

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No. 1:20-cv-641

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

BOOSTMYSCORE LLC, formerly known as Boost My Score dot Net, LLC, and also doing business as BoostMyScore.net,

BMS, INC., also doing business as BoostMyScore.net, and

WILLIAM O. AIRY, individually and as an officer of BoostMyScore LLC and BMS, Inc.,

Defendants.

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF

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

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, Section 410(b) of the Credit Repair Organizations Act (“CROA”), 15 U.S.C. § 1679h(b), and Section 6(b) of the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. § 6105(b), to obtain permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), multiple provisions of

CROA, 15 U.S.C. §§ 1679-1679j, and the FTC's Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310, in connection with the marketing and sale of credit repair services.

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345.

3. Venue is proper in this District under 28 U.S.C. § 1391(b)(1), (b)(2), (c)(1), and (c)(2), and 15 U.S.C. § 53(b).

PLAINTIFF

4. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces CROA, 15 U.S.C. §§ 1679-1679j, which prohibits untrue or misleading representations to induce the purchase of credit repair services, requires certain affirmative disclosures in the offering or sale of credit repair services, and prohibits credit service organizations from charging or receiving money or other valuable consideration for the performance of credit repair services before such services are fully performed. The FTC also enforces the Telemarketing Act, 15 U.S.C. §§ 6101-6108. Pursuant to the Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or practices.

DEFENDANTS

5. Defendant **BoostMyScore LLC** (“Boost”), formerly known as Boost My Score dot Net, LLC, and also doing business as BoostMyScore.net, is a Colorado limited liability company with its principal place of business at 7900 E. Union Avenue, Suite 1005A, Denver, CO 80237. At all times material to this Complaint, acting alone or in concert with others, Boost has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States. Boost transacts or has transacted business in this District and throughout the United States.

6. Defendant **BMS, Inc.** (“BMS”), also doing business as BoostMyScore.net, is a Colorado corporation with its principal place of business at 7900 E. Union Avenue, Suite 1005A, Denver, CO 80237. At all times material to this Complaint, acting alone or in concert with others, BMS has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States. BMS transacts or has transacted business in this District and throughout the United States.

7. Defendant **William O. Airy** is the founder, manager, registered agent, and Chief Executive Officer of Boost and the incorporator, registered agent, and President of BMS. He is the principal operator of both Boost and BMS, and is an authorized signatory on Defendants’ bank accounts. He is also listed as the registrant and contact person for Defendants’ Internet websites. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Airy resides in this District and, in connection

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

COMMON ENTERPRISE

8. Defendants Boost and BMS (collectively, “Corporate Defendants”) have operated as a common enterprise while engaging in the deceptive acts and practices and other violations of law alleged below. Corporate Defendants have conducted the business practices described below through interrelated companies that have common ownership, officers, managers, business functions, employees, and office locations, and that have commingled funds. Because these Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Defendant Airy has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Corporate Defendants that constitute the common enterprise.

COMMERCE

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

DEFENDANTS’ BUSINESS ACTIVITIES

10. Since at least 2007, Defendants have operated an unlawful credit repair business that has deceived consumers across the country. Through websites, social media posts, telemarketing, and radio and print advertising, Defendants claim to help consumers manipulate their credit scores in order to gain access to mortgages, personal loans, and other credit for which

the consumers would not otherwise qualify. Defendants deceptively assure consumers that such credit manipulation is not only legal but also protected by federal law. In the course of selling these services, Defendants make misleading or unsubstantiated claims about the results consumers can expect, fail to properly inform consumers of their rights, and charge unlawful advance fees of hundreds or even thousands of dollars. Defendants have generated more than \$6,600,000 in revenue from this credit repair business since 2015.

Background on Credit Scores

11. Prospective creditors use credit scores as part of an underwriting process to assess whether to offer a consumer credit and to determine key terms of any such credit, including the interest rate and the credit limit. These scores are calculated using statistically-based credit risk evaluation systems, commonly known as credit scoring systems. Consumers do not have just one credit score: there are multiple different credit score providers and models, each of which may rely on different sources for credit file data and may use otherwise similar data in different ways. Credit score providers generally do not publicly disclose the weight they assign to different data categories, or how their scoring models may differ from those of other providers.

12. Fair Isaac Corporation (“FICO”) is one of the largest providers of consumer credit scores. A consumer’s FICO score is a number between 300 and 850, with higher scores indicating greater creditworthiness. Consumers with higher FICO scores are more likely to receive credit, and on better terms, than consumers with lower FICO scores. In addition to its base versions, FICO also has industry-specific scoring models, and corresponding scores, for certain credit products, including mortgages.

13. Most mortgage lenders use a FICO score when deciding whether to extend credit, and in setting the interest rate and other terms. In fact, since 2004, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) have required the use of FICO scores; no other credit score is currently permitted to be used in the issuance of a mortgage to be purchased by Fannie Mae or Freddie Mac.

Defendants Deceive Consumers Regarding Credit Score Improvement

14. On their website, in telemarketing calls, and elsewhere, Defendants claim that they can significantly improve consumers' credit scores by adding "tradelines"—other people's credit card accounts—to consumers' credit histories. For a "One-Time Flat Fee," Defendants offer to register consumers as "additional authorized users" on one or several credit cards held by unrelated account holders with positive payment histories—a practice known as credit *piggybacking*. Defendants claim piggybacking will result in the positive payment history associated with the card being reflected on the paying consumer's credit history, and that this will, in turn, significantly increase the consumer's credit score.

15. For example, Defendants' website, boostmyscore.net, has made the following statements about credit score improvement:

- "We have discovered a way to legally add positive history to your credit report . . . which drastically and immediately improves your credit score."
- "the amazing benefit of having that particular credit card's entire credit card 'copied and pasted' on to your credit report . . . gives you the biggest possible FICO® score boost in less than 60 days; and it's guaranteed!"
- Boost My Score "deliver[s] an astonishing boost to your FICO® Score Guaranteed!"

- “the biggest possible FICO® score boost in less than 60 days, guaranteed!”
- “adding an AU [Authorized User] tradeline to your credit report will help and . . . the Fair Isaac Corporation (FICO®) can’t stop us.”

Defendants’ promotional materials have also included the following claims:

- “Credit piggybacking typically provides a credit boost of more than 100 points for clients of BoostMyScore with the major consumer credit reporting agencies. In fact, the average customer realizes a boost of about 120 points within a month or two.”
- “Most of the people we work with see an improvement of about 120 points within 4 to 6 weeks”
- “voila . . . up goes your credit score! The amount of increase varies, but many of our customers realize a jump of about 120 points in as little as two weeks.”
- “a huge FICO score leap in under 60 days – guaranteed”
- “At BoostMyScore, we understand the power of a 750-plus FICO®. That’s why we offer premium creditbuilding services formerly unavailable to the general public. The wealthy have long used this technique to help them get wealthier. Now it’s available to you. A 750+ FICO® score could qualify you for below prime interest rates on mortgages, car loans, personal loans and business loans.”
- “My Credit Score increased 127pts. [to] 758 | Having Good Credit Feels Good! Let us help you reach your credit score goal... Call us now”
- “HOW TO HACK YOUR CREDIT SCORE | What is a tradeline? Steroids straight into the heart of your credit score... Adding a high quality ‘tradeline’ is the most effective way to quickly boost your credit score. Through a process called ‘tradeline renting’ or ‘credit piggybacking,’ you can overcome your credit woes.”

16. Defendants’ website and other promotional materials invite consumers to call a toll-free telephone number for more information. When consumers call the number listed on

Defendants' marketing materials, they speak with representatives who make many of the same representations included on their website and in their promotional material.

17. For example, Defendants' sales guidance recommends the following response to consumers who ask how many points a given tradeline will improve their score: "The smallest boost I have ever seen from one card is 12 points. The largest boost I see happens fairly often and typically occurs when we add an old card to a credit report that is completely blank; I have seen those scores shoot up and over 820 with just one card. Seriously."

18. Defendants generally do not review consumers' FICO scores during their customer intake process. Without detailed information about a consumer's current FICO score and accurate credit history, as well as access to the credit scoring model itself, no credit repair organization can guarantee that the addition of a tradeline will improve the consumer's FICO score by a specific amount within a specific time period. Moreover, recent versions of the FICO score have adjusted the weight of authorized user tradelines; as such, beginning with FICO Score 8, which was first introduced to the market in January 2009, the impact of authorized user tradelines on a consumer's overall score has been reduced.

19. In numerous instances, Defendants' credit repair services have not significantly improved consumers' FICO scores.

Defendants Deceive Consumers Regarding Obtaining Mortgages

20. Defendants market their piggybacking service as a means for consumers to obtain a home mortgage. For example, Defendants have made the following claims:

- Web advertisement: "Boost Your Credit Score To Help You Secure a Mortgage | Are you tired of paying rent every month and having nothing to show for it? We can help BOOST your score so that you can secure a mortgage and buy a home!"

- Web advertisement: “It’s Summer Home-Buying Season! Let Us Help You Boost Your Score & Purchase a New Home! *Boost your credit score to qualify for a mortgage. . . . *Buy the dream home you’ve always wanted.”
- Radio ad script: “Is your credit score holding you back from buying the house of your dreams . . . ? Boost My Score can help quickly boost your credit score and services are guaranteed to work in less than 60 days or your money back!”
- Promotional materials: “. . . many of our customers realize a jump of about 120 points in as little as two weeks. What would a credit score increase of that size mean for you? If you are like most people, that could be the difference between having your mortgage application approved or not.”
- Web advertisement: “Use Some of Your Tax Refunds to Boost Your Score & Purchase a New Home! *Boost your credit score to qualify for a mortgage. . . . *Buy the dream home you’ve always wanted.”
- Press release: “For over 10 years, BoostMyScore has been successfully assisting clients across the country improve their credit scores, obtain mortgages, personal loans, business loans and lines of credit.”
- Promotional materials: “BoostMyScore has assisted thousands of customers in improving their credit scores so they can obtain mortgages, and secure lines of credit and loans.”
- Promotional quote from William O. Airy: “I launched BoostMyScore to help consumers safely and legally improve their credit scores to buy their first homes, start or expand a business, reduce debt and improve their lifestyles.”

21. In numerous instances, consumers have sought Defendants’ credit repair services because they have wanted help obtaining mortgages. In numerous such instances, Defendants’ credit repair services have not helped consumers obtain mortgages.

22. In fact, Fannie Mae and Freddie Mac, which together own or guarantee over half of home mortgages in the United States, direct underwriters to factor out authorized user tradelines added through credit piggybacking. Numerous other mortgage underwriting

guidelines also require that piggybacked authorized user tradelines be factored out of a consumer's credit history review. Once such tradelines are factored out, any effect they might have had on the mortgage approval process is lost.

Defendants' Course of Business Attempts to Mislead Creditors, Credit Reporting Agencies, and the Public

23. Consumers who purchase Defendants' services and are added as "authorized users" are not, in fact, authorized to use the credit accounts to which they have been added. These consumers do not receive a card for the account, and agree in their contract with Defendants that they will not attempt to place charges on the account or even contact the issuing financial institution. For example, Defendants have made the following statements:

- a. On their website, Defendants themselves note that consumers "cannot use the [added credit] account, cannot make any changes to it, nor do they have the responsibility to repay any balances that might be owed."
- b. In their contracts with consumers, Defendants codify this restriction: the consumer "shall not make any attempt to secure a physical credit card for any account it acquires from Boost, nor will [the consumer] attempt to place a charge upon the account. [The consumer] will not attempt to contact the cardholder or the card issuing institution."

24. Despite informing consumers that they do not receive access to the account, Defendants nevertheless encourage consumers to represent to prospective creditors that they are, in fact, authorized users of those accounts.

25. Moreover, Defendants advise the high credit-score cardholder-consumers whom they solicit to add to their accounts lower credit consumers as "authorized users" to take a number of steps to conceal their practices from their card-issuing institutions. For example, Defendants have made the following statement:

“[W]hile speaking with call center employees. . . [i]f someone is being . . . overly inquisitive, and you feel they may be trying to uncover your motive of earning an income by renting out the AU [Authorized User] spots on your cards, you can simply tell them you have to run and will call them back later to complete your tasks. Then immediately hang up, without waiting for a response, because doing so usually closes out your account on their computer screen, reducing any chance they had of transferring you to another department or manager tasked with closing credit card accounts they assume are being utilized in this way.”

26. Defendants’ practices have injured and continue to injure consumers. In numerous instances, Defendants’ services cost struggling consumers hundreds or thousands of dollars without significantly improving their FICO credit score as promised. Moreover, if Defendants succeed in artificially manipulating consumers’ credit scores, creditors may extend credit to consumers under false pretenses, adversely affecting the cost and availability of credit.

27. Defendants also have represented that their piggybacking services are legal. Until contacted by the FTC in March 2019, Defendants’ website included a section purporting to describe “How It’s Legal,” including an assertion that “the Federal Reserve Bank, the Federal Trade Commission, and various Attorneys General have all looked into the practice in fine detail, and each have determined that the act of paying someone to add another person to their existing credit card account as an Authorized User is perfectly legal.” Defendants’ website continues to claim that “it is unlawful” and would “violate the law” for a prospective creditor to ignore piggybacked credit information, asserting that, “If a bank were to reject your loan application or artificially reduce your credit score” because of Defendants’ credit repair services, “they would likely be in violation of ECOA [the Equal Credit Opportunity Act] and liable to pay out damages through a civil claim.” Defendants also issued a press release in 2018 asserting that “[t]radeline credit repair has been deemed a legal practice by the Federal Reserve Bank, the Federal Trade

Commission and the Better Business Bureau, and is protected by Regulation B of the Equal Credit Opportunity Act.”

28. The FTC has never determined that credit piggybacking is legal. Furthermore, the Equal Credit Opportunity Act does not speak to, let alone protect, this practice. And in implementing ECOA’s prohibition against marital status discrimination, its associated Regulation B requires only that creditors consider authorized user information *when the authorized user is the spouse of the account holder*. See 12 C.F.R. § 1002.6(b)(6). Defendants’ credit piggybacking service pairs credit repair consumers with unrelated account holders, and as such, does not fall within the ambit of the protections of ECOA or Regulation B.

Defendants Charge Illegal Advance Fees

29. Before providing any of the promised credit repair services, Defendants require consumers to make an upfront payment, which they describe as a “One-Time Flat Fee.” Defendants charge consumers approximately \$325 to \$4,000 per tradeline, and Defendants often seek to sell consumers multiple tradelines at a time.

30. Defendants’ website makes clear that payment is required before its purported credit repair services are fully performed. From boostmyscore.net/index.html:



From boostmyscore.net/boostmycreditscore/index.html:



31. Defendants’ contract similarly sets out an advance fee: the Authorized User Lease Agreement requires consumers to make payment “contemporaneous with” the submission of their personal information to Defendants, “Upon receipt” of which Defendants “shall use [their] best efforts to have [the consumer] added to one or more credit card accounts as an authorized user.”

32. In numerous instances, Defendants have charged consumers hundreds or thousands of dollars before Defendants’ purported credit repair services have been fully performed.

33. Defendants also purport to offer consumers a money-back guarantee. In numerous instances, however, Defendants have not provided refunds to consumers who sought them.

Defendants’ Unlawful Practices Are Ongoing

34. Based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Defendants are violating or are about to violate laws enforced by the FTC, including the FTC Act, CROA, and the TSR.

VIOLATIONS OF THE FTC ACT

35. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.”

36. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

Count I Misrepresentations Regarding Credit Repair Services

37. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services, Defendants have represented, directly or indirectly, expressly or by implication, that:

- a. Defendants’ credit repair services will significantly improve consumers’ credit scores, including FICO credit scores; or
- b. Defendants’ credit repair services will help consumers obtain a mortgage.

38. In truth and in fact, in numerous of the instances in which Defendants have made the representations set forth in Paragraph 37 of this Complaint, such representations were false or misleading or not substantiated at the time Defendants made them.

39. Therefore, Defendants’ making of the representations as set forth in Paragraph 37 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15. U.S.C. § 45(a).

VIOLATIONS OF THE CREDIT REPAIR ORGANIZATIONS ACT

40. The Credit Repair Organizations Act took effect on April 1, 1997, and has since that date remained in full force and effect.

41. The purposes of CROA, according to Congress, are (1) to ensure that prospective buyers of the services of credit repair organizations are provided with the information necessary to make an informed decision regarding the purchase of such services; and (2) to protect the public from unfair or deceptive advertising and business practices by credit repair organizations. 15 U.S.C. § 1679(b).

42. CROA defines a “credit repair organization” as “any person who uses any instrumentality of interstate commerce or the mails to sell, provide, or perform (or represent that they can or will sell, provide, or perform) any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of . . . improving any consumer’s credit record, credit history, or credit rating. . . .” 15 U.S.C. § 1679a(3).

43. Defendants are a “credit repair organization.”

44. CROA prohibits all persons from counseling or advising any consumer to make any statement which is untrue or misleading with respect to any consumer’s credit worthiness, credit standing, or credit capacity to (A) any consumer reporting agency or (B) any person who has extended credit to the consumer or to whom the consumer has applied or is applying for an extension of credit. 15 U.S.C. § 1679b(a)(1).

45. CROA prohibits all persons from making or using any untrue or misleading representation of the services of the credit repair organization. 15 U.S.C. § 1679b(a)(3).

46. CROA prohibits engaging, directly or indirectly, in any act, practice, or course of business that constitutes or results in the commission of, or an attempt to commit, a fraud or

deception on any person in connection with the offer or sale of the services of the credit repair organization. 15 U.S.C § 1679b(a)(4).

47. CROA prohibits credit repair organizations from charging or receiving any money or other valuable consideration for the performance of any service which the credit repair organization has agreed to perform before such service is fully performed. 15 U.S.C. § 1679b(b).

48. Pursuant to Section 410(b)(1) of CROA, 15 U.S.C. § 1679h(b)(1), any violation of any requirement or prohibition of CROA constitutes an unfair or deceptive act or practice in commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). Pursuant to Section 410(b)(2) of CROA, 15 U.S.C. § 1679h(b)(2), all functions and powers of the FTC under the FTC Act are available to the FTC to enforce compliance with CROA in the same manner as if the violation had been a violation of any FTC trade regulation rule.

Count II
Misleading Use of Tradelines

49. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of services to consumers by a credit repair organization, as that term is defined in Section 403(3) of CROA, 15 U.S.C. § 1679a(3), Defendants have counseled or advised consumers to make statements, which are untrue or misleading with respect to consumers' credit worthiness, credit standing, or credit capacity to persons who have extended credit to the consumers or to whom the consumers have applied or are applying for an extension of credit, including by representing that consumers are "additional authorized users" on one or

several credit cards or line of credit accounts held by account holders when such consumers are not given access to the credit.

50. Therefore, Defendants' acts or practices as set forth in Paragraph 49 violate Section 404(a)(1)(B) of CROA, 15 U.S.C. § 1679b(a)(1)(B).

Count III
Misrepresentations Regarding Credit Repair Services

51. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of services to consumers by a credit repair organization, as that term is defined in Section 403(3) of CROA, 15 U.S.C. § 1679a(3), Defendants have made untrue or misleading representations to consumers, including that:

- a. Defendants' credit repair services will significantly improve consumers' credit scores, including FICO credit scores; and
- b. Defendants' credit repair services will help consumers obtain a mortgage.

52. Therefore, Defendants' acts or practices as set forth in Paragraph 51 violate Section 404(a)(3) of CROA, 15 U.S.C. § 1679b(a)(3).

Count IV
Course of Business That Results In Fraud or Deception

53. In numerous instances, in connection with the offer or sale of services by a credit repair organization, as that term is defined in Section 403(3) of CROA, 15 U.S.C. § 1679a(3), Defendants have engaged, directly or indirectly, in acts or practices or courses of business that constituted or resulted in the commission of, or attempt to commit, fraud or deception on persons, including consumers, issuers of credit, and credit reporting agencies, including by

brokering the sale of authorized user tradelines to third parties who Defendants contractually bar from accessing the credit.

54. Therefore, Defendants' acts or practices as set forth in Paragraph 53 violate Section 404(a)(4) of CROA, 15 U.S.C. § 1679b(a)(4).

Count V
Violation of Prohibition Against Charging Advance Fees For Credit Repair Services

55. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of services to consumers by a credit repair organization, as that term is defined in Section 403(3) of CROA, 15 U.S.C. § 1679a(3), Defendants have charged or received money or other valuable consideration for the performance of credit repair services that Defendants have agreed to perform before such services were fully performed.

56. Therefore, Defendants' acts or practices as set forth in Paragraph 55 violate Section 404(b) of CROA, 15 U.S.C. § 1679b(b).

VIOLATIONS OF THE TELEMARKETING SALES RULE

57. Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §§ 6101-6108. The FTC adopted the original Telemarketing Sales Rule in 1995, extensively amended it in 2003, and amended certain sections thereafter. 16 C.F.R. Part 310.

58. Under the TSR, a "telemarketer" means any person who, in connection with telemarketing, initiates or receives telephone calls to or from a consumer or donor. 16 C.F.R. § 310.2(ff). A "seller" means any person who, in connection with a telemarketing transaction,

provides, offers to provide, or arranges for others to provide goods or services to the customer in exchange for consideration. 16 C.F.R. § 310.2(dd).

59. Defendants are “seller[s]” or “telemarketer[s]” engaged in “telemarketing,” as those terms are defined in the TSR, 16 C.F.R. § 310.2(dd), (ff), and (gg).

60. The TSR prohibits sellers and telemarketers from misrepresenting, directly or by implication, any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are subject of a sales offer. 16 C.F.R. § 310.3(a)(2)(iii).

61. The TSR prohibits sellers and telemarketers from requesting or receiving payment of any fee or consideration for goods or services represented to remove derogatory information from, or improve, a person’s credit history, credit record, or credit rating until: (a) the time frame in which the seller has represented all of the goods or services will be provided to that person has expired; and (b) the seller has provided the person with documentation in the form of a consumer report from a consumer reporting agency demonstrating that the promised results have been achieved, such report having been issued more than six months after the results were achieved. 16 C.F.R. § 310.4(a)(2).

62. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count VI
Misrepresentations Regarding Credit Repair Services

63. In numerous instances, in connection with the telemarketing of credit repair services, Defendants have misrepresented, directly or indirectly, expressly or by implication, material aspects of the performance, efficacy, nature, or central characteristics of their credit repair services, including but not limited to, that:

- a. Defendants' program will significantly improve consumers' FICO credit scores; and
- b. Defendants' program will help consumers obtain a mortgage.

64. Therefore, Defendants' acts or practices as set forth in Paragraph 63 are deceptive telemarketing acts and practices that violate Section 310.3(a)(2)(iii) of the TSR, 16 C.F.R. § 310.3(a)(2)(iii).

Count VII
Violation of Prohibition Against Charging Advance Fees For Credit Repair Services

65. In numerous instances, in connection with the telemarketing of credit repair services, Defendants have requested or received payment of a fee or consideration for credit repair services before: (a) the time frame in which Defendants have represented all of the credit repair services will be provided to consumers has expired; and (b) Defendants have provided consumers with documentation in the form of a consumer report from a consumer reporting agency demonstrating that the promised results have been achieved, such report having been issued more than six months after the results were achieved.

66. Therefore, Defendants' acts or practices as set forth Paragraph 65 are abusive telemarketing acts or practices that violate Section 310.4(a)(2) of the TSR, 16 C.F.R. § 310.4(a)(2).

CONSUMER INJURY

67. Consumers are suffering, have suffered, and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act, CROA, and the TSR. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

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

69. Section 19 of the FTC Act, 15 U.S.C. § 57b, Section 410(b) of CROA, 15 U.S.C. § 1679h(b), and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of CROA and the TSR, including the rescission or reformation of contracts, and the refund of money.

PRAYER FOR RELIEF

Wherefore, Plaintiff, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 410(b) of CROA, 15 U.S.C. § 1679h(b), Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), and the Court's own equitable powers, requests that the Court:

A. Enter a permanent injunction to prevent future violations of the FTC Act, CROA, and the TSR by Defendants;

B. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, CROA, and the TSR, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

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

Dated: 03/06/2020

Respectfully submitted,

ALDEN F. ABBOTT
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