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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
SANTA ANA

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14 **UNITED STATES DISTRICT COURT**
15 **CENTRAL DISTRICT OF CALIFORNIA**

16 FEDERAL TRADE COMMISSION,
17 Plaintiff,
18 v.
19 DEBT.COM MARKETING, LLC,
a limited liability company,
20 MEDIA CHOICE, LLC,
21 a limited liability company,
also d/b/a MediaChoice, LLC,
22 800 CREDIT CARD DEBT, LLC,
23 a limited liability company,
also d/b/a 800 Credit Crad [sic] Debt, LLC,
24 800CreditCardDebt.com,
and 800ccd.com, and
25 STEPHEN TODD COOK,
26 individually and as an officer
of Debt.com Marketing, LLC,
27 Media Choice, LLC,
and 800 Credit Card Debt, LLC,
28 Defendants.

SACV10-01788 DOC (RZx)

Case No.

COMPLAINT FOR
PERMANENT
INJUNCTION AND
OTHER EQUITABLE
RELIEF

BY FAX

1 Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint alleges that:

2 1. The FTC brings this action under Section 13(b) of the Federal Trade
3 Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to obtain preliminary and
4 permanent injunctive relief, rescission or reformation of contracts, restitution, the
5 refund of monies paid, the disgorgement of ill-gotten monies, and other equitable
6 relief for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act,
7 15 U.S.C. § 45(a).

8 **JURISDICTION AND VENUE**

9 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§
10 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

11 3. Venue is proper in this District under 28 U.S.C. § 1391(b) and (c) and
12 15 U.S.C. § 53(b).

13 **PLAINTIFF**

14 4. The FTC is an independent agency of the United States Government
15 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC
16 Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or
17 affecting commerce.

18 5. The FTC is authorized to initiate federal district court proceedings, by
19 its own attorneys, to enjoin violations of the FTC Act and to secure such equitable
20 relief as may be appropriate in each case, including rescission or reformation of
21 contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten
22 monies. 15 U.S.C. §§ 53(b) and 56(a)(2)(A).

23 **DEFENDANTS**

24 6. Defendant Debt.com Marketing, LLC (“Debt.com Marketing”) is a
25 Nevada limited liability company. Its address is 3993 Howard Hughes Parkway,
26 Suite 830, Las Vegas, Nevada 89169, and its principal place of business at 19200
27 Von Karman Avenue, Suite 500, Irvine, California 92612. Debt.com Marketing
28 transacts or has transacted business in this District and throughout the United

1 States. At all times material to this Complaint, acting alone or in concert with
2 others, Debt.com Marketing has advertised or marketed debt settlement services to
3 consumers throughout the United States.

4 7. Defendant Media Choice, LLC (“Media Choice”), also doing
5 business as MediaChoice, LLC, is a California limited liability company. Its
6 address is 38541 Shoal Creek Drive, Murrieta, California 92562. Like defendant
7 Debt.com Marketing, it conducts or has conducted business at 19200 Von Karman
8 Avenue, Suite 945, Irvine, California 92612. Media Choice also conducts or has
9 conducted business from 2040 Main St., Suite 700, Irvine, California 92614.
10 Media Choice transacts or has transacted business in this District and throughout
11 the United States. At all times material to this Complaint, acting alone or in
12 concert with others, Media Choice has advertised or marketed debt settlement
13 services to consumers throughout the United States.

14 8. Defendant 800 Credit Card Debt, LLC (“800 Credit Card Debt”), also
15 doing business as 800 Credit Crad [sic] Debt, LLC, 800CreditCardDebt.com, and
16 800ccd.com, is a California limited liability company with its principal place of
17 business at 3334 E. Coast Highway, No. 440, Corona Del Mar, California 92625.
18 Like defendant Media Choice, 800 Credit Card Debt also conducts or has
19 conducted business from 2040 Main St., Suite 700, Irvine, California 92614. 800
20 Credit Card Debt transacts or has transacted business in this District and
21 throughout the United States. At all times material to this Complaint, acting alone
22 or in concert with others, 800 Credit Card Debt has advertised or marketed debt
23 settlement services to consumers throughout the United States.

24 9. Defendant Stephen Todd Cook (“Cook”) is the director, officer, and
25 owner of Debt.com Marketing, Media Choice, and 800 Credit Card Debt. At all
26 times material to this Complaint, acting alone or in concert with others, he has
27 formulated, directed, controlled, had the authority to control, or participated in the
28 acts and practices set forth in this Complaint. Defendant Cook, in connection with

1 the matters alleged herein, transacts or has transacted business in this District and
2 throughout the United States.

3 10. Defendants Debt.com Marketing, Media Choice, and 800 Credit Card
4 Debt (collectively, "Corporate Defendants") have operated as a common enterprise
5 while engaging in the unlawful acts and practices alleged below. Defendants have
6 conducted the business practices described below through an interrelated network
7 of companies that have common ownership, officers, managers, business functions,
8 employees, and office locations, and have commingled funds. Because these
9 Corporate Defendants have operated as a common enterprise, each of them is
10 jointly and severally liable for the acts and practices alleged below. Because
11 Individual Defendant Cook has formulated, directed, controlled, had the authority
12 to control, or participated in the acts and practices of the Corporate Defendants that
13 constitute the common enterprise, he also is jointly and severally liable for the acts
14 and practices alleged below.

15 COMMERCE

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

19 DEFENDANTS' BUSINESS ACTIVITIES

20 12. Defendants are lead generators that target the millions of Americans
21 who are struggling to pay their credit card debt. Defendants disseminate
22 advertisements claiming that Defendants will obtain for their customers settlements
23 of their debts, enabling those customers to pay thousands of dollars less than they
24 owe. In fact, Defendants simply sell the consumer leads generated by their
25 advertisements to other lead generators or to debt settlement companies and
26 provide none of the promised services.

27 13. Since at least February 2005, Defendants have advertised debt
28 settlement services to consumers across the country through television and radio

1 advertisements using the Debt.com and 800 Credit Card Debt brand names and
2 through websites such as 800CreditCardDebt.com and Debt.com. Defendant Cook
3 developed, created, reviewed or approved the Debt.com and 800 Credit Card Debt
4 advertisements. Defendants' broadcast advertisements direct consumers to call a
5 toll-free telephone number for assistance with their credit card debt. Consumers
6 who call the toll-free number are immediately and automatically routed to third-
7 party companies as leads. Consumers also can submit their contact information
8 through an online form on Defendants' websites, and third-party companies
9 purchase these leads from Defendants. The third-party companies that purchase
10 Defendants' leads are typically debt settlement providers or other lead generators
11 or lead brokers that re-sell the leads.

12 14. Defendants do not provide debt settlement services to consumers, do
13 not enroll consumers in debt settlement programs, and do not collect any fees from
14 consumers. Instead, Defendants collect fees exclusively from the third-party
15 companies that purchase their leads. The third-party companies pay Defendants
16 approximately \$10 to \$80 for each lead generated through toll-free telephone calls
17 and approximately \$20 to \$35 for each lead generated online.

18 15. In a debt settlement program, the debt settlement provider typically
19 purports to negotiate settlements with creditors to settle consumers' debts for less
20 than they owe. Consumers who enroll in debt settlement programs usually stop
21 making any payments to their creditors, often at the direction of the provider, and
22 instead make monthly payments to the provider. During the period in which
23 Defendants have advertised debt settlement services, consumers often have paid
24 the provider's fees in advance of receiving any debt settlement services and
25 frequently also paid the provider periodic maintenance and other charges.

26 16. Defendants' advertisements claim that Defendants provide debt
27 settlement services to consumers and that Defendants' services are part of a public,
28 non-commercial program. Defendants' advertisements also claim that consumers

1 who use the services promoted in Defendants' advertisements will substantially
2 eliminate or reduce consumers' debts, will obtain these results quickly or
3 immediately, and will not receive calls from their creditors or debt collectors.

4 17. Defendants' advertisements have claimed that 800 Credit Card Debt
5 and Debt.com are debt settlement companies and that their services have helped
6 thousands of consumers substantially reduce or eliminate their debt. In many of
7 these advertisements, Defendant Cook personally appears and identifies himself as
8 the owner of the company. Defendants' advertisements make statements such as:

- 9 A. **Cook: 800 Credit Card Debt can quickly help you reduce or**
10 **even eliminate your debt.**
- 11 B. **Cook: But by calling 800 Credit Card Debt now, we'll help**
12 **you eliminate fees and penalties, reduce your interest rates,**
13 **lower your monthly payments, or even eliminate your debt**
14 **completely.** Cook makes this statement while sitting behind a
15 stack of money that gets smaller with each statement and then,
16 with a flash, disappears.
- 17 C. **Cook: Over the years we've helped thousands of people**
18 **reduce their credit card debt fast.** On screen the words
19 **"We've Helped Thousands Nationwide"** appear.
- 20 D. **Cook: Get rid of your credit card debt once and for all.**
- 21 E. **Cook: Day in and day out, we help ...regular people who got**
22 **in over their heads in credit card debt.**
- 23 F. **These debt reduction programs currently help thousands of**
24 **consumers repay their credit card debt. S. Todd Cook,**
25 **Debt Expert & Co-Author 'Road to Debt Freedom.'**
- 26 G. **Hi. I'm Todd Cook, president of Debt.com. Year after year**
27 **we have remained America's most trusted provider of debt**
28 **reduction solutions, helping thousands of people just like**

1 you reduce, settle, or even eliminate their credit card and
2 tax debt....We can help. I guarantee it.

3 H. **800 Credit Card Debt is a reputable leader, helping over
4 100,000 struggling Americans find solutions to their credit
5 card debt problems.**

6 I. **Let us help you settle your credit card debt today for
7 thousands less than you owe.**

8 J. **Because if you owe \$5,000 or more, we at 800 Credit Card
9 Debt have secrets to help you eliminate your debt by up to
10 60%. Yes, up to 60%.**

11 K. **We're 800 Credit Card Debt, America's leader in helping
12 settle debt. If you have \$5,000 or more in debt, we have
13 programs available to help you eliminate your debt by up to
14 60%. That's right, up to 60%.**

15 L. **Debt.com: the first comprehensive solution to reducing, and
16 eliminating, ALL your personal debt.**

17 M. **Debt.com is the answer to reducing and eliminating your
18 credit card debt. On screen the words "Reduce and
19 eliminate your debt" appear.**

20 N. ***Consumer Testimonial:* Because of Debt.com, we're able to
21 keep our house.**

22 O. ***Consumer Testimonial:* I heard a radio ad for Debt.com
23 telling people how they can help reduce their debt up to 60
24 percent and save them thousands of dollars...[she describes
25 calling the company] Why, why didn't I call sooner? It is
26 going to save me thousands.**

27 P. **[Debt.com] is a free service to find the best possible solution
28 to settle your credit card debts once and for all, eliminating**

1 your debts by up to 60%.

2 Q. **Consumer Testimonial:** They negotiated my payments down
3 substantially, from \$300 a month to \$135 a month.

4 R. **Get Debt Free.**

5 18. Defendants' advertisements also have claimed that consumers who
6 use the services promoted by Defendants will have their debts settled quickly or
7 immediately, through statements such as:

8 A. **For years we've helped people like you eliminate debt
9 quickly and quietly.**

10 B. **But with one phone call, you'll receive a free consultation to
11 help you regain control by cutting your debt fast
12 . . . Settle your debt now with a free and confidential
13 consultation.**

14 C. **[Y]ou can finally get the help you need to get out of debt
15 faster than you ever imagined.**

16 D. **It's easy. It's fast.**

17 E. **Consumer Testimonial:** Credit card companies used to
18 hound me! Thanks to 1 800 Credit Card Debt, I lowered
19 my debt, my interest rate, and my monthly payment. On
20 screen the words "**Got Out Of Debt Fast**" appear.

21 19. Defendants' advertisements also have claimed that consumers who
22 use the services promoted by Defendants will not receive calls from their creditors
23 or debt collectors, through statements such as:

24 A. **No more late payments, no more collections calls, no more
25 sleepless nights.**

26 B. **Stop the harassing phone calls and notices now.**

27 C. **They'll work on your behalf to stop the harassing phone
28 calls and end the sleepless nights.**

1 D. **Consumer Testimonial: Debt.com stopped the calls and**
2 **reduced my payments...I got my life back.**

3 E. **No more harassing collection calls. No more sleepless**
4 **nights.**

5 20. Defendants also have solicited consumers using official-sounding
6 advertisements that purport to be about a public, non-commercial program, when
7 in fact the advertisements are commercial in nature and are designed to induce
8 consumers to contact Defendants, thereby allowing Defendants to generate leads.
9 Defendants then transfer these leads to commercial debt settlement providers or
10 other lead generators or lead brokers that resell the leads. These ads include
11 statements such as:

12 A. **The following is a public announcement. . . Americans who**
13 **are behind on their credit card payments must take action**
14 **immediately. If YOU have ten thousand dollars or more in**
15 **credit card debt, a new relief program is now available. . .**
16 **This relief program is now available for members of the**
17 **public in dire need of debt relief. . . The call and**
18 **consultation are free to the public and completely**
19 **confidential, courtesy of Debt.com.**

20 B. **The following is a public announcement. . . Those**
21 **Americans who are behind on their credit card payments**
22 **and/or carry a burden of unsecured debt must take action**
23 **immediately. If you are one of the affected parties, call . . .**
24 **immediately for free help and consultation. . . This relief**
25 **program is now available for members of the public in dire**
26 **need of debt relief. The call and consultation are free to the**
27 **public and completely confidential, courtesy of 800 Credit**
28 **Card Debt. . . Again, this is a public announcement. . .**

1 **Affected parties must take immediate action. The public**
2 **may call the toll-free relief program number now for your**
3 **free consultation.**

4 21. Several of Defendants' advertisement contain statements which
5 purport to be actual and genuine testimonials from customers of Debt.com or 800
6 Credit Card Debt. In many instances, the purported customers appear on-screen
7 and make statements to convey the impression that consumers can successfully and
8 quickly reduce or eliminate their debts or put an end to debt collection calls by
9 using Defendants' purported debt settlement services. The purported customers,
10 however, are not in fact customers of Debt.com or 800 Credit Card Debt and their
11 testimonials are not actual and genuine.

12 22. Defendants do not provide debt settlement services, and their services
13 are not part of a public, non-commercial program. In addition, at the time they
14 disseminated their advertisements, Defendants did not possess any substantiation
15 for their representations that they (or any other company) will substantially
16 eliminate or reduce consumers' debts, achieve these results quickly or
17 immediately, or eliminate the calls consumers receive from creditors and debt
18 collectors. In fact, Defendants sought no information from the companies to which
19 they sold their leads as to whether the ultimate debt settlement providers who
20 receive those leads provide the services or results that Defendants represented. In
21 most cases, Defendants did not even know to which debt settlement providers
22 consumers ultimately were referred, because Defendants often sold leads to other
23 lead generators or lead brokers whose businesses involved the further resale of
24 such leads to debt settlement providers.

25 **VIOLATIONS OF THE FTC ACT**

26 23. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or
27 deceptive acts or practices in or affecting commerce."

28 24. Misrepresentations or deceptive omissions of material fact constitute

1 deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

2 **COUNT I**

3 25. Through the means described in Paragraph 17, Defendants have
4 represented, directly or indirectly, expressly or by implication, that Defendants
5 themselves provide debt settlement services to consumers.

6 26. The representation set forth in Paragraph 25 is false and misleading.
7 Therefore, the making of the representation as set forth in Paragraph 25 of this
8 Complaint constitutes a deceptive act or practice in or affecting commerce in
9 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

10 **COUNT II**

11 27. Through the means described in Paragraph 17, Defendants have
12 represented, directly or indirectly, expressly or by implication, that consumers who
13 use the services promoted in Defendants' advertisements will have their debts
14 substantially reduced or eliminated.

15 28. The representation set forth in Paragraph 27 was false or not
16 substantiated at the time the representation was made. Therefore, the making of
17 the representation as set forth in Paragraph 27 of this Complaint constitutes a
18 deceptive act or practice in or affecting commerce in violation of Section 5(a) of
19 the FTC Act, 15 U.S.C. § 45(a).

20 **COUNT III**

21 29. Through the means described in Paragraph 18, Defendants have
22 represented, directly or indirectly, expressly or by implication, that consumers who
23 use the services promoted in Defendants' advertisements will have their debts
24 settled quickly or immediately.

25 30. The representation set forth in Paragraph 29 was false or not
26 substantiated at the time the representation was made. Therefore, the making of
27 the representation as set forth in Paragraph 29 of this Complaint constitutes a
28 deceptive act or practice in or affecting commerce in violation of Section 5(a) of

1 the FTC Act, 15 U.S.C. § 45(a).

2 **COUNT IV**

3 31. Through the means described in Paragraph 19, Defendants have
4 represented, directly or indirectly, expressly or by implication, that consumers who
5 use the services promoted in Defendants' advertisements will not receive calls
6 from their creditors or debt collectors.

7 32. The representation set forth in Paragraph 31 was false or not
8 substantiated at the time the representation was made. Therefore, the making of
9 the representation as set forth in Paragraph 31 of this Complaint constitutes a
10 deceptive act or practice in or affecting commerce in violation of Section 5(a) of
11 the FTC Act, 15 U.S.C. § 45(a).

12 **COUNT V**

13 33. Through the means described in Paragraph 20, Defendants have
14 represented, directly or indirectly, expressly or by implication, that their services
15 are part of a public, non-commercial program.

16 34. The representation set forth in Paragraph 33 is false and misleading.
17 Therefore, the making of the representation as set forth in Paragraph 33 of this
18 Complaint constitutes a deceptive act or practice in or affecting commerce in
19 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

20 **COUNT VI**

21 35. Through the means described in Paragraph 21, Defendants have
22 represented, directly or indirectly, expressly or by implication, that the testimonials
23 in Defendants' advertisements represent actual and genuine consumer testimonials
24 from Defendants' customers.

25 36. The representation set forth in Paragraph 35 is false and misleading.
26 Therefore, the making of the representation as set forth in Paragraph 35 of this
27 Complaint constitutes a deceptive act or practice in or affecting commerce in
28 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

1 **CONSUMER INJURY**

2 37. Consumers have suffered and will continue to suffer substantial injury
3 as a result of Defendants’ violations of the FTC Act. In addition, Defendants have
4 been unjustly enriched as a result of their unlawful acts or practices. Absent
5 injunctive relief by this Court, Defendants are likely to continue to injure
6 consumers, reap unjust enrichment, and harm the public interest.

7 **THIS COURT’S POWER TO GRANT RELIEF**

8 38. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court
9 to grant injunctive and such other relief as the Court may deem appropriate to halt
10 and redress violations of any provision of law enforced by the FTC. The Court, in
11 the exercise of its equitable jurisdiction, may award ancillary relief, including
12 rescission or reformation of contracts and restitution, the refund of monies paid,
13 and the disgorgement of ill-gotten monies, to prevent and remedy any violation of
14 any provision of law enforced by the FTC.

15 **PRAYER FOR RELIEF**

16 Wherefore, Plaintiff Federal Trade Commission, pursuant to Section 13(b)
17 of the FTC Act, 15 U.S.C. § 53(b), and the Court’s own equitable powers, requests
18 that the Court:

19 A. Award Plaintiff such preliminary injunctive and ancillary relief as
20 may be necessary to avert the likelihood of consumer injury during the pendency
21 of this action and to preserve the possibility of effective final relief, including but
22 not limited to a preliminary injunction;

23 B. Enter a permanent injunction to prevent future violations of the FTC
24 Act by Defendants;

25 C. Award such relief as the Court finds necessary to redress injury to
26 consumers resulting from Defendants’ violations of the FTC Act, including but
27 not limited to rescission or reformation of contracts, restitution, the refund of
28 monies paid, and the disgorgement of ill-gotten monies; and

1 D. Award Plaintiff the costs of bringing this action, as well as such other
2 and additional relief as the Court may determine to be just and proper.
3
4

5 Dated: November 22, 2010

Respectfully submitted,

7 Willard K. Tom
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