

**UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF FLORIDA  
FORT MYERS DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

CREDIT RESTORATION BROKERS, LLC, et al.,

Defendants.

No. 2:10-cv-0030-36-SPC

Judge Charlene E. Honeywell

**ORDER FINDING CONTEMPT AND ASSESSING CIVIL CONTEMPT  
SANCTIONS AGAINST SAM TARAD SKY, ALLREPCO, LLC, CREDIT  
RESTORATION BROKERS, LLC, AND DEBT NEGOTIATION ASSOCIATES, LLC**

This matter is before the Court on the Federal Trade Commission's ("FTC" or "Commission") motion for contempt against Sam Tarad Sky, Allrepcos, LLC, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC ("Contemnors") (Doc. #16). The Commission alleges that Contemnors violated the Court's Stipulated Settlement Order (Doc. #10), in connection with their marketing of food stamp, credit repair, and debt relief services through their websites, including myfoodstampcard.com, allrepcos.com, crbcredit.com, and dnadebt.com. The Court held a hearing on this and related motions on December 13, 2011. The FTC presented evidence and oral argument in support of the Commission's motion, and a related motion for a modified final order (Doc. #22). Defendant Sam Sky appeared *pro se* at the hearing, testified under oath, and made arguments in opposition to the FTC's motions for contempt and a modified final order. The corporations failed to appear at the hearing through counsel, and the Court ruled at the hearing that Sky

could not represent them because he is not an attorney.

Having considered the arguments and evidence presented, the Court finds and orders:

**FINDINGS**

1. This Court entered a Stipulated Settlement Order against Defendants Sam Tarad Sky (“Sky”), Credit Restoration Brokers, LLC (“CRB”), and Debt Negotiation Associates, LLC (“DNA”) on March 11, 2010 (“Stipulated Settlement Order”).

2. Sky, CRB, and DNA are named defendants and each received actual notice of the Stipulated Settlement Order. Sky controls, and is the sole shareholder of, Allrepcos, LLC. By virtue of Sky’s control and his actual notice of the Stipulated Settlement Order, Allrepcos had actual notice of the Stipulated Settlement Order. Allrepcos acts in concert or participation with Sky, CRB, and DNA in connection with their marketing of food stamp, credit repair, and debt relief services. Thus, pursuant to Fed. R. Civ. P. 65(d)(2), Allrepcos is bound by the injunctive provisions of the Stipulated Settlement Order.

3. Section II.A of the Stipulated Settlement Order prohibits Contemnors from “in connection with the advertising, marketing, promotion, offering for sale, sale, or provision of any good or service . . . misrepresenting, or assisting others in misrepresenting, expressly or by implication, any material fact, including, but not limited to, misrepresenting . . . [a]ny material aspect of the performance, efficacy, nature, or central characteristic of any good or service.” The Court finds by clear and convincing evidence that Contemnors are violating this provision. Contemnors falsely promise that their food stamp guide, which they sell on their websites, will show consumers how “almost everybody” or “virtually everyone” is

eligible to receive food stamps. As demonstrated by evidence presented by the FTC, however, Contemnors' statements are inaccurate as food stamps are only available to low-income persons, not everyone. Moreover, Contemnors falsely promise that their food stamp guide will give instructions on "legally apply[ing]" for food stamps "without any risk." In fact, Contemnors' booklet instructs consumers to engage in dishonest conduct to receive food stamps, such as having high-income residents briefly move out of the household, and "go[ing] as high as you can go [on rent] without sounding ridiculous!" Contemnors' advice, if followed, could unlawfully inflate consumers' chances of being deemed eligible for food stamps and expose them to civil liability and criminal prosecution.

4. Section I.C of the Stipulated Settlement Order prohibits Contemnors from "charging or receiving any money or other valuable consideration for the performance of any credit repair service before all such services are fully performed." The Court finds by clear and convincing evidence that Contemnors are violating this provision by taking payments ranging between \$99 and \$139 from consumers for credit repair services before performing such services.

5. Section II.C of the Stipulated Settlement Order prohibits Contemnors from advertising, marketing, promoting, offering for sale, selling, or providing any debt relief service when promising certain interest-rate or balance reductions without disclosing clearly and prominently, and contemporaneously, at the time the consumer enrolls in the service, certain terms relating to costs, negotiation duration, and typical balance increases. The Court finds by clear and convincing evidence that Contemnors are violating this provision by advertising debt relief services and making representations relating to balance reductions

without clearly and prominently disclosing the approximate time period before settlements will be achieved and that consumers' balances will typically increase during this time period.

6. Section X of the Stipulated Settlement Order requires Sky, CRB, and DNA each to provide to the FTC on a periodic basis a written report which, among other things, sets forth in detail the manner and form in which they have complied and are complying with the Stipulated Settlement Order. The Court finds by clear and convincing evidence that Sky, CRB, and DNA violated this provision by submitting required compliance reports that hid their association with their food stamp business and omitted detailed descriptions of their business activities.

7. Because of these violations, the Court finds Contemnors to be in contempt of the Stipulated Settlement Order.

8. The FTC produced uncontroverted evidence that consumers paid Contemnors thirty-two thousand eight hundred seventy-nine dollars (\$32,879) for food stamp, credit repair, and debt relief services marketed in violation of the Stipulated Settlement Order. The Court finds that these losses caused by Contemnors' conduct is the appropriate amount of civil compensatory sanctions to enter against Contemnors.

9. Despite being aware of this pending contempt proceeding, Contemnors have persisted in their violative conduct, necessitating the imposition of coercive sanctions to force their compliance with the Stipulated Settlement Order. Accordingly,

It is now **ORDERED** that Plaintiff's Motion For An Order To Show Cause Why Defendants Should Not Be Held In Contempt( Doc. 16) is **GRANTED**.

#### **I. COMPENSATORY CIVIL CONTEMPT SANCTION**

**IT IS FURTHER ORDERED** that:

A. Judgment is entered, jointly and severally, against Sam Tarad Sky, Allrepco, LLC, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC in favor of the FTC in the amount of thirty-two thousand eight hundred seventy-nine dollars (\$32,879) as a compensatory contempt remedy for their violations of the Stipulated Settlement Order.

B. Any funds received by the FTC pursuant to this Section I may be deposited into a fund administered by the FTC or its representative to be used for consumer compensation, including any attendant expenses for the administration of such a compensation fund. In the event that direct compensation to consumers is wholly or partially impracticable or funds remain after compensation is completed, the Commission may apply any remaining funds for such equitable relief (including consumer information remedies) as it determines to be reasonably related to Contemnors' practices alleged in the Commission's contempt filing (Doc. #16). Any funds not so used shall be deposited to the U.S. Treasury as disgorgement. Contemnors shall have no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection.

**II. COERCIVE CIVIL CONTEMPT SANCTION**

**IT IS FURTHER ORDERED** that Sam Tarad Sky, Allrepco, LLC, Credit Restoration Brokers, LLC, and Debt Negotiation Associates, LLC shall be assessed a fine as a coercive civil contempt sanction that will convert to imprisonment if the Contemnors do not comply.

A. Beginning on the third day after entry of this order, Contemnors shall pay a \$500 per day monetary sanction, which shall continue until Contemnors fully purge their

contempt or Sam Tarad Sky is incarcerated pursuant to Paragraph B below. Contemnors shall deposit these funds with the Clerk of the United States District Court for the Middle District of Florida, 2110 First Street, Fort Myers, FL 33901, and the funds will be held by the Clerk until further order of the Court.

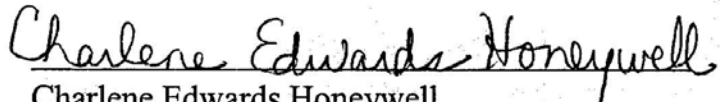
B. If Contemnors fail to fully purge their contempt by the seventh day after entry of this order, the Commission shall advise the Court, and Sam Tarad Sky will be immediately taken into custody and incarcerated in a facility to be selected by the United States Marshal. The incarceration shall continue until such time as Contemnors fully purge their contempt.

C. The contempt will be deemed purged upon Contemnors' demonstration to the Court that they have altered their business practices to come into full compliance with the Stipulated Settlement Order, including but not limited to altering their marketing messages and sales practices, disseminated or conducted via any media, including but not limited to the websites myfoodstampcard.com, allrepco.com, crbcredit.com, dnadebt.com, to:

1. Cease misrepresentations that "almost everybody" or "nearly everyone" is or can be eligible to receive food stamps, or words of similar import;
2. Cease misrepresentations that Contemnors' food stamp advice will show consumers how to "legally" apply for food stamps "without risk," or words of similar import;
3. Cease taking payment from, or billing, any consumer before performance of all promised credit repair services, including by ceasing to term credit repair services as "free" while bundling such services with other services (or goods) and taking payment for, or charging for, the bundle; and

4. Cease making any of the interest-rate or balance reduction representations set forth in Section II.C of the Stipulated Settlement Order, in connection with advertising, marketing, promoting, offering for sale, selling, or providing any debt relief service, without making clearly and prominently the disclosures required by the Stipulated Settlement Order, including stating the approximate time period before settlements will be achieved and that consumers' balances will typically increase during this time period; provided, in addition, that such disclosures shall be made even if debt relief services are termed "free" or bundled with other services (or goods) while taking payment, or charging, for the bundle.

**DONE AND ORDERED** at Ft. Myers, FL this 10th day of February, 2012.

  
Charlene Edwards Honeywell  
United States District Judge

Copies furnished to:

All Parties of Record