

**The FTC Settlement with AmeriDebt's Founder
Frequently Asked Questions
March 2011**

When will the FTC send consumer redress payments?

The FTC mailed redress checks to consumers during the weeks September 8, 2008 and December 29, 2008. The FTC mailed a final round of refund checks the week of March 7, 2011.

If you paid fees or contributions to AmeriDebt between January 31, 1998 and October 7, 2004, and you did not receive a check, call the FTC's redress administrator at **1-888-309-3816**. If we have your information in the database, you can ask us to re-issue the check. If we do not have your information in the database, we will send you a claim form.

On October 28, 2008, redress checks were sent to consumers who paid fees or contributions to:

- A Better Way Credit Counseling, Inc.
- Credicure, Inc.
- Debticated Consumer Counseling, Inc.
- Debtscape, Inc.
- Mason Credit Counseling, Inc.
- Neway, Inc.
- Nexum Credit Counseling, Inc.
- Preactive, Inc.
- The Credit Network, Inc.
- Visual Credit Counseling, Inc.

For more information about those checks, go to www.polacsekclass.com.

Why is the FTC making additional payments in 2011?

In March 2007, the court found Andris Pukke, the founder of AmeriDebt, Inc., in contempt of court for hiding assets from the court-appointed Receiver and ordered him to turn over additional assets to the Receiver. These assets are being used to make additional payments to consumers. There is an ongoing criminal case against Mr. Pukke for hiding his assets, and he is scheduled to be sentenced on May 16, 2011.

Who did the FTC sue in the AmeriDebt case, and why?

Andris Pukke founded AmeriDebt, Inc. and owned DebtWorks, Inc.. DebtWorks, Inc. provided customer service and administration for the AmeriDebt, Inc. debt management programs. The FTC sued Andris Pukke, AmeriDebt, Inc., and DebtWorks, Inc. The FTC alleged that the companies engaged in deceptive practices in promoting and offering credit counseling and debt management plans. The FTC alleged that AmeriDebt Inc., DebtWorks Inc., and Andris Pukke were part of a common enterprise that deceived consumers about the fees for debt management

programs, misrepresented that AmeriDebt Inc. was a non-profit, and promised to teach consumers how to handle their credit and finances, but did not do that.

The FTC also alleged that Pamela Pukke, Andris Pukke's wife, received money from the scheme and sued her to recover the money.

What were the terms of the settlement?

As a result of the FTC action and a related class action case, in 2006 Andris Pukke was banned from credit counseling and debt management businesses and required to turn over virtually all of his assets to the court-appointed Receiver. The FTC and the class action also obtained some funds from Pamela Pukke, which will be used for consumer redress.

The IRS entered into a related settlement with Mr. Pukke and has received 30% of the funds collected from Mr. Pukke. AmeriDebt, Inc. is out of business; it filed for bankruptcy and sold all of its remaining debt management plans to Money Management, Inc.

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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, Inc. The court granted the FTC's motion and appointed the firm Robb Evans & Associates LLC as the Receiver. The court supervises Robb Evans & Associates LLC.

Since May 2006, the Receiver has worked diligently to identify all possible assets that can be used for redress to consumers. The Receiver has located and liquidated a wide range of complex assets, including overseas property and property held by family and friends of Pukke. For more information, please see <http://www.robbevans.com/html/debtworksorders.html>

Who is Gilardi?

Gilardi is the FTC's Redress Program Administrator. It administers the settlement for the FTC.

How are the settlement funds being distributed?

The FTC reviewed the companies' records to see how much each consumer spent on the initial payment and monthly contributions. Each consumer got a portion of the settlement funds based on the payments they made. Consumers who paid larger amounts to the companies received larger amounts of redress.

I got a class action notice about settlement, but my credit counseling agency was not AmeriDebt. Will I get consumer redress?

The class action case, called *Polacsek, et al. v. Debticated Consumer Counseling, Inc., et al.*, addressed issues very similar to the issues in the FTC case, and it applied to customers of 10 credit counseling agencies that were serviced by DebtWorks, Inc. These 10 agencies are:

- A Better Way Credit Counseling, Inc.
- Credicure, Inc.
- Debtscape, Inc.
- Debticated Consumer Counseling, Inc.
- Mason Credit Counseling, Inc.
- Neway, Inc.
- Nexum Credit Counseling, Inc.
- Preactive, Inc.
- The Credit Network, Inc.
- Visual Credit Counseling, Inc.

Redress and class action recoveries for consumers who paid money to AmeriDebt, Inc. or the 10 other agencies were calculated the same way. The FTC distributed shares of redress to customers of AmeriDebt, Inc. The class settlement administrator distributed shares of the class action recovery to customers of the 10 other agencies. AmeriDebt clients will not receive payments from the class action recovery, 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 Garrett M. Smith, PLLC; email: gsmith@garrettsmithlaw.com.

(2) David J. Vendler, Esq., of Morris, Polich & Purdy LLP, 1055 West Seventh Street, Suite 2400, Los Angeles, California 90017; Telephone: (213) 891-9100; Facsimile: (213) 488-1178.

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

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>.

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