

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

UNITED STATES COURTS  
SOUTHERN DISTRICT OF TEXAS  
FILED

JUN 22 2006

UNITED STATES OF AMERICA,

Plaintiff,

v.

WHITEWING FINANCIAL GROUP, INC.,

CHRISTOPHER B. BADGER,

LYNDA J. BADGER, and

JON P. BADGER,

Defendants.

MICHAEL N. MILBY, CLERK OF COURT

Case No.

**H 06 - 2102**

**COMPLAINT FOR CIVIL PENALTIES, INJUNCTIVE, AND OTHER RELIEF**

Plaintiff, the United States of America, acting upon notification and authorization to the Attorney General by the Federal Trade Commission ("Commission"), by its undersigned attorneys, for its Complaint alleges as follows:

**JURISDICTION AND VENUE**

1. This is an action arising under §§ 5(a), 5(m)(1)(A), 13(b), and 16(a) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a), 45(m)(1)(A), 53(b), and 56(a), and the Fair Debt Collection Practices Act ("FDCPA"), 15 U.S.C. § 1692, *et seq.*, to obtain monetary civil penalties and injunctive and other equitable relief for Defendants' violations of the FDCPA and Section 5 of the FTC Act.

2. This Court has jurisdiction over this matter under 28 U.S.C. §§ 1331, 1337(a), 1345, and 1355, and under 15 U.S.C. §§ 45(m)(1)(A), 53(b), 57b, and 1692l.

3. Venue is proper in the United States District Court for the Southern District of Texas under 28 U.S.C. §§ 1391(b-c) and 1395(a) and 15 U.S.C. § 53(b).

#### **DEFENDANTS**

4. Whitewing Financial Group, Inc. (“Whitewing”) is a Texas corporation with its offices and place of business located within the Southern District of Texas at 1701 S. Dairy Ashford, Houston, Texas 77077. At all times relevant to this Complaint, Defendant Whitewing has transacted business in the Southern District of Texas.

5. Defendant Christopher B. Badger is the President, an Executive Committee member, and a director of Defendant Whitewing. Individually and in his capacity as the President, member of the Executive Committee, and director of Whitewing, Defendant Christopher B. Badger has formulated, directed, and controlled the acts and practices of Whitewing, including the acts and practices alleged in this Complaint. At all times relevant to this Complaint, Defendant Christopher B. Badger has resided or transacted business in the Southern District of Texas.

6. Defendant Lynda J. Badger is the Secretary, the Treasurer, an Executive Committee member, and a director of Defendant Whitewing. Individually and in her capacity as Secretary, Treasurer, member of the Executive Committee, and director of Whitewing, Defendant Lynda J. Badger has formulated, directed, and controlled the acts and practices of Whitewing, including the acts and practices alleged in this Complaint. At all times relevant to

this Complaint, Defendant Lynda J. Badger has resided or transacted business in the Southern District of Texas.

7. Defendant Jon P. Badger is or has been the General Manager, the Chief Executive Officer, and an Executive Committee member of Defendant Whitewing. Individually and in his capacity as General Manager, Chief Executive Officer, and member of the Executive Committee of Whitewing, Defendant Jon P. Badger has formulated, directed, and controlled the acts and practices of Whitewing, including the acts and practices alleged in this Complaint. At all times relevant to this Complaint, Defendant Jon P. Badger has resided or transacted business in the Southern District of Texas.

8. Defendants Whitewing, Christopher B. Badger, Lynda J. Badger, and Jon P. Badger are "debt collectors" as defined in Section 803(6) of the FDCPA, 15 U.S.C. §1692a(5).

#### **COMMERCE**

9. At all times material to this Complaint, Defendants have maintained a substantial course of trade in the collection of debts, in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

#### **DEFENDANTS' BUSINESS PRACTICES**

10. Defendants purchase very old debts and then attempt to collect on these debts. Most, if not all, of these debts are beyond the applicable statutes of limitations. Most are also beyond the time in which they may be reported on credit bureau reports. Many of the debts have been discharged in bankruptcy. Defendants generally pay less than a third of a cent per dollar of the face value of the accounts to purchase these debts.

