notaries are not “sellers” within the meaning of the TSR. *See* 16 C.F.R. § 310.2(ee). It insists, however, that the notaries act as its agents during and in connection with the specific task of making sales presentations. On this record, we disagree.

An agency relationship is formed when a principal “manifests assent to an agent that the agent will act on the principal’s behalf and be subject to the principal’s control” with respect to a particular task, “and the agent manifests

assent to the same.” *In re Nine West LBO Secs. Litig.*, 87 F.4th 130, 148 (2d Cir. 2023); see *In re Tribune Co. Fraudulent Conv. Litig.*, 946 F.3d 66, 79 (2d Cir. 2019); Restatement (Third) of Agency § 1.01 (2006). The District Court found that Strategic “specifically told” its notaries that while they were at a debtor’s home to notarize a contract, they “may NOT” answer questions about Strategic’s services beyond what could be gleaned from an informational packet. *Stratfs, LLC*, 2024 WL 911518, at *13 (quotation marks omitted). Strategic instead authorized its “Financial Consultants” to make sales presentations to customers by phone. *Id.* at *8, *10. These Financial Consultants told customers that the notaries were not able to explain Strategic’s services. *Id.* at *19. Indeed, Strategic’s policies required the notaries to refer customers to a Financial Consultant for an answer to any substantive questions about Strategic’s services, rather than answer the questions themselves. *Id.* at *13.

The District Court thus found that “all of the credible evidence and testimony in the record demonstrates that the notaries’ purpose in meeting with consumers is to facilitate the signing [of contracts], and not to sell debt-relief services on behalf of” Strategic. *Id.* at *7; see *id.* at *9–10. In light of this finding, the court did not err when it concluded that the notaries are not Strategic’s

agents “for the purpose of actually *selling* debt-relief services.” *Id.* at *9. We therefore affirm the District Court’s conclusion, at the preliminary injunction stage, that Strategic does not qualify for the face-to-face sales presentation exemption to the TSR because it never authorized the third-party notaries to give a meaningful sales presentation on its behalf. *See In re Nine West LBO*, 87 F.4th at 148.¹

II. Receivership and Asset Freeze

Strategic also challenges the District Court’s order insofar as it issued an asset freeze injunction and appointed a receiver. We review an order imposing these forms of injunctive relief for abuse of discretion. *See Smith v. S.E.C.*, 653 F.3d 121, 127 (2d Cir. 2011); *S.E.C. v. Am. Bd. of Trade, Inc.*, 830 F.2d 431, 436 (2d Cir. 1987). Where, as here, a plaintiff seeks equitable remedies such as restitution and disgorgement, a district court “ha[s] the inherent equitable authority to issue [an] [a]sset [f]reeze [i]njunction.” *Gucci Am., Inc. v. Weixing Li*, 768 F.3d 122, 130 (2d Cir. 2014). A district court also has the discretion to “appoint a receiver to manage a defendant’s assets during litigation.” *Rosen v. Siegel*, 106 F.3d 28, 33

¹ Strategic argues for the first time on appeal that the face-to-face sales presentation exemption is unconstitutionally vague. We decline to consider this forfeited argument. *See Siemens Energy, Inc. v. Petróleos de Venezuela, S.A.*, 82 F.4th 144, 160 (2d Cir. 2023).

(2d Cir. 1997). Such an appointment may be appropriate to “preserve the status quo” during the pendency of the litigation or “obtain an accurate picture” of the defendant’s finances, especially if the court concludes that it “[can]not rely on” the defendant for those purposes. *S.E.C. v. Manor Nursing Ctrs., Inc.*, 458 F.2d 1082, 1105 (2d Cir. 1972), *abrogated on other grounds by Liu v. S.E.C.*, 591 U.S. 71 (2020). On the record before us, we affirm both the District Court’s asset freeze injunction and the appointment of a receiver.

III. Ryan Sasson and Jason Blust

Appellants Ryan Sasson and Jason Blust contend that the District Court erred by subjecting them individually to the court’s preliminary injunction. We disagree. An individual may be liable under the TSR if he “provide[s] substantial assistance” to a seller when he “knows or consciously avoids knowing” that the seller is “engaged in any act or practice that violates . . . § 310.4.” 16 C.F.R. § 310.3(b); *see also id.* § 310.4(a)(5)(i) (prohibiting collection of advance fees). The District Court found that Sasson “is the CEO of Strategic and is one of its founders” and that Blust “controls the . . . law firms,” “serv[es] as a liaison” among the corporate Appellants, and, through his consulting company, “drafted the scripts . . . for the notaries.” *Stratfs, LLC*, 2024 WL 911518, at *21.

These facts are sufficient to render Sasson and Blust liable under 16 C.F.R.

§ 310.3(b).² Sasson and Blust argue that they lacked specific knowledge that their conduct was unlawful. But the District Court needed only to conclude that Sasson and Blust had “knowledge of facts and attendant circumstances that comprise a violation of” the TSR, not that they knew that their conduct was illegal. *United States v. Weintraub*, 273 F.3d 139, 147 (2d Cir. 2001). The District Court thus did not err in also enjoining Sasson and Blust from violating the TSR.

Citing *Loper Bright Enters. v. Raimondo*, 603 U.S. 369 (2024), which was decided after the District Court’s order, Sasson has separately moved to vacate the District Court’s preliminary injunction order on the ground that portions of the TSR are unlawful under the Telemarketing Act. But we conclude that Sasson forfeited this argument by failing to raise it in the District Court. Indeed, none of the Appellants challenged the TSR’s validity under the Telemarketing Act before the District Court. We generally will not consider arguments raised for the first time on appeal, *see Siemens Energy, Inc. v. Petróleos de Venezuela, S.A.*, 82 F.4th 144,

² The same facts would also make Sasson and Blust directly liable as “sellers” of debt-relief services, *see* 16 C.F.R. § 310.4(a)(5)(i), defined in the TSR is “any person who . . . provides, offers to provide, or arranges for others to provide goods or services to the customer,” *id.* § 310.2(ee); *see also NRP Holdings LLC v. City of Buffalo*, 916 F.3d 177, 202 n.22 (2d Cir. 2019) (“[W]e may affirm on any basis for which there is sufficient support in the record.” (quotation marks omitted)).

160 (2d Cir. 2023), and we decline to deviate from that rule where, as here, proceedings before the District Court are ongoing. In any event, Appellants' counsel also acknowledged at oral argument that the face-to-face sales presentation provision of the TSR is not inconsistent with the Telemarketing Act. *See* Oral Argument Audio Recording at 48:23–:55.

We accordingly deny Sasson's motion.

CONCLUSION

We have considered Strategic's remaining arguments and conclude that they are without merit. For the foregoing reasons, the District Court's order is **AFFIRMED**, and the cause is **REMANDED** for further proceedings.

FOR THE COURT:

Catherine O'Hagan Wolfe, Clerk of Court