

THE FTC SETTLEMENT WITH AMERIDEBT'S FOUNDER
Frequently Asked Questions
December 11, 2008

When will I get my settlement payment?

We mailed the partial refunds to AmeriDebt consumers during the second week of September, 2008.

If you paid fees or contributions to AmeriDebt between January 31, 1998 and October 7, 2004, and you did not receive a check by October 3, 2008, call the FTC's redress administrator at **888-309-3816**. If we have your information in the database, you can make a request that we re-issue the check (although we can't re-issue checks until at least March 2009). If we do not have your information in the database, we will send you a claim form.

Redress checks to consumers who paid fees or contributions to Debicated Consumer Counseling, Inc., A Better Way Credit Counseling, Inc., Credicure, Inc., Mason Credit Counseling, Inc., Nexum Credit Counseling, Inc., Neway, Inc., The Credit Network, Inc., Visual Credit Counseling, Inc., Preactive, Inc., or Debtscape, Inc. were mailed on October 28, 2008. Check www.polacsekclass.com for updates.

What was the Federal Trade Commission (FTC) case against AmeriDebt and related parties about?

The FTC sued AmeriDebt, Inc, DebtWorks, Inc., and Andris Pukke alleging that they engaged in deceptive practices in promoting and offering credit counseling and debt management plans (DMPs). The FTC alleged that the defendants deceived consumers about the fees for DMPs and misrepresented that AmeriDebt was a non-profit. The FTC also alleged that the defendants promised to teach consumers how to handle their credit and finances, but they did not do so.

What were the terms of the settlement?

In 2006, Andris Pukke was banned from the credit counseling and debt management business and required to turn over virtually all of his assets to the court-appointed Receiver for consumer redress in the FTC action and a related class action case. In addition, the IRS entered into a related settlement and will receive 30% of the funds. The FTC and the class action also obtained some funds from Pamela Pukke, which will be used for consumer redress. AmeriDebt is out of business – it filed for bankruptcy and sold all of its remaining debt management plans to Money Management, Inc. In March 2007, the court found Andris Pukke in contempt of court for hiding assets from the Receiver and ordered him to turn over additional assets to the Receiver.

How was the settlement fund distributed?

We considered the initial and monthly contributions you made, according to the company's records, and provided you with a pro rata share of the settlement fund based on the initial contribution you made. Thus, the more you paid in contributions, the more you received.

Who is the Receiver?

In 2005, the FTC asked the Court to appoint a professional firm to take control of Andris Pukke's assets because the FTC believed he was hiding and wasting millions of dollars he had received from DebtWorks. The Court granted the FTC's motion and appointed the firm Robb Evans & Associates to do that work. Robb Evans & Associates is court-supervised and is referred to as the "Receiver."

Since May 2006, the Receiver has been working diligently to identify all possible assets that can be liquidated for consumers' benefit. The Receiver obtained a contempt order against Pukke in March 2007 on the grounds that he had been hiding assets from the receiver. The Receiver has been locating and liquidating a wide range of complex assets, including overseas property and property held by family and friends of Pukke.

For more information, please see www.robbevans.com/html/debtworks.html.

What if I got a class action notice about the settlement but my credit counseling agency was not AmeriDebt?

The class action case, called *Polacsek, et al. v. Debticated Consumer Counseling, Inc., et al.*, addressed issues very similar to the FTC case, but it included customers of 10 credit counseling agencies serviced by DebtWorks in addition to AmeriDebt. These agencies are: Debticated Consumer Counseling, Inc., A Better Way Credit Counseling, Inc., Credicure, Inc., Mason Credit Counseling, Inc., Nexum Credit Counseling, Inc., Neway, Inc., The Credit Network, Inc., Visual Credit Counseling, Inc., Preactive, Inc., and Debtscape, Inc. Redress or class action recoveries for customers of all agencies were calculated the same way. If you were a customer of one of the other agencies, the class settlement administrator distributed your share of the class action recovery to you. If you were a customer of AmeriDebt, the FTC distributed redress to you. AmeriDebt clients will not receive separate additional payments from the class action, because the FTC redress payments are the same as the class action recovery.

For more information, please see www.polacsekclass.com or contact:

(1) Garrett M. Smith, Esq. of Michie Hamlett Lowry Rasmussen & Tweel PLLC, 500 Court Square, Suite 300, P.O. Box 298, Charlottesville, VA 22902-0298, Telephone: (434) 951-7213; Facsimile: (434) 951-7242; Email: mbaldwin@mhlrt.com;

(2) David J. Vendler, Esq., of Morris, Polich & Purdy LLP, 1055 West Seventh Street, 24th Floor, Los Angeles, California 90017, Telephone: (213) 891-9100; Facsimile: (213) 488-1178, or

(3) Gregory S. Duncan, Esq., 412 East Jefferson Street, Charlottesville, VA 22902, Telephone: (434) 979-8556; Facsimile: (434) 979-9766.

Who are DebtWorks, Andris Pukke, and Pamela Pukke?

DebtWorks was the company that provided customer service and administration for the AmeriDebt DMPs. Andris Pukke founded AmeriDebt and owned DebtWorks. The FTC alleged that AmeriDebt, DebtWorks, and Andris Pukke were part of a common enterprise that deceived consumers about AmeriDebt's costs and services. Pamela Pukke was Andris Pukke's wife – the FTC alleged that she received money from the scheme and sued her to recover the money.

Who is Gilardi?

Gilardi is the FTC's Redress Program Administrator. They are administering the settlement for the FTC.

Where can I get additional information about the settlement?

The settlement agreements and court orders related to the settlement are available online at www.ftc.gov/ameridebt.

How can I learn more about my consumer rights?

To get free information on consumer credit issues, visit the FTC online at <http://www.ftc.gov/credit>.