

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No.
)	
RMCN CREDIT SERVICES, INC.,)	
a corporation,)	
)	
DOUG PARKER, Individually and as an)	
officer of the corporation, and)	
)	
JULIE PARKER, Individually and as an)	
officer of the corporation,)	
)	
Defendants.)	

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 Sections 5(m)(1)(A), 13(b), 16(a), and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45 (m)(1)(A), 53(b), 56(a), and 57b, and Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), to obtain monetary civil penalties and injunctive and other relief for

Defendants' violations of the Credit Repair Organizations Act, 15 U.S.C. §§ 1679-1679j.

2. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1331, 1337(a), 1345, and 1355, and under 15 U.S.C. §§ 45(m)(1)(A), 53(b), 56(a), 57b, and 1679h(b)(2).

3. Venue in this district is proper under 28 U.S.C. §§ 1391(b) and (c) and 1395(a).

DEFENDANTS

4. Defendant RMCN Credit Services, Inc. ("RMCN"), is a Texas corporation with its principal place of business at 1611 Wilmeth Road, Suite B, McKinney, Texas 75069. RMCN, in connection with the matters alleged here, transacts or has transacted business in this district. Defendant RMCN is a "credit repair organization" as that term is defined in the Credit Repair Organizations Act, 15 U.S.C. § 1679(a)(3).

5. Defendant Doug Parker is the Chief Executive Officer of RMCN and one of two shareholders of the company. He supervised, directed, or participated in training RMCN's sales consultants. He drafted or approved all training materials for the sales department. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, participated in, controlled, or had the authority to control, the acts or practices of RMCN, including the acts or practices set forth in this Complaint. Defendant Doug Parker, in connection with the matters alleged here, transacts or has transacted business in this district.

6. Defendant Julie Parker is the Vice President of Operations of RMCN and one of two shareholders of the company. She formulated or approved RMCN's strategy for repairing credit. She drafted or oversaw the drafting of form dispute letters RMCN sends to creditors and consumer reporting agencies. At all times material to this Complaint, acting alone or in concert with others, she has formulated, directed, participated in, controlled, or had the authority to control, the acts or practices of RMCN, including the acts or practices set forth in this Complaint. Defendant Julie Parker, in connection with the matters alleged here, transacts or has transacted business in this district.

COMMERCE

7. 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

8. Since 2004, and continuing thereafter, Defendants have operated as a credit repair organization and advertised, marketed, promoted, offered for sale, and sold credit repair services to consumers across the country. RMCN advertises its services to consumers through radio advertisements and Web sites, such as www.repairmycreditnow.com, and by other means, including, but not limited to, billboards and pamphlets. Defendants offer a six-month credit repair program to improve

consumers' credit reports.

9. Defendants also market their credit repair services by seeking referrals from mortgage brokers, loan brokers, and other loan officers throughout the country.

10. Defendants' representatives communicate with consumers primarily through telephone calls. Defendants' representatives typically tell consumers that RMCN will dispute all negative information or "derogatory information" on consumers' credit reports, including accurate information about the consumers. Defendants' representatives lead consumers to believe that RMCN operates within the law and that it is legal for RMCN to dispute credit report information that is accurate. Defendants' representatives tell consumers that RMCN forces consumer reporting agencies, commonly referred to as "credit bureaus," to abide by applicable laws. Defendants' representatives explain that federal law permits RMCN to dispute negative information, regardless of its accuracy, and that credit bureaus must remove the information from consumers' credit reports if they cannot prove it is accurate. For example, Defendants' representatives commonly tell consumers that federal law requires credit bureaus to "prove it or remove it."

11. Defendants charge and receive advance payments from consumers. Specifically, Defendants charge and receive a "retainer" fee and a monthly fee in advance of full performance of their credit repair services.

12. Defendants typically receive their "retainer" fee before performing any credit repair services. Defendants' retainer fee generally ranges from \$900 to \$2000.

Defendants' representatives often tell consumers that Texas law allows credit repair organizations that are registered and bonded to charge an advance fee. Defendants collect all or as much of the retainer fee as possible before providing any services to consumers.

13. Defendants also charge a monthly fee of \$89 to \$109 for each month that consumers are enrolled in RMCN's credit repair program. This fee is automatically deducted from the consumers' bank accounts through an electronic funds transfer each month regardless if any services are performed by RMCN for the consumer that month. These monthly fees are collected by Defendants before RMCN has fully performed its credit repair services.

14. Consumers who agree to enroll in RMCN's credit repair program are sent enrollment documents that include a contract for services, a Limited Power of Attorney form, a Notice of Cancellation form, a copy of an informational document about consumers' credit rights, a Payment Agreement form, and a Client Information form. Defendants' representatives instruct consumers to complete the forms and send them back to RMCN.

15. Defendants' contract for services, which is signed by consumers and returned to RMCN as part of the enrollment documents, states that consumers retain RMCN "to provide Credit Restoration" and that "[t]he time frame for credit restoration shall not exceed 180 days."

16. Defendants perform their credit repair services by sending a series of letters

(“dispute letters”) to creditors and consumer reporting agencies. These dispute letters challenge the accuracy of the negative information appearing on consumers’ credit reports.

17. Defendants’ representatives sign consumers’ names and use consumers’ return addresses in all dispute letters. The dispute letters do not indicate that they were created by RMCN and do not mention RMCN. The dispute letters appear as though they were sent by consumers. Consumers often do not know the reasons RMCN provides for the disputes because RMCN does not show or provide consumers with copies of the dispute letters.

18. Defendants’ dispute letters to consumer reporting agencies typically dispute all negative credit information appearing on consumers’ credit reports. These dispute letters often list specific reasons for disputing negative items on the credit reports. For example, if a credit report shows that an account was paid late, Defendants claim that it was “never late.” If a credit report shows that an account was charged off or placed for collection, Defendants claim that the account was “inaccurate,” “not my account,” “paid prior to collection,” or that the “creditor agreed to remove account.” In numerous instances, Defendants make these claims without taking any steps to determine the truthfulness of the specific reasons used for disputing the negative credit information.

19. In other instances, Defendants continue to send dispute letters containing these claims to consumer reporting agencies even after receiving detailed billing histories

verifying the accuracy of the information or signed contracts from the original creditor proving the validity of the accounts. Defendants typically continue to send these dispute letters on behalf of consumers until the negative credit information is deleted or the consumers have completed RMCN's six-month credit repair program.

THE CREDIT REPAIR ORGANIZATIONS ACT

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

21. 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).

22. 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).

23. 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).

24. The Credit Repair Organizations Act prohibits all persons from making, or counseling or advising any consumer to make, any untrue or misleading statement, or any statement which, upon the exercise of reasonable care, should be known by the credit repair organization, officer, employee, agent, or other person to be untrue or misleading, with respect to any consumer's credit worthiness, credit standing, or credit capacity to any consumer reporting agency as defined in 15 U.S.C. § 1681(f). 15 U.S.C. § 1679b(a)(1)(A).

25. 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). Pursuant to Section 410(b)(2) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b)(2), all functions and powers of the Commission under the FTC Act are available to the Commission to enforce compliance with the Credit Repair Organizations Act in the same manner as if the violation had been a violation of any Commission trade regulation rule.

VIOLATIONS OF THE CREDIT REPAIR ORGANIZATIONS ACT

COUNT ONE

26. In numerous instances, in connection with the operation of 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.

27. Defendants' acts or practices, as described in Paragraph 26 above, violate Section 404(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679b(b).

COUNT TWO

28. In numerous instances, in connection with the operation of 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 statements, or statements that should have been known to them, upon the exercise of reasonable care, to be untrue or misleading, to consumer reporting agencies with respect to consumers' credit worthiness, credit standing, or credit capacity, including, but not limited to, disputing information on consumers' credit reports by stating specific reasons that: (1) are untrue or misleading, or (2) are stated without taking any steps to determine whether the reasons are true.

29. Defendants' acts or practices, as described in Paragraph 28 above, violate Section 404(a)(1) of the Credit Repair Organizations Act, 15 U.S.C. § 1679b(a)(1).

THIS COURT'S POWER TO GRANT RELIEF

30. Defendants have violated the Credit Repair Organizations Act as described above, with actual knowledge or knowledge fairly implied on the basis of objective circumstances, as set forth in Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A).

31. Each instance within five years preceding the filing of this Complaint in which Defendants have violated the Credit Repair Organizations Act, as described above, constitutes a separate violation for which Plaintiff seeks monetary civil penalties.

32. Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), as modified by Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461, as amended, and as implemented by 16 C.F.R. § 1.98(d) (2007), authorizes this Court to award monetary civil penalties of not more than \$11,000 for each violation of the Credit Repair Organizations Act occurring on or before February 9, 2009, and civil penalties of not more than \$16,000 for each violation occurring on or after February 10, 2009.

33. Under 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 prevent and redress violations of the Credit Repair Organizations Act.

This Court, in the exercise of its equitable jurisdiction, may award other ancillary relief, including, but not limited to, the disgorgement of ill-gotten gains, to prevent and remedy injury caused by Defendants' law violations.

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 the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), and this Court's own equitable powers, requests that this Court:

1. Enter judgment against Defendants and in favor of Plaintiff for each and every violation alleged in this Complaint;
2. Enter a permanent injunction to prevent future violations of the Credit Repair Organizations Act and the FTC Act by Defendants;
3. Award Plaintiff monetary civil penalties for each and every violation of the Credit Repair Organizations Act;
4. Award such relief as the Court finds necessary to redress injury resulting from Defendants' violations of the Credit Repair Organizations Act, including, but not limited to, the disgorgement of ill-gotten gains; and
5. 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: _____

Respectfully submitted,

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