

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

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CIVIL NO. 3:08-cv-1000-J-257-BAW MIDDLE DISTRICT OF FLORIDA
GAINESVILLE, FLORIDA

FEDERAL TRADE COMMISSION,)
)
Plaintiff,)
)
v.)
)
NATIONWIDE CREDIT SERVICES, INC.,)
a Florida corporation;)
)
and)
)
JAMES R. DOOLEY, individually and as)
president of Nationwide Credit Services, Inc.,)
)
Defendants)

COMPLAINT FOR
INJUNCTIVE 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, and under Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), to obtain temporary, preliminary, and permanent injunctive relief, rescission of contracts and restitution, disgorgement of ill-gotten gains, and other equitable relief against Defendants Nationwide Credit Services, Inc. and James R. Dooley for engaging in deceptive acts or practices in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Credit Repair

Organizations Act, 15 U.S.C. §§ 1679-1679j.

JURISDICTION AND VENUE

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

3. Venue in the United States District Court for the Middle District of Florida is proper under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b).

PLAINTIFF

4. Plaintiff FTC is an independent agency of the United States Government created by statute, 15 U.S.C. §§ 41-58. The FTC is charged, *inter alia*, with enforcing 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 is charged with enforcing the Credit Repair Organizations Act, 15 U.S.C. § 1679h(a).

5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the Credit Repair Organizations Act in order to secure such equitable relief as is appropriate in each case, including restitution for injured consumers. 15 U.S.C. §§ 53(b), 57b, and 1679h(b).

DEFENDANTS

6. Defendant Nationwide Credit Services, Inc. ("NCS") is a Florida corporation with its principal place of business at 8535-6A Baymeadows Road, Jacksonville, Florida 32256. Defendant NCS transacts or has transacted business in this district and throughout the United States.

7. Defendant James R. Dooley ("Dooley"), also known as Jamie Dooley, is the president of Defendant NCS. At all times material to this Complaint, acting alone or in concert with others, Defendant Dooley has formulated, directed, controlled, or participated in the acts or practices of NCS, including the acts and practices set forth in this Complaint. Defendant Dooley transacts or has transacted business in this district and throughout the United States.

COMMERCE

8. 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

9. Since at least March 2004, and continuing thereafter, Defendants have advertised, marketed, promoted, offered for sale, and sold credit repair services to consumers in Florida and throughout the United States. Defendants have advertised and continue to advertise their services through an Internet website located at www.ehappyhour.com, in local and online Yellow Pages listings, and by other means.

10. Through verbal representations made by their representatives, written statements on the website www.ehappyhour.com, and in other advertisements, Defendants have offered and continue to offer credit repair services purporting to remove accurate derogatory information from consumers' credit reports, and to improve consumers' credit records, credit histories, and credit ratings. Defendants claim that they can permanently

remove negative information from consumers' credit reports, including, but not limited to, late payments, charge-offs, collections, repossessions, bankruptcies, and judgments, even where such information is accurate and not obsolete.

11. To attract consumers and induce them to purchase Defendants' credit repair services, Defendants advertise on the Internet website www.ehappyhour.com. When consumers go to this website they see the following advertisement:

ERASE BAD CREDIT!
731-1333
Nationwide Credit Services, Inc
"THE LEADER IN CREDIT REPAIR"

When consumers click on this advertisement, they are taken to another webpage on this website that contains the following statements:

Nationwide Credit Services, Inc.
* * *
Jamie Dooley (904) 731-1333
"THE LEADER IN CREDIT REPAIR"
STOP!
PAYING HIGH INTEREST RATES!

STOP!
BEING TREATED LIKE A
SECOND CLASS CITIZEN!

STOP!
LETTING CREDIT BUREAUS
CONTROL YOUR LIFE!

BANKRUPTCIES

REPOSSESSIONS [sic]

JUDGEMENTS

CHARGE OFFS
COLLECTION ACCOUNTS
MEDICAL BILLS
SLOW PAY HISTORY
AND MORE . . .
CAN BE LEGALLY ERASED!
CALL FOR AN APPOINTMENT
904-721-1333

12. Similarly, Defendants have advertised in local Yellow Pages directories. A sample of an advertisement that has appeared in the Yellow Pages directory for Jacksonville, Florida, contains the following statements:

Nationwide Credit Services, Inc.

Call Jamie Dooley

"The Leader in Credit Repair"

- Bankruptcies
- Judgements
- Slow Pay History
- Repossessions
- Collection Accounts

CAN BE LEGALLY ERASED!

"Let Us Help You Repair Your Credit"

13. Defendants' advertisements direct consumers to contact NCS by telephone for further information. Some advertisements direct consumers to call Jamie Dooley. When consumers call Defendants, they are encouraged to make an appointment either in person at

Defendants' place of business or over the telephone to learn more about Defendants' credit repair services.

14. During the in-person or telephone discussions with consumers, Defendants typically represent to consumers that Defendants can permanently and legally remove all negative items contained on consumers' credit reports, even where the items are accurate and recent.

15. Examples of verbal representations made by Defendants' representatives to induce consumers to purchase Defendants' credit repair services, include the following:

Q: Yes, okay, do you fix credit?

A: That's exactly what we do. We get the negative items deleted off of your credit.

* * *

Q: Okay. And you can remove information -- I mean, like a bankruptcy or something to that nature?

A: We can get anything deleted --

Q: I've got slow payments.

A: -- from a small to 30-day late pay to as large as a judgment, lien, bankruptcy, foreclosure and just about anything in between.

16. Consumers who are persuaded to use Defendants' services during an in-

person meeting are usually asked to sign a contract or agreement. However, when consumers' contact with Defendants is by telephone, Defendants do not require consumers to sign any documents, nor do Defendants typically provide these consumers with any written documents.

17. Consumers who are persuaded to use Defendants' credit repair services are asked to pay an advance fee. Defendants typically charge an advance fee ranging from \$75 to \$150, which is paid by cash, check, or bank debit, and is required before any credit repair services are commenced. Following this initial payment, consumers must pay an additional fee, every month, usually for a six month period, which Defendants often debit from consumers' bank accounts. Defendants' charges range from \$300 to \$1,000 for their services.

18. Defendants do little, if anything, to fulfill the promises made to consumers. When consumers attempt to complain to Defendants, they often find it difficult to speak with anyone at the company. Consumers who are successful in reaching Defendants are given a variety of excuses as to why the promised results have not been achieved.

19. Consumers who attempt to cancel their contract or agreement with Defendants find it difficult to do so. Consumers who call Defendants, or provide written notice by mail or by facsimile to Defendants to cancel, often find that their cancellation request is ignored by Defendants and that Defendants have continued to debit monthly fees from the consumers' bank accounts.

20. Consumers' requests for a refund are almost always denied by Defendants.

Even consumers who file formal complaints against Defendants with the Better Business Bureau are typically unsuccessful in recovering any money from Defendants.

THE CREDIT REPAIR ORGANIZATIONS ACT

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

22. The Credit Repair Organizations Act defines a "credit repair organization" as:

[A]ny person who uses any instrumentality of interstate commerce or the mails to sell, provide, or perform (or represent that such person 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).

23. The purposes of the Credit Repair Organizations Act, 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).

24. The Credit Repair Organizations Act 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).

25. The Credit Repair Organizations Act 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).

26. Pursuant to Section 410(b)(1) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b)(1), any violation of any requirement or prohibition of the Credit Repair Organizations Act 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).

VIOLATIONS OF THE CREDIT REPAIR ORGANIZATIONS ACT

COUNT ONE

27. 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 the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3), Defendants have made untrue or misleading representations to induce consumers to purchase their credit repair services, including, but not limited to, the representation that Defendants can improve substantially consumers' credit reports or profiles by permanently removing negative information from consumers' credit reports, even where such information is accurate and not obsolete.

28. Defendants have thereby violated Section 404(a)(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679b(a)(3).

COUNT TWO

29. In numerous instances, in connection with their operation as a credit repair

organization, as that term is defined in Section 403(3) of the Credit Repair Organizations Act, 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.

30. Defendants have thereby violated Section 404(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679b(b).

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

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

COUNT THREE

33. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services, Defendants have represented, expressly or by implication, that they can improve substantially consumers' credit reports or profiles by permanently removing negative information from consumers' credit reports, even where such information is accurate and not obsolete.

34. In truth and in fact, in numerous of these instances, Defendants cannot improve substantially consumers' credit reports or profiles by permanently removing negative information from consumers' credit reports where such information is accurate and not obsolete.

35. Therefore, Defendants' representations set forth in Paragraph 33 are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

36. Consumers have suffered, and continue to suffer, substantial monetary loss as a result of Defendants' violations of the FTC Act and the Credit Repair Organizations Act. In addition, Defendants have been unjustly enriched as a result of their unlawful acts and practices. Absent injunctive relief, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public.

THIS COURT'S POWER TO GRANT RELIEF

37. Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), empower this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of the FTC Act and the Credit Repair Organizations Act. The Court, in the exercise of its equitable jurisdiction, may award other ancillary relief, including, but not limited to, rescission of contracts and restitution, and the disgorgement of ill-gotten gains, to prevent and remedy injury caused by Defendants' law violations.

PRAAYER FOR RELIEF

WHEREFORE, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), and the Court's own equitable powers, requests that this Court:


1. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including, but not limited to, temporary and preliminary injunctions and an order freezing assets;
2. Enter a permanent injunction to prevent future violations of the FTC Act and the Credit Repair Organizations Act by Defendants;
3. Award such equitable relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the Credit Repair Organizations Act, including, but not limited to, rescission of contracts and restitution, and the disgorgement of ill-gotten gains by Defendants; and
4. 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: 10/20, 2008

Respectfully submitted,

WILLIAM BLUMENTHAL
General Counsel

BRADLEY M. ELBEIN
Regional Director



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